

SOUTH OXFORDSHIRE & VALE OF WHITE HORSE HOTEL NEEDS ASSESSMENT

EXECUTIVE SUMMARY

Prepared for:
South Oxfordshire District Council
Vale of White Horse District Council

July 2014





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The Story

- South Oxfordshire and Vale of White Horse have a total of 41 hotels with 1674 letting bedrooms. There are concentrations of hotels around Thame/Milton Common, Wallingford, Henley-on-Thames, Abingdon and Milton Park/Harwell. The hotels are generally small in size, with only four hotels exceeding 100 bedrooms. In Le Manoir aux Quat' Saisons the area has one of the few 5 star hotels outside London; three star hotels dominate the supply, and quality is variable. The area has a good stock of pubs with rooms. There is a significant supply of hotel rooms bordering the two districts, particularly in and around Oxford. Only one new hotel has opened in the study area in the last 5 years, the Oxfordshire Hotel & Spa at Milton Common. We identified 7 hotel proposals, though no active schemes.

- In terms of performance, 4 star hotels are performing strongly, above national 3/4 star averages. Performance amongst 3 star hotels is generally weaker, reflecting the variable quality of the offer. Budget hotel performance is very strong, with very high occupancies. Destination and boutique hotels are achieving very high occupancies and rates. In terms of location, performance is strongest in the Science Vale/Milton Park area and in Abingdon, as well as in the areas closest to Oxford. In terms of patterns of demand, midweek and Saturday occupancies are very strong, but Friday and Sunday nights are weaker. The table overleaf summarises occupancy, achieved room rates and Revpar for hotels in the study area by standard of hotel, and provides comparisons with national benchmarks.

Table i
SOUTH OXFORDSHIRE & VALE OF WHITE HORSE HOTEL PERFORMANCE 2011-2013

Standard of Hotel	Average Annual Room Occupancy %			Average Annual Achieved Room Rate ³ £			Average Annual Revpar ⁴ £		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
UK Provincial Hotels (All Standards)¹	70.9	69.8	72.6	58.64	59.22	59.94	41.56	41.32	43.53
UK Provincial 3/4 Star Chain Hotels²	69.6	69.6	72.0	68.40	69.97	71.46	47.61	48.72	51.48
South Oxfordshire 4 Star Hotels	72.9	71.9	74.6	72.62	75.23	77.46	52.96	54.11	57.93
South Oxfordshire & Vale of White Horse 3 Star Hotels	n/a	65.9	68.6	n/a	60.08	62.10	n/a	39.62	42.60
South Oxfordshire & Vale of White Horse Budget Hotels	n/a	n/a	88.1	n/a	n/a	60.08	n/a	n/a	52.91

Notes

1. Source: STR Global
2. Source: TRI Hotstats UK Chain Hotels Market Review
3. 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.
4. 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

- South Oxfordshire and Vale of White Horse has one of the largest clusters of science based research and knowledge industries in Western Europe, based around Milton Park, Harwell Oxford, Culham Science Park, Grove Technology Park, and Didcot. There are committed development plans in place and underway, supported by City Deal, ESIF and Local Growth Funds together with Enterprise Zone status, to deliver 20,000 new jobs in the next 15 years, expected to be in the high tech sectors as well as involving specialist international companies with global reach, all likely to be highly productive in terms of the generation of hotel roomnights from business tourism markets. The delivery of over 35,000 new homes across the two Districts to 2031, alongside the continued development of the visitor economy around groups, leisure breaks and events, should help to grow domestic and overseas leisure markets.
- The South Oxfordshire and Vale of White Horse area is not well known nor readily understood by the hotel development sector, whose focus tends to be on larger towns and cities. The strong hotel markets of Oxford and Reading are the preferred location for many. However, much hotel development is opportunistic, and subject to a business case being made, there were national and international hotel developers and operators willing to examine the potential for new hotel development here. However, most would only be interested in franchise and management contract delivery mechanisms, requiring a developer/investor partner, usually locally based. Hotel companies were prepared to look at a range of offers from budget through to 4 star and boutique brands. None of the consultees were aware of Science Vale and its significant growth potential.
- The planning policy framework is generally permissive of hotel development in the built up areas, in support of economic development, business growth and the expansion of the visitor economy. Policies for development in the countryside are more restrictive however. In terms of the workability of planning policies, some issues were identified around staff accommodation, car parking standards, hotel retention policy, sequential test and site availability.

The Opportunity

By Location

- Our demand forecasts for the Science Vale Market Area and our wider assessment of hotel needs identifies the following requirements and opportunities for hotel development for key locations across the study area over the next 10-15 years:
 - Milton Park/Harwell Oxford/Didcot
 - A need for a significant increase in hotel supply in the Science Vale area through new hotel openings and the expansion of existing hotels. Proposals at Milton Park, Harwell Oxford and Didcot Gateway would only meet part of this need over the long term. Further research is required to establish the viability of 4 star development and achievable rates. Budget, upper tier budget and 3 star offers appear most likely to be deliverable, plus serviced apartments.
 - Abingdon
 - Abingdon is in a good position to serve Culham, Harwell and Milton Park, but site availability is a key issue here. Retaining the Upper Reaches and securing investment in the property and offer is a priority.
 - Wantage
 - Potential for some additional provision to serve Science Vale, most likely a small budget hotel and/or boutique hotel provision.
 - Faringdon
 - The opportunity here should focus on up-grading and re-positioning of existing inns as small boutique hotels and the expansion of Sudbury House.
 - Oxford Fringes
 - Opportunities to serve (and reap the benefits of) the strong Oxford market that can't be accommodated in the city centre, subject to site availability and sequential test; new hotels and expansion of sites such as Oxford Thames Four Pillars.
 - Thame/Milton Common/Chinnor
 - Potential for a further budget hotel in Thame
 - Wallingford/Shillingford/Dorchester-on-Thames
 - The priority here is the upgrading of existing hotels. There could also be potential for some existing hotels to expand.

- Henley-on-Thames
 - Henley-on-Thames has potential to support additional boutique hotel development, via the up-grading of existing hotels or conversion of suitable buildings. There could also be potential for a budget hotel here.
- Rural Areas
 - Potential for:
 - New destination country house hotels given suitable properties for conversion
 - The expansion and development of existing rural destination hotels – adding spas, lodges etc
 - Development of hotels on golf courses
 - A minor golf resort (site dependent)
 - Hotel bedrooms added to wedding venues
 - Conversion of residential conference centres to hotels

Other Visitor Accommodation Development Opportunities

- A review of trends in the development of other forms of visitor accommodation in the UK suggests there could be opportunities in the study area for the following types of accommodation that would require an appropriate planning policy response:
 - Good quality pub accommodation and boutique inns, through extension and conversion of outbuildings;
 - New guest houses and boutique B&Bs;
 - Conversion of redundant farm buildings to holiday cottages/complexes;
 - Development of holiday lodges, holiday lodge parks, eco lodges, fishing/shooting/golf lodges;
 - Expansion of touring caravan and camping sites;
 - Camping site and glamping site development;
 - Children's' residential activity centres.

The Planning Policy Response

- The two district councils need to respond to the study findings by:
 - Planning for hotel growth
 - To accommodate new hotel development, expansion and development of existing hotels, up-grading poor quality hotels, and having the flexibility to permit destination hotels in rural areas;
 - Reflecting these opportunities in the new Local Plans and other planning documents through positive planning policies.
 - A flexible approach to hotel development in the towns
 - A lack of suitable and available sites could require development in edge of town locations;
 - A flexible approach to hotel development in the countryside
 - A more positively worded policy, given the potential economic benefits to the rural economy, subject to meeting other objectives relating to protection of the countryside;
 - Allocating sites for hotel development
 - There could be a case for allocation, given the scale of the requirement identified in relation to the growth of Science Vale. However, a flexible policy framework could meet this need, unless competition for land from higher value uses is in danger of squeezing hotel uses out of prime sites.
 - Hotel retention
 - There is a need for a clearly articulated hotel retention policy and associated guidance and tests to protect some key sites/hotels from the pressures of residential development values, particularly given the lack of alternative hotel development sites.
 - Contributing to the hotel development strategy for Oxford
 - The study area has a role to play in meeting demand that can't be satisfied in Oxford city centre, and much to gain in terms of economic benefit in so doing.

- Other hotel planning considerations
 - The need to review of onerous car parking standards
 - A more permissive approach to the need for on site staff accommodation
 - The need to ensure that CIL charges are proportionate and affordable in order not to introduce competitive disadvantage and impact on schemes beyond their viability thresholds
 - Also ensuring that planning conditions don't push hotel schemes beyond viability.
- Planning for other types of visitor accommodation
 - An approach that gives due consideration to the economic benefits of rural tourist accommodation development, including schemes of scale, if they can satisfy other material planning considerations;
 - Avoiding planning conditions that restrict the ability to let for holiday purposes year round;
 - A need to permit on-site accommodation for managers of holiday parks and caravan and camping sites.

Other Requirements for District Council Intervention

- Actions to support hotel development and hotel market growth:
 - Proactive marketing of hotel investment opportunities in the Science Vale area;
 - To address the low awareness amongst hotel companies of the current demand emanating from Science Vale sites and the significant growth taking place here;
 - A co-ordinated approach to engage with landowners, developers and hotel operators to bring forward hotel schemes;
 - A hotel investment prospectus for the Science Vale area;
 - Establishing a dialogue with potentially interested hotel companies;
 - Public sector investment in hotel schemes
 - Particularly in unproven markets and where there is evidence of a funding gap, to help secure aspirational hotel development;
 - Destination marketing
 - To boost weekend demand;
 - Destination development
 - Events, attractions, places to eat and drink, public realm.

Moving Forwards

- Next steps actions to act on and disseminate the study findings include:
 - Circulation of the report for comment and amendment;
 - Informing the plan-making process and planning policy and development control teams;
 - Plan a proactive hotel investment strategy for Science Vale;
 - A company survey for Milton Park and Harwell Oxford to inform the hotel investment strategy and particularly the potential demand for a 4 star hotel and associated required rates;
 - Feedback to participating hotels.

