

EAST HAMPSHIRE

Alton/Petersfield/Liphook/Whitehill-Bordon
Horndean/Rowland's Castle

HOTEL MARKET

FACT FILE

September 2013

INTRODUCTION

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

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

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

Andrew Bateman
Tourism Manager
Economy, Transport & Environment
Hampshire County Council
El Court West
Winchester
SO23 8UD

Tel: 01962 845478
Email: andrew.bateman@hants.gov.uk

Debbie Vodden
Senior Economic Development Officer
East Hampshire District Council
Penns Place
Petersfield
Hampshire
GU31 4EX

Direct Tel: 01730 234164
Email: debbie.vodden@easthants.gov.uk

EAST HAMPSHIRE HOTEL SUPPLY

Current Hotel Supply

- There are currently 11 hotels in East Hampshire with a total of 438 letting bedrooms. The 4 star Old Thorns Manor golf hotel at Liphook is the most significant hotel in the District. The supply is otherwise a mix of relatively small 3 star standard and branded budget hotels, together with The Angel Citylodge at Privett (graded as 4 star guest accommodation, and the ungraded, independent Headley Park Hotel at Bordon. The Groomes 5 star Gold country house is also located at Bordon. It caters for weddings in a large barn or marquees, conferences and corporate activity days and has 6 guest bedrooms.

CURRENT HOTEL SUPPLY – EAST HAMPSHIRE - SEPTEMBER 2013

Standard	Hotels	Rooms	% of Rooms
4 star	1	100	22.8
3 star (and equivalent standard)	3	92	21.0
Budget	5	186	42.5
Ungraded/ GA graded	2	60	13.7
Total Hotels	11	438	100.0

EAST HAMPSHIRE HOTEL SUPPLY –SEPTEMBER 2013

Hotel	Standard/Type	Bedrooms
Horndean/ Rowland's Castle		
Premier Inn Portsmouth (Horndean)	Budget	25
Travelodge Havant Rowlands Castle	Budget	21
Petersfield		
Langrish House	3 star Country House	13
Premier Inn Petersfield	Budget	50
Liphook		
Old Thorns Manor	4 star Golf Hotel	100
Metro Inn	Budget	40
Alton		
Alton House (Hollybourne Hotels)	3 star equivalent ¹	43
Swan (Old English Inns)	3 star Inn	36
Travelodge Alton Four Marks	Budget	50
Privett		
The Angel Citylodge	4 star GA	42
Bordon		
Headley Park	n/a	18

Notes:

- Booking.com and LateRooms grading – the Alton House Hotel is no longer graded under the AA or VisitBritain grading scheme.

EAST HAMPSHIRE HOTEL SUPPLY

- Alton and Petersfield are the main towns in East Hampshire. Alton is served by 3 hotels with a total of 171 letting bedrooms. The town also has a number of small inns, guest houses and B&Bs. There are only 2 hotels that serve Petersfield, with 63 letting bedrooms. There is no hotel accommodation in Petersfield town centre.

Changes in Supply 2008-2013

New Hotels

- The Premier Inn Portsmouth (Horndean) opened at Horndean in 2008.
- Fuller's Hotels & Inns opened The Hampshire Hog at Clanfield as a 5 star boutique inn in 2009.

Investment in Existing Hotels

- Old Thorns Manor was significantly extended and upgraded to 4 stars in 2009. This included the development of 68 additional bedrooms, two new bars, a new restaurant, a new leisure and spa complex, a ballroom and additional conference facilities. More recently the hotel has added 8 luxury eco pod rooms in its grounds
- Langrish House, near Petersfield has upgraded from 2 to 3 stars.
- The Swan Hotel in Alton underwent a complete refurbishment in 2010.
- Citylodge Hotels redeveloped, expanded and upgraded the former Lawns Motel at Privett in 2011, reopening it as The Angel, with 40 bedrooms.
- The Innkeeper's Lodge Portsmouth North at Rowlands Castle was rebranded as the Travelodge Havant Rowlands Castle in 2010 following the company's acquisition of the bulk of the Innkeeper's Lodge hotels.
- The Travelodge Alton Four Marks has been refurbished in 2013 to Travelodge's new bedroom product.

Hotel Closures

- Alton House Hotel in Alton closed in 2012 for redevelopment for housing, resulting in a loss of 34 rooms from the town's hotel supply.

Proposed Hotel Development

Hotels Under Construction

- The Nicolas James Group property company, based in Christchurch, Dorset has purchased part of the former Treloar School campus for the development of a luxury country club hotel and residential property. Planning permission was granted for the scheme in May 2013. The hotel will have 14 apartments and 8 suites that can be let in different combinations to give a total of around 45 letting bedrooms. Work is now underway on the scheme, with the hotel due to open in May or June 2014.

Proposed Hotels

- There are three proposed hotel schemes in East Hampshire summarised in the table overleaf.
- Premier Inn has a requirement for Alton.
- Petersfield is a target town for Travelodge.

EAST HAMPSHIRE HOTEL SUPPLY

EAST HAMPSHIRE – PROPOSED HOTELS (AS AT SEPTEMBER 2013)

Proposed Hotel/Site	Standard	No. Rooms	Details
Adhurst St Mary	Country house hotel	69	Adhurst St Mary, the Grade II listed ancestral home of the Bonham-Carter family, has been the subject of a series of proposals since 2002 to convert the building into a country house hotel. The latest proposal, granted planning permission in 2009, is for a 69-bedroom hotel with restaurant, leisure and function facilities alongside 16 houses within the walled garden as enabling development to help fund the hotel conversion. An application to allow occupation of the approved dwellings prior to the commencement of work on a hotel use with a minimum of 22 bedrooms was refused in 2010. There has been no more recent movement on the proposal.
Blacknest Golf & Country Club	n/a	10	Planning permission was granted in July 2013 for the development of a two-storey extension to provide 10 en-suite guest bedrooms. The owners are hoping to progress the project in the next 12-18 months.
Travelodge Liphook South	Budget	40	Planning permission was granted in 2010 for a Travelodge budget hotel on the southbound service area on the A3 Liphook bypass. The Travelodge on the northbound service area was sold to Metro Inns in March 2013. It seems unlikely therefore that Travelodge will implement this permission.

Planned Development of Existing Hotels

- The Old Thorns Manor renewed an extant permission for an additional 51 hotel apartments in April 2013.
- There are no known plans for the development of other hotels in East Hampshire at present.

Occupancy, Achieved Room Rates and Revpar

- Average annual room occupancies, achieved room rates and revpar figures for East Hampshire hotels for 2012 are summarised in the table overleaf.
- Occupancies for East Hampshire's 3/4 star and equivalent standard hotels were broadly in line with the county and national averages in 2012. As the District's only 4 star hotel, the Old Thorns Manor is East Hampshire's market leader in terms of achieved room rate and revpar performance. Achieved room rate and revpar performance for 3 star and equivalent standard hotels is relatively low, in line with the average figures for Hampshire independent 3 star hotels. Occupancy and achieved room rate performance varies significantly between the District's 3 star and equivalent standard hotels, depending on their size, quality and business strategy. Revpar figures are however broadly similar for Alton's 3 star hotels.
- Budget hotel occupancies in East Hampshire are high, on a par with the Hampshire budget hotel average in 2012. Achieved room rate performance was slightly behind the county average, due to the great proportion of Travelodges in the East Hampshire budget hotel supply, which tend to trade at lower room rates than Premier Inns.

EAST HAMPSHIRE HOTEL PERFORMANCE & MARKETS

EAST HAMPSHIRE 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 4 Star Hotels	66	69	70	73	74	77	48	51	54
Hampshire 3 Star Hotels	68	70	71.5	58	57	59	40	40	42
Hampshire Independent 3 Star Hotels	65	66	69	51	50	51	33	33	35
East Hampshire 3/4 star and equivalent 3 star standard ⁴	n/a	n/a	70	n/a	n/a	65	n/a	n/a	46
Hampshire Budget Hotels	n/a	n/a	80	n/a	n/a	48	n/a	n/a	39
East Hampshire Budget	n/a	n/a	79	n/a	n/a	44	n/a	n/a	34

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.
4. Including hotels that are rated as 3 stars on booking.com and LateRooms

Patterns of Demand

- The East Hampshire hotel market is very seasonal. Hotels of all standards achieve high occupancies on Friday and Saturday nights between April and October. Most hotels consistently fill and turn business away on these nights during these months, particularly on Saturday nights. Friday and Saturday occupancies are much lower during the winter months, other than for some budget hotels, which trade well on these nights all year round, trading primarily in the visiting friends and relatives market.
- Sunday occupancies are lower for all standards of hotel, particularly during the winter. They typically run at around 30-45% but can be higher for some budget hotels and for the Old Thorns Manor, which, in common with other golf hotels, drives Sunday business through discounted golf rates.
- Midweek occupancies are not as strong for most of East Hampshire's 3/4 star and equivalent standard hotels and are also seasonal. Weekday occupancies typically run at around 65-75%, although can be higher in the summer but much lower during the winter. One 3 star standard hotel achieved high midweek occupancies throughout 2012 by driving business on heavily discounted rates.
- Midweek occupancies are high for East Hampshire's budget hotels, generally running at 80-90%. Tuesday and Wednesday nights are very strong all year, with budget hotels consistently turning business away on these nights. Monday and Thursday occupancies are also strong, particularly during the summer months, when some budget hotels frequently turn business away on a third and sometimes fourth midweek night.

EAST HAMPSHIRE HOTEL PERFORMANCE & MARKETS

Market Mix

- The midweek market mix for East Hampshire hotels is biased towards business demand, although less so for budget hotels. The weekend market mix for both 3/4 star and equivalent standard and budget hotels is strongly weighted towards leisure demand.

EAST HAMPSHIRE HOTELS – MIDWEEK & WEEKEND MARKET MIX

Standard of Hotel	Midweek Market Mix		Weekend Market Mix	
	Business %	Leisure %	Business %	Leisure %
East Hampshire 3/4 star standard hotels	90	10	5	95
East Hampshire Budget Hotels	80	20	5	95

Business Markets

- Corporate demand associated with local companies is the key business market for East Hampshire's 3/4 star and equivalent standard hotels. It is the only significant source of business-related demand for the District's 3 star standard hotels and the key business market for the Old Thorns Manor.
- Residential conferences are an important secondary business market for the Old Thorns Manor, which has good conference facilities and can offer golf as an added draw for conferences. East Hampshire's 3 star hotels attract very little residential conference business.
- Budget hotels in East Hampshire attract a broadly even mix of midweek demand from business visitors and contractors working on construction and development projects.

Leisure Markets

- Wedding guests and people attending other family occasions are the most significant leisure market for East Hampshire hotels and the only significant source of weekend trade for some 3 star standard hotels. There are a number of popular wedding venues in the area, including the Old Thorns Manor, Langrish House, Tithe Barn at Ditcham near Petersfield and Cain Manor and Northbrook Park at Farnham.
- Golf and spa breaks are a strong source of leisure business for the Old Thorns Manor.
- Leisure breaks are a minor market for East Hampshire hotels. Jane Austen's House and the Watercress Line motivate some leisure break stays but the area as a whole seems to lack any profile as a leisure break destination. Two hotels are attracting leisure break business through the promotion of discounted rates and special offers through third party websites such as booking.com and LateRooms. Other hotels reported that they attract very little leisure break business.
- People visiting friends and relatives are a key market for East Hampshire's budget hotels and a minor market for some 3/4 star and equivalent standard hotels.
- Two of East Hampshire's budget hotels reported that they attract demand from ferry passengers travelling to or from Portsmouth.
- Overseas tourists touring Southern England are a minor market for some of East Hampshire's hotels.
- Events that generate good demand for hotels in the East Hampshire area are:
 - Goodwood Festival of Speed
 - Goodwood Revival
 - Glorious Goodwood
 - Jalsa Salana Muslim Convention, near Alton
 - Watercress Line events
 - Farnborough International Airshow (every other year)

Market Trends

- **Corporate demand** for hotel accommodation in East Hampshire appears to have been fairly stable over the last three years but has become more price competitive as local companies have demanded keener prices from the area's hotels.
- In line with the national trend, **residential conference business** for East Hampshire's 3 star hotels reduced sharply in 2009 and has remained a very challenging market over the last three years, with no signs of recovery in the near future. The Old Thorns Manor has however seen steady growth in residential conference business as it has become more established as a conference venue.
- The construction of the new Waitrose supermarket in Alton generated additional **contractor business** for the town's hotels in 2012 and 2013.
- The **weddings** market has generally increased in East Hampshire over the last 3 years but has become more price sensitive, with 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. Weddings business is down in 2013 as people do not want to get married in a year with the number thirteen in it. Forward bookings for 2014 are looking very strong however.
- The Old Thorns Manor has seen strong growth in golf and spa break business.
- One hotel reported a slight increase in leisure break business as a result of new events on the Watercress Line. Another reported a downturn in leisure break business, while others did not report any change in this market, which is generally very small for most hotels.
- Demand from **overseas tourists** appears to have been largely static over the last 3 years.
- **Ferry passenger** movements through Portsmouth reduced by 6% in 2011 and 8.6% in 2012, suggesting that this market is likely to have reduced for East Hampshire hotels in the past 2 years.

Major Projects

- The only major project in East Hampshire is the planned **Whitehill-Bordon Eco-Town**. A masterplan has now been produced setting out the framework for the development and regeneration of the town, which will incorporate 4,000 new homes, employment space for 5,500 new jobs, a new town centre, community facilities, public transport improvements and 200ha of green space, on 340 acres. A Delivery Board has been established and £15m of funding secured.
- There is very little land available in Alton and Petersfield for the development of new employment uses.
- David Lock Associates produced an Options Report for the future development of Petersfield in 2011. This looked at various options for housing development around the town and identified 4 potential development sites in the town centre, including the regeneration of the Festival Hall car park, possibly to include a hotel. A Neighbourhood Plan is currently being developed for the town.

Future Market Prospects

- Corporate demand for hotel accommodation in East Hampshire may slowly increase as the economy recovers and business travel resumes. Economic growth forecasts for Hampshire suggest relatively slow growth through until 2016, possibly followed by stronger growth from 2017 onwards. Growth in corporate business is likely to be limited in Alton and Petersfield due to the lack of land for the development of new employment uses in the two towns. The envisaged new employment uses at the Whitehill-Bordon Eco-Town may generate demand for hotel accommodation here, depending on the type of companies that are attracted and how quickly the planned employment space comes on stream and is occupied. The proposed development of employment uses as part of the West of Waterlooville Major Development Area and the proposed redevelopment of the BAE Systems Technology Park at Waterlooville could generate new corporate demand for hotel accommodation in the Horndean and Rowland's Castle area.
- Residential conference business looks likely to increase for Old Thorns Manor as the hotel continues to target this market. With its proposed additional 70 bedrooms the hotel should be able to compete for larger (100+ delegate) conferences that may generate overspill business for surrounding hotels and accommodation establishments. The residential conference market looks unlikely to recover for East Hampshire 3 star hotels however, which do not have a competitive conference product or the marketing budgets to proactively target this market..
- Contractor demand for budget hotel accommodation may increase as the Whitehill-Bordon Eco-Town project is taken forward. The project may also generate some demand for 3 and 4 star hotel accommodation from architects, civil engineers and other professionals that are working on it.
- Old Thorns Manor should be able to continue to capitalise on the growing golf and spa break markets, which it will continue to target with its increased bedroom capacity.

PROSPECTS FOR GROWTH

- Leisure break demand could increase in East Hampshire as the South Downs National Park becomes more established as a visitor destination.
- Demand from people attending weddings in and around East Hampshire may increase as the area's population grows and new wedding venues are opened. The proposed country club hotel at Upper Froyle is, for example, likely to attract weddings business. The Old Thorns Manor is likely to continue to target the weddings market and could see growth in weddings demand as a result of its planned increased bedroom capacity.
- 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.

HOTEL DEVELOPMENT OPPORTUNITIES

Standard/ Type of hotel that could be developed	Commentary
Budget	<ul style="list-style-type: none"> ▪ There could be market potential for further budget hotel provision in Petersfield, either in terms of the expansion of the Premier Inn here and/or the development of a second budget hotel. Travelodge has a requirement for Petersfield. ▪ There may be scope for a budget hotel to be developed in Alton, given a suitable site. Premier Inn has a requirement here. A budget hotel at Alton is likely to challenge the town's existing hotels, pub accommodation businesses and guest houses. ▪ There may be scope in the longer term for a small budget hotel in Whitehill-Bordon if a budget hotel operator can be convinced of the potential demand for hotel accommodation related to the Eco Town business park development and population growth.
Boutique hotels and inns	<ul style="list-style-type: none"> ▪ There could be potential for the development of some form of boutique hotel or inn accommodation in Petersfield, given suitable properties for conversion. As a key centre in the South Downs National Park, Petersfield has a distinct lack of good quality visitor accommodation. As far as we have been able to establish no suitable properties are available for conversion to a boutique hotel and none of the town's pubs are actively considering the development of boutique guest bedrooms. ▪ There might also be scope for a small boutique hotel or inn in Alton town centre, either in terms of the upgrading and repositioning of an existing hotel or pub accommodation operation or the conversion of a suitable property.
The expansion and further development of the Old Thorns Manor	<ul style="list-style-type: none"> ▪ There is good potential for the development of additional guest bedrooms at the Old Thorns Manor to enable the hotel to meet the demand it is attracting for wedding and golf and spa break business at weekends and to allow it to cater more effectively for larger residential conferences and corporate golf events.
Country house hotels	<ul style="list-style-type: none"> ▪ There could be potential for the development of 3 and 4 star and luxury country house hotels in East Hampshire, given suitable properties for conversion e.g. the proposed country club hotel at Upper Froyle

SOURCES OF FURTHER INFORMATION

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

Andrew Bateman
Tourism Manager
Economy, Transport & Environment
Hampshire County Council
Ell Court West
Winchester
SO23 8UD

Tel: 01962 845478
Email: andrew.bateman@hants.gov.uk

Debbie Vodden
Senior Economic Development Officer
East Hampshire District Council
Penns Place
Petersfield
Hampshire
GU31 4EX

Direct Tel: 01730 234164
Email: debbie.vodden@easthants.gov.uk