

BASINGSTOKE HOTEL MARKET FACT FILE

July 2013

INTRODUCTION

The Basingstoke Hotel Market Fact File has been compiled to assist hotel companies, developers and investors in assessing hotel investment opportunities in Basingstoke. It provides the latest available information on:

- The current hotel supply in Basingstoke;
- Recent hotel development;
- Current hotel development proposals;
- Recent hotel performance (2010-2012)
- The key markets for hotel accommodation in Basingstoke;
- The prospects for growth in demand for hotel accommodation and what will drive this;
- The potential for hotel development in Basingstoke in the next 5 years.

All of the data included in the Fact File is drawn from the Hampshire Hotel Trends Survey 2010-2012 undertaken by consultants Hotel Solutions between January and April 2013.

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BASINGSTOKE HOTEL SUPPLY

Current Hotel Supply

- Basingstoke is currently served by 12 hotels, with a total of 884 letting bedrooms. 4 star hotels account for almost two thirds of this supply. This includes the Audley's Wood country house hotel and Oakley Hall country house conference/ wedding venue. The town's supply of 3 star and budget hotel accommodation is relatively limited for a town of Basingstoke's size. While there is no aparthotel or purpose-built serviced apartment complex currently in Basingstoke, the town has a growing supply of residential apartments that are let out as serviced apartments by local and national serviced apartment letting agencies.

CURRENT HOTEL SUPPLY – BASINGSTOKE JULY 2013

Standard	Hotels	Rooms	% of Rooms
4 star	4	456	51.6
4 star Country House Hotel	1	72	8.2
4 star Country House Conference/Wedding Venue	1	18	2.0
3 star	2	145	16.4
Budget	4	193	21.8
Aparthotel/ Serviced apartment complex	0	0	0
Total Hotels	12	884	100.0

BASINGSTOKE HOTEL SUPPLY –JULY 2013

Hotel	Standard/Type	Bedrooms
Basingstoke		
Apollo	4 star	125
Audley's Wood	4 star Country House	72
Hilton	4 star	141
Basingstoke Country	4 star	100
Hampshire Centre Court	4 star	90
Oakley Hall	4 star Conference/Wedding Venue	18
Holiday Inn	3 star Branded	86
Red Lion (Hollybourne Hotels)	3 star	59
Premier Inn Basingstoke South	Budget	28
Premier Inn Basingstoke Central	Budget	99
Travelodge Basingstoke	Budget	44
Innkeeper's Lodge Basingstoke	Budget	22

Changes in Supply 2008-2013

New Hotels

- The Oakley Hall conference and wedding venue opened in 2011, with 18 bedrooms.
- There have otherwise been no new hotel openings in Basingstoke in the last 5 years.

Investment in Existing Hotels

- Audley's Wood opened a new garden pavilion in 2012 for weddings and conferences.
- The Hampshire Court has opened a new gym.
- The Apollo has added two new spa treatment rooms.
- The Holiday Inn has upgraded to meet the new Holiday Inn brand standards.
- The Basingstoke Central Premier Inn added 28 bedrooms in 2012.
- There has otherwise been no significant recent investment in hotels in Basingstoke, other than ongoing upkeep and minor improvements.

BASINGSTOKE HOTEL SUPPLY

Proposed Hotel Development

Hotels Under Construction

- There are no hotels currently under construction in Basingstoke.

Proposed Hotels

- Developer Fishron and Premier Inn are currently proposing to demolish Barclay House in Victoria Street and replace it with an 81-bedroom hotel. The scheme replaces a previous proposal for an 88-bedroom Travelodge on the site.
- Muse Developments' plans for the regeneration of Basing View include a proposal for a business class hotel.
- Fishron also have permission for a 137 bedroom hotel on The Glass House/Annexe site at Basing View.

Planned Development of Existing Hotels

- Q Hotels has planning permission for an additional 56 bedrooms and a conference suite at the Hampshire Court Hotel. The permission expires in November 2013.
- There are otherwise no known proposals at present for the development of the other hotels in Basingstoke.

BASINGSTOKE HOTEL PERFORMANCE & MARKETS

Occupancy, Achieved Room Rates and Revpar

- Average annual room occupancies, achieved room rates and revpar figures for Basingstoke hotels for 2010, 2011 and 2012 are summarised in the table overleaf.
- Achieved room rates for Basingstoke 3/4 star hotels are slightly ahead of county and national averages but occupancies and revpar averages are below the county and national figures, primarily due to the comparative weakness of weekend demand in Basingstoke. Occupancy and revpar figures dropped slightly for Basingstoke 3/4 star hotels in 2012 as a result of the downturn in the town's corporate market with the closure or downsizing of some of the town's companies.
- Budget hotel occupancies are high in Basingstoke but slightly behind the county average due to lower weekend demand in the town. Budget hotel achieved room rates and revpar are however ahead of the county averages.

Patterns of Demand

- Estimated average weekday and weekend occupancies for Basingstoke hotels in 2012 are summarised in the table below.

BASINGSTOKE HOTELS - WEEKDAY/ WEEKEND OCCUPANCIES – 2012

Standard	Typical Room Occupancy %			
	Mon-Thurs	Friday	Saturday	Sunday
3/4 Star Hotels	80	48	63	35
Budget Hotels	89	66	80	49

Source: Hampshire Hotel Trends 2010-2012, Hotel Solutions – April 2013

- Midweek occupancies are strong for Basingstoke 3/4 star hotels. Tuesday and Wednesday nights are the strongest, with most hotels generally filling and turning business away on these nights for most of the year. Monday occupancies are also strong but hotels do not fill and turn business away very often on this night. Thursday is generally more of a shoulder night, with occupancies typically running at around 60-65% for most 3/4 star hotels.

BASINGSTOKE HOTEL PERFORMANCE & MARKETS

BASINGSTOKE HOTEL PERFORMANCE 2010-2012

Location/ Standard of Hotel	Average Annual Room Occupancy %			Average Annual Achieved Room Rate ² £			Average Annual Revpar ³ £		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
UK Provincial 3/4 Star Chain Hotels¹	68.9	69.6	70.3	68.01	68.40	69.39	46.88	47.61	48.38
Hampshire 3/4 Star Chain Hotels	69	72	72	69	69	72	48	49	52
Basingstoke 3/4 star	67	69	66	71	72	73	47	49	48
Hampshire Budget Hotels	n/a	n/a	80	n/a	n/a	48	n/a	n/a	39
Basingstoke Budget	n/a	n/a	77	n/a	n/a	52	n/a	n/a	40

Source: Hampshire Hotel Trends 2010-2012, Hotel Solutions – April 2013

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.

BASINGSTOKE HOTEL PERFORMANCE & MARKETS

- Weekend occupancies are relatively low for Basingstoke 3/4 star hotels. They tend to be stronger between April and October and can be very low during the winter. Saturdays are stronger than Fridays and Sunday night occupancies are generally very low. Basingstoke 3/4 star hotels rarely deny business at weekends.
- Basingstoke budget hotels trade at very high occupancies on all four midweek nights. They frequently fill and turn business away on three weekday nights and often on all four nights, frequently to a significant extent.
- Saturday occupancies are strong for Basingstoke budget hotels. They consistently fill and turn away substantial business on Saturday nights between April and October, Friday nights are also strong during the peak summer months, when Basingstoke budget hotels often fill and turn business away, but are low at other times of the year. Sunday occupancies typically run at around 50%.

Market Mix

- The midweek market mix for Basingstoke hotels is heavily biased towards business demand. The weekend market mix is strongly weighted towards leisure demand, although less so for 3/4 star hotels, which attract weekend business demand from long stay corporate guests working on projects or from overseas, and corporate arrivals on Sunday nights.

BASINGSTOKE HOTELS – MIDWEEK & WEEKEND MARKET MIX

Standard of Hotel	Midweek Market Mix		Weekend Market Mix	
	Business %	Leisure %	Business %	Leisure %
3/4 star Hotels	90	10	15	85
Budget Hotels	95	5	5	95

Business Markets

- Corporate demand associated with companies in Basingstoke, Hook and to some extent Andover, is the key business market for Basingstoke's 3 and 4 star hotels, accounting for around 90-95% of business demand for most hotels. The corporate market in Basingstoke is largely a series of micro corporate markets, with hotels primarily catering for companies on business parks in their immediate vicinity.
- Residential conferences are an important market for the Audley's Wood country house hotel. It has started to attract large conferences to its new garden pavilion, generating overspill bedroom business for nearby hotels. Residential conferences are an important secondary business market for another 4 star hotel in Basingstoke, but are otherwise a minor market for the town's 3 and 4 star hotels, typically accounting for 5-10% of their business demand.
- Basingstoke's budget hotels attract a broadly even mix of midweek demand from business visitors and contractors working on construction and development projects

Leisure Markets

- Leisure breaks are the main weekend market for Basingstoke's branded 3 and 4 star hotels, accounting for 75-90% of their weekend trade. This is primarily rate-driven business that hotels attract through advance purchase rates and discounted offers promoted through their company leisure break marketing programmes and third party websites. Legoland Windsor and Peppa Pig/ Paulton's Park are the key visitor attractions that Basingstoke's branded hotels promote to draw leisure break business. Non-branded hotels attract very little leisure break business.
- Weddings are the key weekend market for two of Basingstoke's 4 star hotels. They otherwise account for 8-14% of leisure demand for Basingstoke's 3 and 4 star hotels.

BASINGSTOKE HOTEL PERFORMANCE & MARKETS

- A number of Basingstoke's hotels organise tribute nights, dinner dances and other functions that generate some bedroom business. Dine & Stay packages that some hotels promote in the local market also generate some bedroom business.
- UK group tours are a further leisure market for some of Basingstoke's 3/4 star hotels, accounting for 10-12% of their leisure trade. This is low-rated business that hotels largely take in the absence of other weekend demand or to provide them with a level of base weekend business. Key draws for group tours are Winchester, Salisbury, Legoland Windsor, Highclere Castle/ Downton Abbey, Jane Austen's house and Winchester Christmas Market. Some group tours also use Basingstoke hotels as a base for going into London.
- People attending weddings and other family occasions and visiting friends and relatives are the key leisure markets for the budget hotels in Basingstoke.
- Events that generate good demand for hotels in Basingstoke are:
 - Farnborough International Airshow (every other year)
 - Car Fest
 - Jalsa Salana Muslim Convention, near Alton
 - Ice skating competitions at the Planet Ice Arena at the Basingstoke Leisure Park (for budget hotels)
 - Winchester Christmas Market (group tours)

Market Trends

- **Corporate demand** for hotel accommodation in Basingstoke has generally reduced during the recession and as a result of the loss of a number of companies from the town and the downsizing of their operations in Basingstoke by others. This trend will continue in 2013, with the Chinese telecom company Huawei, a significant generator of demand for a number of Basingstoke's hotels, relocating to Reading. Corporate lengths of stay have reduced as a result of tighter business travel budgets, affecting Thursday night occupancies. The corporate market has also become much more price competitive, with local companies demanding lower room rates from the town's hotels. Basingstoke hotels no longer attract overspill corporate business from Farnborough since the new hotels have opened there.
- In line with the national trend, **residential conference business** reduced sharply in 2009 for Basingstoke hotels, and has remained a very challenging market over the last three years. Key trends have been as follows:
 - Fewer residential conferences are being held in hotels;
 - Residential conferences are generally smaller in size and of shorter duration;
 - There has been a switch more to day meetings;
 - Less corporate and government training has been happening;
 - Many companies have developed their own in-house meeting and training facilities so no longer need to use hotels for such purposes;
 - Companies are increasingly making use of video and teleconferencing technology, reducing the need to meet face-to-face;
 - There has been downward pressure of conference rates;
 - Lead in times for conference bookings have reduced substantially;
 - There is increased competition for what conference business is still out there.
- Audley's Wood has started to attract large (100 + delegate) conferences to its new garden pavilion. Another 4 star hotel in Basingstoke also reported a slight upturn in residential conference business in 2012.

BASINGSTOKE HOTEL PERFORMANCE & MARKETS

- Lengths of stay have reduced in the **contractors** market, affecting Thursday occupancies for some of the town's budget hotels.
- **Leisure break business** has been fairly steady or has increased for Basingstoke hotels over the last 3 years but has become much more rate-driven as customers have switched to buying through third party comparison websites and online travel agents, such as booking.com, LateRooms and Expedia. While these channels generate business for hotels, they force hotels to keep their room rates very competitive and hotels have to pay fairly high commission charges on the bookings they receive.
- The **weddings** market has generally remained stable or slightly increased for Basingstoke hotels but has become more price sensitive, with many hotels now offering discounted wedding packages. The numbers of weddings being held in hotels appears to have increased but weddings have reduced in size. There has been growth in second weddings, civil partnership ceremonies, winter weddings and midweek weddings. Fewer weddings are being held in 2013 because of the number thirteen in the year. Forward bookings for 2014 look much stronger however.
- One Basingstoke hotel reported an increase in **group tour business** in 2012 related to Highclere Castle/ the Downton Abbey television series. The filming of the next series has however curtailed this business in 2013.
- Basingstoke hotels have been attracting less business from the **Farnborough International Airshow** since the new hotels opened in Farnborough.

Major Projects

- Major development projects that are planned in Basingstoke are as follows:
 - **Basing View** – the redevelopment of this 15 acre site is currently being progressed by a partnership of Basingstoke & Deane Council and Muse Developments. A £200m mixed-use scheme is proposed incorporating 650,000 sq ft of offices and a hotel. Access and public realm improvements and better linkages to the Festival Place retail and leisure offer will also be undertaken. Demolition of some of the old office buildings is underway, and a start on site is scheduled for spring 2014.
 - **Network Rail** controls the adjacent 8 acre site and work has now started on its 146,000 sq ft control centre office development.
 - An **indoor sky-diving tunnel** is under construction at Basingstoke Leisure Park. The Leisure Park is currently being marketed by Basingstoke & Deane Council as a major commercial leisure investment opportunity.
 - The Government has announced plans for a £4.3 million investment to revamp the **Black Dam Roundabout** in a bid to reduce congestion at Junction 6 of the M3. The scheme will provide better access to the town centre and Basing View and will reduce queuing on the other arms of the roundabout. The investment is seen as vital to secure future jobs in Basingstoke.
 - Bacardi will open the new multi-million pound **Bombay Sapphire gin distillery and visitor centre** at Laverstoke Mill between Overton and Whitchurch in September 2013. The site will be the sole production facility for Bombay Sapphire gin. The development will include two innovative glass houses where the 10 botanical ingredients that go into making the gin will be grown. The visitor centre will include a café, visitor centre and bar on the River Test and a heritage element celebrating the history of the mill and including a glass floor through which the original horizontal water wheel can be viewed. It is hoped that 100,000 visitors from around the world will visit the site.

Future Market Prospects

- The Basingstoke corporate market is set to contract further and become even more competitive in 2013 with the relocation of Huawei to Reading. It should however start to recover post 2014 as the economy picks up and business travel resumes and particularly if new occupiers are attracted to the regenerated Basing View and the other business parks in Basingstoke. Network Rail's new control centre and the new Bombay Sapphire distillery may also generate new demand for hotel accommodation in the town, as could the planned development of Andover Business Park, although proposed new hotels in Andover may eventually reduce the amount of business that Basingstoke hotels attract from Andover companies.
- The residential conference market may slightly recover as the economy starts to grow again but is unlikely to return to pre-recession levels. Many companies have developed their own in-house meeting and training facilities over the last 5 years, have got used to not holding meetings or are increasingly making use of video and teleconferencing technology, thus reducing the need for face-to-face meetings.
- Contractor demand for budget hotel accommodation looks likely to increase in the next few years as the redevelopment of Basing View is progressed and other development and infrastructure projects are taken forward. 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.
- Basingstoke's branded hotels should be able to continue to attract leisure break business through their company leisure break marketing programmes and third party websites, albeit at heavily discounted rates. The new Bombay Sapphire visitor centre may provide a new draw for hotels to attract leisure break stays. Basingstoke itself is unlikely to develop as a leisure break destination however. The town really needs a major visitor or leisure attraction to do this. The new indoor sky-diving tunnel will give the town a new leisure attraction but is unlikely to provide the sort of draw that will result in a step change in Basingstoke's appeal for leisure breaks.
- Demand for hotel accommodation related to weddings and other family occasions is likely to grow as Basingstoke's population increases.

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 Basingstoke 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. The Bombay Sapphire visitor centre could provide a draw that Basingstoke's hotels can use to attract special interest group tours, which will often pay a higher rate for hotel accommodation.

HOTEL DEVELOPMENT OPPORTUNITIES

Standard/ Type of hotel that could be developed	Commentary
Budget	<ul style="list-style-type: none"> ▪ There is clear evidence of market potential for budget hotel development in Basingstoke. The town's existing budget hotels are achieving high occupancies and consistently turn away significant business during the week and to a lesser extent at weekends. This could include potential for an upper-tier budget hotel. New budget hotels in the town are likely to challenge some of Basingstoke's existing 3 and 4 star hotels, particularly those that are independently operated, less well located and/or in need of investment.
A new 3/4 star at Basing View	<ul style="list-style-type: none"> ▪ The potential for a new 3 or 4 star hotel at Basing View will be dependent on recovery and renewed growth in the local corporate market. Corporate demand has reduced significantly in Basingstoke as companies have downsized or closed their operations in the town. The loss of business from Huawei will further weaken corporate demand in 2013. Much will depend on the levels of business that Network Rail's new control centre generates for the town's hotels, how quickly Basing View is regenerated and attracts new occupiers, and the extent to which new occupiers are found for vacant space at Basingstoke's business parks. Weekend demand will continue to be a challenge for hotels in Basingstoke and could weaken the case for a new 3 or 4 star hotel unless it has a strong leisure offer to help attract leisure break stays. A brand such as Village Urban Resorts could be a good fit in this respect.
3/4 star – expansion and development of existing hotels	<ul style="list-style-type: none"> ▪ There may be scope for Basingstoke's existing 3 and 4 star hotels to expand if the corporate market here recovers and starts to grow again. There could also be scope for hotels to develop additional leisure and spa facilities and function spaces to try to boost weekend demand.
Aparthotel/ Serviced apartments	<ul style="list-style-type: none"> ▪ There may be potential for the development of further serviced apartments in Basingstoke to meet demand from long stay corporate guests. This could be in terms of an aparthotel or purpose-built serviced apartment complexes or residential apartments being let as serviced apartments.

SOURCES OF FURTHER INFORMATION

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