PORTSMOUTH
HOTEL FUTURES

Summary Report

Prepared for:
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SEEDA
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hotel solutions
the hotel development consultancy

Lynn Thomason
Hotel Solutions
Deleanor House
High Street
Coleby
Lincoln
LN5 0AG
t. 01522 811255
e. hotel@tourismsolutions.co.uk

Andrew Keeling
Hotel Solutions
Mill Field House
Mill Fields
Bassingham
Lincoln
LN5 9NP
t. 01522 789702
e. ackeeling@btinternet.com

SUMMARY REPORT

Introduction

- The Portsmouth Hotel Futures study has been commissioned by Portsmouth City Council, with the support of Tourism South East and SEEDA, to provide a robust evidence base of the current and potential future demand and development potential for hotels in Portsmouth.

- The findings will be used to:

    - Inform the preparation of the Local Development Framework Core Strategy and Site Allocations DPDs in relation to hotel development, and provide a backcloth for assessing hotel investment proposals;
    - Feed into plans for the major regeneration projects in the city in terms of the potential for hotels to be included as part of their development mix;
    - Support hotel investment marketing activity for Portsmouth and the development of a more strategic and focused hotel investment strategy, both within the UK and overseas.

- The Study has involved the following modules of research:

    - A review of national hotel performance and development trends;
    - An audit of the existing competitive supply of hotels, and assessment of recent and planned future changes to the city's hotel supply in terms of closures and planned new hotels and hotel extensions;
    - Interviews with the managers and owners of existing hotels to assess recent and current performance levels and trends;
    - A review of relevant policy documents and research reports;
    - Consultations with key officers in Portsmouth City Council's planning, economic development, estates and tourism teams;
    - An assessment of factors that could influence future demand for hotel accommodation, including the impact on demand of planned major development projects, and the implementation of the PUSH and City Growth Portsmouth Strategies;

- The preparation of forecasts for the potential growth in demand for hotel accommodation over the next 5, 10, 15 and 20 years;
- Consultations with a sample of hotel developers to assess their interest in developing in Portsmouth;
- A review of potential hotel development sites in the city.

Trends in the UK Hotel Market

- The UK hotel industry has steadily recovered in the last 3 years following a difficult trading period between 2001 and 2003 due to the impact of major events and crises, including the Foot & Mouth epidemic, 9/11, the Iraq War and the SARS scare. Provincial hotel performance has been more stable than for the UK as a whole, the latter being affected by London hotel performance, which has been more significantly influenced by international events. Provincial hotel occupancies have been relatively stable over the past 5 years with average annual room occupancies running at around 70-71%. Achieved room rates[1] grew only slightly between 2001 and 2003 but have risen sharply in the last 3 years to reach a record high of £70.02 in 2006.

- Both established and new hotel brands have continued to expand in the UK. The budget hotel sector has grown strongly, with continued expansion by Premier Travel Inn (now Premier Inn), Travelodge and Express by Holiday Inn, and the emergence of new budget hotel brands. In the 3/4 star market small boutique and town house hotel chains, such as Hotel du Vin and Malmaison have rapidly expanded. The development of large branded 3 and 4 star hotels has been focused primarily in major city centres.

[1] The net amount of rooms revenue that hotels achieve per room occupied after deduction of VAT, breakfast and any other meals included in the price, commission charges and discounts.

Current Hotel Supply

Our research has identified a total of 23 hotels currently in Portsmouth, with 1,612 letting bedrooms (listed in the table overleaf).

Current Hotel Supply – Portsmouth – by Standard
October 2007

Standard	Estabs	Rooms	% of Rooms
5 star	-	-	-
4 star	3	458	28.4
3 star	4	298	18.5
2 star	3	68	4.2
Upper-tier Budget[2]	2	238	14.8
Budget	5	389	24.1
Boutique	2	13	0.8
Non-inspected/ Lower grade	4	147	9.2
Total Hotels	**23**	**1,612**	**100.0**

- Portsmouth has a mix of 4 star, 3 star, upper-tier budget and budget hotels. It has no 5 star hotel and only one small boutique hotel operation.
- The city's hotel supply is split between central Portsmouth, the M27/A27 corridor and Southsea. The central Portsmouth hotel supply is split between the city centre, North End and Gunwharf Quays/ Historic Waterfront. There is only one hotel (the Ibis) in the heart of the city centre.
- Southsea hotels are primarily independent 2 and 3 star operations and lower grade non-inspected hotels.. A significant number of hotels have closed here in recent years, for conversion to residential apartments. This process looks set to continue as further hotels convert to residential use.
- The city's 3 star hotels are primarily independently operated. There are no national 3 star hotel brands represented in the city, although the Royal Beach is part of the Best Western marketing consortium.

[2] Brands such as Express by Holiday Inn, Ramada Encore and Tulip Inn

- Excluding the closure of Southsea hotels, Portsmouth's hotel supply has increased by 22% (281 rooms)in the last 5 years, with the opening of two upper-tier budget hotels (the Express by Holiday Inn Gunwharf Quays and Tulip Inn), the expansion of the Travelodge, and the opening of the Florence & Somerset House boutique hotel.

- A new Etap budget hotel (120 rooms) is due to open at the Pompey Centre in 2008. A 150-bedroom 4 star hotel is proposed as part of the Northern Quarter development, which is due to be completed in 2011. A number of Portsmouth hotels have plans to extend or reposition.

- There is a good supply of conference facilities in Portsmouth hotels, however only two hotels can cater for conference of more than 150 delegates.

Current Demand

- On the basis of our research, and the information provided to us by the managers and owners of the hotels that we interviewed, we estimate average annual room occupancies and achieved room rates[3] for hotels in Portsmouth to be as follows for 2005 and 2006 and projected for 2007.

Portsmouth Hotel Occupancy 2005-2007

Standard	Average Annual Room Occupancy %		
	2005	2006	2007[1]
Provincial UK 3/4 Star Chain Hotels[2]	70	71	72[3]
Portsmouth 3/4 Star Hotels	70	72	72
Portsmouth 4 Star[4]	73	74	75
Portsmouth 3 Star[5]	65	68	69
Portsmouth Upper-tier Budget[6]	n/a	n/a	n/a
Portsmouth Budget[7]	86	88	88

Portsmouth Hotels - Achieved Room Rates 2005-2007

Standard	Average Annual Achieved Room Rate £		
	2005	2006	2007[1]
Provincial UK 3/4 Star Chain Hotels[2]	66.95	70.02	70.21[3]
Portsmouth 3/4 Star Hotels	57.71	59.03	60.64
Portsmouth 4 Star[4]	65.50	66.25	67.77
Portsmouth 3 Star[5]	43.11	45.88	47.61
Portsmouth Upper-tier Budget[6]	n/a	n/a	n/a
Portsmouth Budget[7]	41.72	43.09	43.06

Notes:

1. Based on projected figures provided by hotel managers
2. Source: TRI Hotstats UK Chain Hotels Market Review. Provincial UK figures are a more appropriate comparison for Portsmouth than UK figures, which are inflated by London hotel performance.
3. Source: Price Waterhouse Coopers Hospitality Directions
4. Sample: Marriott, Hilton, Holiday Inn
5. Sample: Innlodge, Royal Beach, Queen's (estimated)[4]
6. Express by Holiday Inn, Tulip Inn – we are unable to publish occupancy figures for upper-tier budget hotels with a sample of only 2 hotels
7. Sample: Premier Inn Portsmouth, Premier Inn Southsea, Travelodge, Ibis, Innkeeper's Lodge (estimated)[5]

[3] The net amount of rooms revenue that hotels achieve per room occupied after deduction of VAT, breakfast and any other meals included in the price, commission charges and discounts.
[4] The Queen's Hotel did not take part in the survey of existing hotels. Occupancy figures have been estimated for this hotel.
[5] The Innkeeper's Lodge did not take part in the survey of existing hotels. Occupancy figures have been estimated for this hotel.

- The 4 star hotel market is strong overall in Portsmouth, although performance varies significantly between the city's 4 star hotels. 4 star occupancies are high as a whole but achieved room rates are comparatively low by national standards. This is a function of the relatively low corporate rates in Portsmouth and the strength of leisure demand in the market mix for 4 star hotels. There is evidence of some denied business in the 4 star market, particularly on Tuesday, Wednesday and Saturday nights.

- The 3 star market is not as strong as the 4 star market with 3 star hotel occupancies lower and more seasonal. 3 star achieved room rates are also low compared to national averages, with 3 star hotels affected by the same issues in terms of the low corporate rates and the strength of leisure demand in their market mix. The quality and location of the city's 3 star hotels could also be a factor in their comparatively weaker performance. They also take group tour business during the week to boost midweek occupancies. This is very low-rated business, which further reduces their achieved room rates. There is evidence of 3 star hotels denying some business both during the week and at weekends, particularly in the summer months.

- The upper-tier budget hotel market is strong in Portsmouth, although there is a significant difference in performance between the city's upper-tier budget hotels. Upper-tier budget hotel occupancies are very high and achieved room rates are only slightly below the 4 star average, with one upper-tier budget hotel achieving rates significantly above some of the city's 4 star hotels.

- The budget hotel market is extremely strong in Portsmouth. Budget hotel occupancies are very high. All budget hotels consistently fill throughout the week and regularly deny business both during the week and at weekends, to an extremely high level for at least one budget brand.

- The corporate market for hotel accommodation in Portsmouth is strong in terms of volume, but weaker in terms of rate. A lot of corporate demand in Portsmouth is government business, which tends to be lower-rated. The corporate market in Portsmouth is also dominated by a small number of very large producers of demand for hotel accommodation, which are able to command low rates from the city's hotels due to their buying power. These two factors combine to depress corporate rates for the city's hotels. A lot of corporate demand in the city is project-related and therefore difficult to predict. The corporate market grew strongly in 2005 and 2006, but appears to have slipped back so far in 2007.

- Residential conferences are an important secondary weekday market for 3 and 4 star hotels in the city. This market appears to be largely static currently.

- Association conferences are a minor weekday market for city centre and Southsea hotels. This market is largely static at present. The City Council's Conference Office believe that Portsmouth is losing association conferences due to its lack of a purpose-built conference centre and limited supply of hotels in the city centre.

- Contractors are a strong and growing market for budget hotels.

- Leisure breaks are a key weekend market for 3 and 4 star hotels and a secondary midweek market for some. They are also a key weekend market for one upper-tier budget hotel and a secondary weekend market for budget hotels. Leisure break business has grown as a result of increased marketing by hotels and the city's developing tourism offer, with the opening of Gunwharf Quays and the Spinnaker Tower.

- 3 star hotels take group tour business during the week to boost midweek occupancies. This is low-rated business that depresses their achieved room rates. Some other hotels also take group tour business to boost quiet periods, but have generally reduced this business as other higher paying markets have grown.

- Clubbers, stag and hen parties and football supporters are key weekend markets for some budget hotels and a minor weekend market for hotels of other standards.

- Ferry passengers are an important weekend market for budget hotels during the summer. They are a minor market for hotels of other standards however.

- Weddings and functions are a key weekend market for 3 star hotels and generate weekend business also for budget and upper-tier budget hotels. They are a minor weekend market for 4 star hotels.

- Major events generate good business for hotels in the city. They tend to be held at times when hotels would be busy anyway and are thus primarily displacing other leisure markets rather than generating additional business for hotels.

- Most hotels are optimistic about their future prospects. Key factors seen as determining future hotel performance are identified as follows by hotel managers:

  - The Naval Base, and its role in underpinning so much of the corporate market for hotel accommodation in Portsmouth;
  - The regeneration of the city and development of the city centre as key drivers of future growth in the corporate and contractors markets;
  - New hotel development and the impact that it will have on existing hotels;
  - The need for a purpose-built conference centre in the city;
  - The need for events at off-peak times to help reduce seasonality.

- Our research suggests that there is still a market for 2 star and lower grade hotels in Portsmouth and Southsea. However their market is very seasonal, impacting upon viability. Hotels of this standard may be adversely affected by the development of new budget hotels in the city centre and Southsea, and further losses to residential conversion are likely at this end of the market. Budget hotels that are well-located, well-resourced and powerfully marketed have the ability to generate demand and succeed where small indpendent hotels may fail.

- The success of Florence House and Somerset House has demonstrated a market for a high quality boutique hotel offer in Southsea. There may also be scope for boutique guesthouse offers here.

Future Market Prospects

- The strategic context for growth in Portsmouth, of city centre office development, tourism, leisure and retail growth, and the possible development of the city as a conference destination if aspirations for a purpose-built conference centre are realised, all points towards continued growth in demand for hotel accommodation in the city in the next 20 years.

- Now that the future of the Naval Base has been secured, the corporate market for hotel accommodation in Portsmouth is likely to grow as the city's economy develops; existing companies win new contracts and expand their operations in Portsmouth; new offices are developed, and new companies are attracted to the city.

- The contractors market is likely to grow significantly over the next 5-10 years, and possibly beyond, given the level of retail, office and residential development planned in the city, the number of major construction projects that are planned, and the prospects for ship building companies based in the dockyard winning new contracts.

- The residential conference market may grow as the city's economy expands and its image improves. Significant growth in this market is not expected however.

- New city centre hotels may enable the City Council to attract some additional association conferences to the Guildhall. Significant growth in the associations meetings market would be achieved if a new purpose-built conference centre were to be developed in the city, supported by hotels on-site and within walking distance.

- Leisure break demand should grow, given further development of the city's tourism offer and continued proactive marketing of the city as a leisure break destination. New hotels are likely to create additional leisure break business through corporate marketing activity. There is also potential for existing hotels to drive additional leisure break business through marketing.

- Other markets that look likely to grow include:

    - Clubbers and stag & hen parties (for budget hotel accommodation), as the city's offer in terms of nightlife develops;
    - Football supporters (primarily for budget hotel accommodation), particularly if a new larger football stadium is built;
    - Overseas tourists – this is unlikely to become a major market for Portsmouth hotels however;
    - Demand related to events, particularly if staged at off-peak times;
    - Cruise passengers, if the city is successful in developing docking facilities for cruise ships and attracting cruise operators to depart from the city;
    - Weddings and visits to friends and family, as the city's population increases.

- Portsmouth hotels could potentially attract significantly more group tour business but are likely to limit and possibly reduce the level of business they take from this market due to its low-rated nature.

- There are no indications currently of likely growth in demand from ferry passengers.

Opportunities for Hotel Development

- In order to provide an indication of the number of new hotel bedrooms that might be needed in Portsmouth over the next 20 years, Hotel Solutions has prepared projections of possible future growth in hotel demand to 2011, 2016, 2021 and 2026. In terms of immediate potential, growth to 2011 sets this out. Projections have been prepared for 4 star, 3 star, upper-tier budget and budget hotels. The projections assume that growth will be unconstrained by site availability and planning policy. Projections have been prepared under two scenarios:

  Scenario 1- Without a purpose-built conference centre
  Scenario 2 – With a purpose-built conference centre

- The table overleaf summarises the results of the projections in terms of the potential numbers of new hotel bedrooms of each standard needed over the next 5, 10, 15 and 20 years. Meeting the requirements for new hotel rooms in the next 5 years will require immediate site allocations, given the lead in times for hotel development.

Portsmouth – Projected Requirements for New Hotel Development – 2011-2026 Without a Conference Centre

Standard of Hotels/Year	Projected New Rooms Required by This Year		
	Low Growth	Medium Growth	High Growth
4 Star[1]			
2011	74	101	129
2016	112	171	235
2021[2]	153	250	361
2026[2]	197	339	510
3 Star			
2011	30	46	63
2016	54	90	130
2021[2]	80	140	209
2026[2]	108	197	302
Upper-Tier Budget			
2011	83	99	116
2016	117	155	193
2021[2]	154	215	286
2026[2]	194	288	400
Budget[3]			
2011	266	299	333
2016	335	410	491
2021[2]	411	538	684
2026[2]	495	687	917
TOTAL NEW HOTEL ROOMS			
2011	453	545	641
2016	618	826	1049
2021[2]	798	1143	1546
2026[2]	994	1511	2129

Note:

1. The projected figures for new 4 star hotel rooms include the 150-bedroom 4 star hotel proposed as part of the Northern Quarter development.
2. It is very difficult to project change over a 15-20 year period. The projections for 2021 and 2026 should be treated with caution, therefore. It is unlikely that growth in demand will be sustained at the assumed growth rates over such a long period.
3. The projected figures for new budget hotel rooms include the Etap hotel that will open in 2008 (120 rooms)

Portsmouth – Projected Requirements for New Hotel Development – 2016-2026 With Conference Centre

Standard of Hotels/Year	Projected New Rooms Required by This Year		
	Low Growth	Medium Growth	High Growth
4 Star[1]			
2016	194	269	332
2021[2]	251	348	458
2026[2]	295	437	608
3 Star			
2016	97	133	171
2021[2]	123	183	251
2026[2]	151	240	346
Upper-Tier Budget			
2016	138	176	214
2021[2]	175	237	308
2026[2]	216	309	421
Budget[3]			
2016	373	448	537
2021[2]	449	576	721
2026[2]	533	724	955
TOTAL NEW HOTEL ROOMS			
2016	802	1026	1254
2021[2]	998	1344	1738
2026[2]	1095	1710	2330

Note:
1. The projected figures for new 4 star hotel rooms include the 150-bedroom 4 star hotel proposed as part of the Northern Quarter development.
2. It is very difficult to project change over a 15-20 year period. The projections for 2021 and 2026 should be treated with caution, therefore. It is unlikely that growth in demand will be sustained at the assumed growth rates over such a long period.
3. The projected figures for new budget hotel rooms include the Etap hotel that will open in 2008 (120 rooms)

- In terms of actual numbers of hotels, these projections would equate to the following:

4 star Hotels

- One new 4 star hotel in the next 10 years, possibly in the next 5 years, together with the possible expansion of existing 4 star hotels;
- Potential for a further 4 star hotel in the longer term, or sooner if the city's hotel market grows very quickly;
- A requirement for an on-site 4 star hotel if a purpose-built conference centre is developed in the city;
- Potential possibly for a large 4 star hotel with extensive conference and exhibition space as an alternative to developing a purpose-built conference centre;

Boutique Hotels

- Possible scope for boutique hotels and for guest houses to reposition as boutique offers;

Suite Hotels/ Serviced Apartments

- A possible opportunity for a suite hotel or serviced apartment complex;

3 Star Hotels

- One new 3 star hotel by 2016 alongside the proposed expansion of the Innlodge;
- Possible scope for a further new 3 star hotel by 2026 if the Portsmouth hotel market grows strongly;
- A requirement for a further 3 star hotel to support a conference centre if it goes ahead.

Upper-Tier Budget Hotels

- Potential for up to two upper-tier budget hotels in the next 10 years, one of which could probably be supported in the next 5 years.
- Longer term potential for at least one further upper-tier budget hotel and a requirement for another upper-tier budget hotel if the conference centre goes ahead;

Budget Hotels

- Immediate potential for up to 3 budget hotels in the next 5 years (including the Etap now under construction), and up to 5 new budget hotels by 2016.
- Potential for a total of 5-9 new budget hotels by 2026 (depending on how strongly the market grows) and up to 10 new budget hotels if a conference centre is developed.

- Some of the potential for new 4 star hotels could be met through the development of new boutique hotels, either new-build hotels, conversion of suitable properties, or the repositioning of the 3 star hotels in Southsea. Such hotels would add diversity to the city's hotel offer and should attract new leisure break business.

- Given the level of project-related work in Portsmouth (and long-stay corporate demand therefore), some of the 4 star potential could be met through the development of a suite hotel or serviced apartment complex.

- Given the current achieved room rate performance of the city's 4 star hotels, new 3 star hotel development is probably a more realistic proposition for Portsmouth than 4 star hotel development, at least in the short term. Significant rate growth will be needed to make 4 star hotel development viable. Much will depend on the pace of office development in the city and the type of companies that the city attracts in the future.

- If it is to compete effectively for major conference, a purpose-built conference centre would need to be supported by an on-site 4 star hotels (to act as the headquarters hotel for conferences) together with a choice of hotels of other standards within walking distance.

- There is clearly considerable potential for budget and upper-tier budget hotel development in Portsmouth. Hotels of these standards in the city are already denying significant business. With strong growth envisaged in the contractors market, demand for budget and upper-tier budget hotel accommodation is likely to increase further.

- Taking the Medium Growth Scenario, our projections suggest a requirement for up to 12 sites for new hotel development by 2026, and up to 15 is a conference centre is developed:

Portsmouth - Required Hotel Sites – 2011-2026
Without a Conference Centre

Standard of Hotels/Year	Projected Hotel Sites Required by This Year		
	Low Growth	Medium Growth	High Growth
4 Star[1]			
2011	0	1	1
2016	1	1	1
2021[2]	1	2	2
2026[2]	1	2	3
3 Star			
2011	0	0	0
2016	0	0	1
2021[2]	0	1	1
2026[2]	1	1	2
Upper-Tier Budget			
2011	0	1	1
2016	1	1	2
2021[2]	1	2	2
2026[2]	2	2	3
Budget[3]			
2011	3	3	3
2016	3	4	5
2021[2]	4	5	7
2026[2]	5	7	9
TOTAL SITES REQUIRED			
2011	3	5	5
2016	5	6	9
2021[1]	6	10	12
2026[1]	9	12	17

Note:

1. The projected figures for new 4 star hotel sites includes the 4 star hotel proposed as part of the Northern Quarter development.
2. It is very difficult to project change over a 15-20 year period. The projections for 2021 and 2026 should be treated with caution, therefore. It is unlikely that growth in demand will be sustained at the assumed growth rates over such a long period.
3. The requirements for budget hotel sites includes the Etap hotel that is currently under construction)

Portsmouth - Required Hotel Sites – 2016-2026
With Conference Centre

Standard of Hotels/Year	Projected Hotel Sites Required by This Year		
	Low Growth	Medium Growth	High Growth
4 Star[1]			
2016	1	2	2
2021[2]	2	2	3
2026[2]	2	3	4
3 Star			
2016	0	1	1
2021[2]	1	1	2
2026[2]	1	2	2
Upper-Tier Budget			
2016	1	1	2
2021[2]	1	2	3
2026[2]	2	3	4
Budget[3]			
2016	4	4	5
2021[2]	4	6	7
2026[2]	5	7	10
TOTAL SITES REQUIRED			
2016	6	8	10
2021[2]	8	11	15
2026[2]	10	15	20

Note:

1. The projected figures for new 4 star hotel rooms include the 150-bedroom 4 star hotel proposed as part of the Northern Quarter development.
2. It is very difficult to project change over a 15-20 year period. The projections for 2021 and 2026 should be treated with caution, therefore. It is unlikely that growth in demand will be sustained at the assumed growth rates over such a long period.
3. The requirements for budget hotel sites includes the Etap hotel that is currently under construction)

Hotel Developer Interest

- Over 30 hotel developers, operators and investors were contacted to test their interest in investing in Portsmouth, and more than 20 responses were received. The majority were interested in investing/operating in Portsmouth, and some with current representation here were looking for second and third sites either for other brands in their portfolio or to serve another part of the city (city centre, out of town, Southsea).

- There was interest for 29 hotel brands, ranging from 4 star offers through to budget hotels, and included emerging offers such as serviced apartments, budget boutique hotels and potentially top end boutique products. The strongest interest was in budget, upper tier budget and 3 star hotels. There was a strong international dimension to the interest i.e. brands represented internationally being delivered by UK developers and investors, including interest in products new to the UK e.g. Hampton by Hilton and Hilton Garden Inn.

- Hotel developers and operators were attracted to Portsmouth by:

  - The city's strategic location as a key centre along the south coast;

  - Good access via the M27 and links to the M3 and A3 giving access to the Greater London market;

  - The leisure appeal of the waterfront plus ferry business to supplement the corporate market.

- In terms of location, there was interest in city centre, edge of city centre and out-of-town locations for new hotel development. There was also interest in the waterfront and Southsea. The key messages in this respect coming from developers were that Portsmouth has no obvious city centre and has generators of demand in several 'destination hubs', hence a desire to locate both within and beyond the city centre.

- Many of the hotel developer consultees had been actively looking in and around the city for sites, but had varying degrees of knowledge about the future vision and key development schemes delivering this – there is still a communications message to get out here, and a desire for more information, especially in relation to potential sites.

- The type of deal sought varied according the investment objectives of consultees – there is a preference for freehold and long leasehold sites, but others will look at shorter leases and management contracts. Whilst stand-alone hotel developments are the simplest solution for most, amongst the interest expressed there were examples of hotels being converted from office blocks and listed buildings, and as part of mixed-use schemes above retail or combined with office and residential.

- By far the greatest barrier to investment cited by developers and operators was the difficulty of securing sites, in terms of availability, values, competition from other higher value uses, and ownership and control. Most were prepared to consider mixed -use schemes but generally do not favour this option as they are more complex to deliver.

Site Assessments

- 30 sites with potential for hotel development have been identified and assessed within the study. Amongst these are some excellent hotel sites, a number of which (possibly 8-10 sites) have the potential to come forward within the next 12 months to 2 years. There are a larger number of sites that are likely to be medium or longer term, in part due to the scale of change underway in and around the city and the associated infrastructure works required.

- There are few sites in the ownership or control of the City Council, and no current allocated sites for hotels. In the light of intense competition for sites there is a real danger that hotels will get squeezed out by higher value uses, without some form of intervention.

- The demand forecasts show a need for 12-15 sites by 2026 under the Medium Growth Scenario, so there is some work to be done to make this happen.

- The strongest sites from a hotel developer perspective would be part of a 'destination hub'; have fit with market potential; be Council-owned; affordable/not competing with other uses; available freehold or long leasehold; have parking on-site or nearby; and be available in the next 12-18 months.

- In terms of matching sites to hotel developer requirements and informing a locational strategy for hotel development, we would broadly advocate:

  - 4 star development to the city centre and main office concentrations;

  - A conference centre (if developed) will need to be supported by an on-site 4 star hotel, and a cluster of hotels of other standards within walking distance, ideally around the station;

  - Boutique hotels are best suited to leisure hubs e.g. the waterfront, Gunwharf, The Hard and possibly Southsea;

  - Suite hotels in central locations close to large corporate offices, the University, shops and bars, but waterfront sites would also appeal;

- Budget and upper-tier budget hotels in central locations, possibly above retail and restaurant uses and within a city centre hotel cluster, but also suited to out of town locations for transient markets.

Moving Forward

- Going forward, there are a number of next steps actions that the City Council and its partners will need to start putting in place:

  - **A pro-active, co-ordinated hotel marketing campaign** to manage interest and facilitate delivery, targeting those offers that will bring maximum benefit to the destination. Action will include:

    - Preparing a Campaign Plan and a structure and resources to deliver this;
    - Forming a Hotel Investment Group with cross-departmental representation from the City Council (planning, economic development, tourism, estates, major projects) and key external partners to include TSE, SEEDA and Hampshire County Council. There may be potential for a wider group at PUSH or county level to maximise investment interest;
    - Setting up visits with key hotel investor targets to nurture interest and further inform work to bring sites forward;
    - Preparing appropriate inward investment materials to support this work including fact sheets on hotel demand, supply, and development potential and supported with maps, site information and background on the destination vision and major projects;

  - **Measures to bring hotel sites forward**, including:

    - Working with landowners to influence the content of key schemes and identify additional sites;
    - A review of assessed sites to match them more closely to operator requirements and identify any action required to remove obstacles to delivery;
    - Using the planning process to weave hotel uses into planning briefs, SPDs and AAPs and possibly to look at allocation specifically for hotel use.

- **An enabling planning framework**, including:

    - The inclusion of more explicit, supportive policies on hotel development in the emerging LDF;
    - Developing a locational strategy for hotels that is directly related to the vision for the destination and its spatial interpretation. This should support the city centre focus but also link hotel investment to key generators of demand and major development activity in 'destination hubs';
    - Reviewing the need to allocate sites for hotel use – particularly if a conference cluster is to be a priority for the future – and support sites work through the AAP and SPD process;
    - Consideration of a retention policy for hotels in Southsea if securing key hotel sites here is consistent with the vision for the future of the destination;
    - Building tourism impacts, and particularly the potential for generating additional hotel demand, into impact assessments to support planning applications for major development schemes;
    - Support extensions to existing hotels, subject to the usual requirements relating to scale and impact:
    - Consult the hotel development sector in the plan-making process.

- **Developing Portsmouth as a conference destination**:

    - Commission research to review the market potential for a conference centre or conference hotel, and the hotel requirements associated with this;
    - Consider the need for intervention to support the delivery of a conference and hotel cluster through the planning process.

- **Developing the hotel market** through:

    - The development of a strong office market in the city centre;
    - Developing existing corporate demand;
    - Continuing to develop and position Portsmouth as a strong leisure break destination;
    - Delivering an active events programme, particularly out of season;
    - Maximising the benefits of a new football stadium, including the potential for its use as an events arena;
    - Exploring the potential for a conference centre.

- **Communicating to partners and stakeholders**:

  - Developing key findings documents for different audiences, including an Executive Summary for Members and public sector partners, a summary report for the local hotel industry, and inward investment materials for potential developers.

- **Monitoring systems** to keep a finger on the pulse:

  - Ongoing periodic review of key hotel performance data (occupancy, achieved room rate, denials) at 2-3 year intervals, or following significant hotel investment or change in the market, with outputs segmented by standard;
  - Establishing mechanisms to feed this trend data into future action planning for the sector.

- The Hotel Futures study clearly has some extremely positive messages about the potential for new hotel development in Portsmouth. It provides a sound evidence base and starting point for the City Council and its partners to proactively plan for, manage and support hotel investment in the city, to ensure that the hotel sector plays its full part in supporting economic and tourism growth. Action is now needed to ensure a co-ordinated and proactive approach to capitalising on these opportunities.