HAVANT

HOTEL FUTURES

Final Report

Prepared for:
Havant Borough Council
Hampshire County Council
&
Tourism South East

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hotel solutions
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EXECUTIVE SUMMARY

Executive Summary

- The Havant Hotel Futures Study has been commissioned by Havant Borough Council, with the support of Tourism South East and Hampshire County Council, with the **objective** of providing an evidence base for the development of planning policies relating to the hotel sector, currently in preparation via the LDF process. This report presents the findings relating to the demand for, and supply of hotel accommodation in Havant (drawn from the Hampshire Hotel Trends Survey 2006-7) alongside additional research on hotel developer interest, site potential, future planning policies, and the potential for growth. It makes recommendations on policy formulation and locational strategies for hotel development, hotel investment activity, and other forward action to optimise the potential of the hotel sector in the Borough.

- In terms of **current supply**, there are two distinct hotel locations in the Borough – the Havant area (with the 4 star Langstone, two 3 star hotels and 3 budget hotels) and southern Hayling Island, dominated by the two Warner adult only hotel resorts.

- In terms of **demand** the 3/4 star hotel market in the Havant area is relatively weak in terms of occupancy, and particularly achieved room rate performance, certainly compared to Portsmouth. Weekend demand is especially weak. Midweek corporate demand is stronger but the area's 3/4 star hotels are not achieving particularly high midweek occupancies or denying much business during the week. Achieved room rate performance varies significantly between hotels. There is however strong demand for budget hotel accommodation in the Havant area, with budget hotels here achieving very high occupancy levels Monday to Saturday and denying significant levels of business during the week and on Saturday nights. The Warner adult only hotel resorts on Hayling Island achieve very high occupancies trading purely in the adult leisure break market.

- As far as **future prospects** are concerned, there is potential for significant future growth in midweek demand in the Havant area from the corporate and contractors markets given the planned development of business parks in area and the level of construction work planned. There is also potential for the development of leisure break business on Hayling Island, depending on the mix of facilities that are delivered through the regeneration of the seafront, but limited scope for growth in weekend leisure demand in the Havant area.

- Projections of how the Havant hotel market might grow over the next 20 years indicate the following **market potential for future hotel development** in the Borough:

  - Potential for the development of budget and/or upper-tier budget hotels in the Havant area in the short, medium and long term.
  - No potential for a new branded 3/4 star hotel in the Havant area, other than possibly longer term at Dunsbury Hill Farm, depending on the type of companies that are attracted to the business park and the deal that can be offered to a hotel developer here.
  - Potential for the expansion and/or upgrading and development of the existing 3 and 4 star hotels in the Havant area, depending on how new budget and upper-tier budget hotels impact on them.
  - Possible scope for a small boutique hotel development as part of the regeneration of Hayling Island seafront depending on the mix of uses that are developed here and the site and deal that can be offered for a boutique hotel development.
  - Scope for the development of pub accommodation in the Borough.

- A survey of **hotel developers** and operators identified interest from 6 national hotel developers/operators interested in developing 8 different hotel brands in the Havant area. The strongest interest was for budget and upper tier budget hotels. 3 star interest was uninformed. There was no interest from large 3 and 4 star operators or from boutique hotel operators. In terms of location, the majority of interest was in Havant but there was some budget interest also in Waterlooville. The A27 and A3 corridors were the preferred locations, preferably close to business drivers and surrounding facilities rather than in an isolated roadside location.

- Hotel companies identified a number of general **obstacles to investment in hotels**, notably, the availability and deliverability of sites, including site values; timing in terms of when sites can be delivered; policies that resist loss of employment land; the requirements of the sequential test in relation to sites not in town centres; and the complexity of mixed-use schemes causing delay and lack of control for hotel developers. Green travel plans, BREEAM standards, design issues and the additional costs these add to hotel schemes were identified planning issues squeezing the viability of some hotel schemes.

- Specific **barriers to investing in Havant** included the size of the town, which falls below the thresholds required for many 3/4 star hotel brands; relatively low rates for 3/4 star hotel development; a lack of character and heritage appeal that would be required for boutique offers to attract high end leisure markets; and for Hayling Island the fact that the market here is leisure-driven, whilst most national chains are building hotels on the back of a strong corporate market. Perhaps most significantly however, is the fact that Havant is over-shadowed by Portsmouth and other larger centres along the South Coast: developers see these destinations as offering a bigger market and are more inclined to satisfy their brand requirements here, particularly for large hotels.

- Taking account of the site and location requirements of hotel companies (to be close to business drivers of demand, have visibility and good access), the **strongest site** for hotel development in the Havant area is Langstone Gate, which can potentially be moved forward quickly. Brockhampton West is also a strong site though less well integrated with surrounding uses. Dunsbury Hill Farm we see as longer term, contingent on securing major corporate users on the business park. However, other sites are being progressed by site owners and developers, which could undermine the ability to secure development on the sites with strongest potential, given that there is a limit to the market potential for new hotel development in the Havant area.

- **Moving forward in the short term**, the priority should be to expedite progress on the Langstone Gate site to secure an upper tier budget development here. Prior to the LDF coming into force, other hotel schemes may well come forward. While such schemes could undermine the potential to secure a hotel at Dunsbury Hill Farm in the future, there is no clear case for the Council to intervene in this process. Hotel development should be left to market forces, with planning applications assessed under the current Local Plan policies.

- In terms of the **implications for the LDF** the key issue is whether there will be a need and potential to prioritise Dunsbury Hill Farm as the key hotel development location in the Havant area and how far to go in this in terms of restricting hotel development elsewhere in the Borough until the required hotel has been achieved here. While there is a logic in seeking to attract a hotel to the business park, the Hotel Futures Study suggests that the case for prioritising Dunsbury Hill Farm above other locations in the Borough is not strong enough. Hotel development should therefore be promoted here alongside A27, A3, Hayling Island seafront and West Waterlooville sites . If hotel development at Dunsbury Hill Farm is seen as a real priority this should be proactively encouraged through marketing and incentives rather than by restricting hotel development elsewhere. The flexible interpretation of policies that resist loss of employment land to potentially allow hotels on employment sites should be taken forward in the LDF. There is no clear requirement for a hotel retention policy in the LDF, although this could be considered in case market conditions change before 2026. In order to support the effective implementation of LDF policies for hotel development, the Borough Council will need to monitor the performance of the Borough's hotel sector on an ongoing basis.

- **Other requirements for optimising the potential of the hotel sector** in Havant include:

    - Hotel investment marketing, following up established interest and working with TSE and PUSH partners;
    - Developing the corporate market by attracting the type of companies to the Borough that will generate good demand for hotel accommodation;
    - Developing the leisure offer on Hayling Island to help establish a market for a new hotel here and the leisure offer in the Havant area to help attract weekend business for the area's hotels.

1 - INTRODUCTION

Background to the Study

A Hampshire Hotel Trends Survey covering the period 2006-2007 was conducted by Hotel Solutions between January and April 2008 for Hampshire County Council, Tourism South East and the Hampshire city, district, borough and unitary authorities. The survey provides an in depth assessment of hotel performance in Hampshire in 2006 and 2007, and the prospects for the county's hotel sector in 2008. The findings of the survey are intended to assist in identifying opportunities for new hotel development in the county to help inform planning policy for hotel development and support hotel investment marketing. The survey seeks to complement the monthly regional serviced accommodation occupancy survey undertaken by Tourism South East, and updates the Hampshire Hotel Trends Survey 2003-2004 undertaken by ACK Tourism and Tourism Solutions in 2005.

In view of the fact that many District and Borough Councils are currently preparing LDFs and looking at site allocation, local authority partners were invited by TSE and Hampshire County Council to buy into an additional module of work that would draw out the findings of the market study, assess current hotel policies, review available and potential sites for hotel development, test hotel developer interest and forecast how the hotel market might grow over the LDF period, all at a local destination level. Havant Borough Council opted into this extra piece of work, and this report presents the findings.

Objectives and Outputs

The overall aim of the study was to build an evidence base on the hotel sector and the need for hotel development by preparing a Hotel Futures Study for Havant Borough that would:

- Establish an up-to-date picture of the supply of and demand for hotel accommodation in Havant;
- Forecast how this market might grow over the period through to 2026;
- Assess hotel developer interest in the Borough, including site and locational requirements;
- Review current planning policies relating to hotel development;

- Assess potential hotel sites in terms of developer requirements and destination objectives;
- Identify the potential for new hotel development in terms of the scale and standard required, and make recommendations on a locational strategy as well as any other action required relating to planning, inward investment or support to deliver hotel sector growth.

Approach

The work programme for the study has involved the following:

- Consultation with key stakeholders within the Council, including representatives from planning, economic/business development, estates and tourism teams;
- Analysis and re-presentation of hotel performance data gathered via interviews with the managers of existing hotels in and around the Borough as part of the county-wide study (see Appendix 1 for list of hotels interviewed);
- Review of current planning policies relating to hotel development and other strategies and action plans to identify how the destination might develop over the LDF period particularly in terms of what might drive demand for new hotels;
- The preparation of projections of how the hotel market in the Borough might grow to 2026, based upon likely levels of employment growth and the development of leisure demand;
- Consultation with hotel developers and operators to test their interest in hotel development in the Borough, and their site and location requirements;
- Visits to sites identified as having potential for hotel development or where developer interest has been established and analysis of their suitability in terms of requirements;
- Analysis to establish the market potential for new hotel development, by standard and location, and actions required to make this happen, including implications for the planning framework.

1 - INTRODUCTION

Report Structure

The report that follows sets out the following:

- An audit of the current hotel supply in the Borough and recent and proposed changes to this supply;
- An assessment of current hotel demand and hotel performance in the Borough and surrounding area;
- Projections of how the Havant hotel market might grow to 2026;
- Conclusions regarding the potential for new hotel development in the Borough over this period;
- A review of interest from hotel developers, by standard, brand and location;
- A review of the planning policy framework for hotel development in the Borough;
- Recommendations on the way forward to deliver the identified potential for new hotels and support the growth of the Borough's hotel sector.

2 - HAVANT HOTEL SUPPLY

Current Hotel Supply

- There are currently 9 hotels in Havant Borough with a total of 821 letting bedrooms:

Current Hotel Supply – Havant Borough – July 2008

STANDARD	HOTELS	ROOMS	% OF ROOMS
Havant Area[1]			
4 star	1	148	45.8
3 star	2	81	25.1
2 star	-	-	-
Upper-tier Budget[2]	-	-	-
Budget	3	94	29.1
Total Havant Area	**6**	**323**	**100.0**
Hayling Island[3]			
4 star	-	-	-
3 star	-	-	-
2 star	1	22	4.4
Upper-tier Budget	-	-	-
Budget	-	-	-
Adult Only Hotel Resorts	2	476	95.6
Total Hayling Island	**3**	**498**	**100.0**
Total Havant Borough			
4 star	1	148	18.0
3 star	2	81	909
2 star	1	22	2.7
Upper-tier Budget[1]	-	-	-
Budget	3	94	11.4
Adult Only Hotel Resorts	2	476	58.0
Total Havant	**9**	**821**	**100.0**

Notes:
1. Havant, Northney, Emsworth, Bedhampton, Rowland's Castle
2. Brands such as Express by Holiday Inn, Ramada Encore and Hampton by Hilton – limited service hotels that offer a higher standard of bedroom than budget hotels but limited facilities in terms of bars and restaurants and no conference or leisure facilities
3. The southern half of Hayling Island

[1] Brands such as Express by Holiday Inn, Ramada Encore, Hampton by Hilton

2 - HAVANT HOTEL SUPPLY

Havant Borough Hotels – July 2008

HOTEL	STANDARD	ROOMS
Havant Area[1]		
Langstone, Northney, Hayling Island	4 star	148
Bear, Havant	3 star	42
Brookfield, Emsworth	3 star	39
Premier Inn Portsmouth (Havant), Bedhampton	Budget	37
Travelodge Chichester Emsworth	Budget	36
Innkeeper's Lodge Portsmouth North, Rowland's Castle[2]	Budget	21
Hayling Island[3]		
Warner Sinah Warren	n/a	250
Warner Lakeside Chalet Resort	n/a	226
Newtown House	2 star	22

Notes:

1. Havant, Northney, Emsworth, Bedhampton, Rowland's Castle
2. Hotel actually in East Hampshire but close enough to Havant to be part of Havant Area competitive hotel supply
3. The southern half of Hayling Island

- The current hotel supply in Havant Borough is split between the town of Havant and immediately surrounding areas (including Emsworth, Northney, Bedhampton and Rowland's Castle) and the southern part of Hayling Island.

- The supply in the Havant area is dominated by the 4 star Langstone Hotel at Northney on Hayling Island (with 148 bedrooms). There are also two small 3 star hotels in Havant and at Emsworth and three budget hotels at Bedhampton, Rowland's Castle and on the A27 eastbound at Emsworth. There are no upper-tier budget hotels in the Havant area at present.

- The hotel supply on Hayling Island comprises two Warner adult only hotel resorts and one small 2 star hotel. The Warner hotels are very different to other types of hotel. They are effectively leisure break destination resorts in their own right, with extensive sports, leisure and entertainment facilities. They cater exclusively for 3 and 4 night leisure breaks inclusive of meals and entertainment purely for adults. They do not trade in the Havant hotel market.

2 - HAVANT HOTEL SUPPLY

Changes in Supply 2005-2008

- The key changes in the Borough's hotel supply in the last 3 years have been as follows:
  - The Langstone has added 45 bedrooms and developed additional conference facilities
  - Newtown House has been refurbished under its new owners.

- Just outside the Borough a new Premier Inn budget hotel opened at Horndean in 2008, with 24 bedrooms.

Proposed Hotel Development

- The following proposed hotel development projects have planning permission or are under discussion in the Borough:

Havant Borough – Proposed New Hotels – July 2008

HOTEL DEVELOPMENT PROPOSAL/ SITE	STANDARD	NO. ROOMS	DETAILS
Interbridges, A27 Emsworth Bypass	Budget	78	The site has been the subject of a number of planning applications over several years. Planning permission was granted in 2008 for a budget hotel, restaurant, petrol filling station, shop and café. The proposed hotel operator is unknown at this stage
Express by Holiday Inn, Langstone Gate	Upper-tier Budget	100-120	Express by Holiday Inn franchisee Bropar has been in pre-application discussions with the Borough Council regarding a proposed 7-storey hotel on this site.

- Greene King has had initial discussions with the Borough Council regarding the redevelopment of the Bear Hotel's car park for housing. It is unclear whether this scheme would involve investment in upgrading the hotel however.

- Warner Leisure Hotels has recently submitted plans for additional guest bedrooms and staff accommodation but withdrew them because of SSSI issues.

3 – CURRENT HOTEL DEMAND

Havant Area - 3/4 Star Hotels

Occupancy and Achieved Room Rates

- Average annual room occupancies and achieved room rates for 3/4 star hotels in the Havant area are estimated as follows from 2004 to 2007:

Havant Area 3/4 Star Hotels[1]
Average Annual Room Occupancy 2004-2007

	AVERAGE ANNUAL ROOM OCCUPANCY %			
	2004	**2005**	**2006**	**2007**
Havant 3/4 Star	67[1]	n/a	68[2]	68[2]
Hampshire 3 Star	66.9[1]	n/a	66.3[3]	67.3[3]
Hampshire 4 Star	n/a	n/a	70.6[3]	71.1[3]
Provincial 3/4 Star Chain Hotels[4]	70.8	70.4	71.4	71.3

1. Source: Hampshire Hotel Trends Survey 2003-2004, ACK Tourism/ Tourism Solutions for Hampshire County Council, April 2005
2. Sample: Bear, Havant; Brookfield, Emsworth; Langstone, Hayling Island (data from TSE occupancy survey – this hotel did not take part in the Hampshire Hotel Trends Survey)
3. Source: Hampshire Hotel Trends Survey 2006-2007, Hotel Solutions, April 2008
4. Source: TRI Hotstats UK Chain Hotels Market Review

- Average annual achieved room rates[2] for 3 star hotels in the Havant area are estimated as follows from 2004 to 2007:

Havant Area 3 Star Hotels[1]
Average Annual Achieved Room Rates 2004-2007

	AVERAGE ANNUAL ROOM OCCUPANCY %			
	2004	**2005**	**2006**	**2007**
Havant	43[1]	n/a	48[2]	52[2]
Hampshire 3 Star	58.77[1]	n/a	59.07[3]	61.37[3]
Provincial 3/4 Star Chain Hotels[4]	70.8	70.4	71.4	71.3

1. Source: Hampshire Hotel Trends Survey 2003-2004, ACK Tourism/ Tourism Solutions for Hampshire County Council, April 2005
2. Sample: Bear, Havant; Brookfield, Emsworth
3. Source: Hampshire Hotel Trends Survey 2006-2007, Hotel Solutions, April 2008
4. Source: TRI Hotstats UK Chain Hotels Market Review

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[2] The net amount of rooms revenue per room let that hotels achieve after deduction of breakfast (if included), VAT, discounts and commission charges

3 – CURRENT HOTEL DEMAND

- Occupancies for 3/4 star hotels in the Havant area were slightly above the Hampshire 3 star average in 2006 and 2007 but slightly below the Hampshire 4 star average and the national average for provincial 3/4 star chain hotels. Occupancy performance varied significantly between the area's 3 and 4 star hotels however. 3 star hotel occupancies were below the county 3 star average – at around 64-65%. 4 star occupancies were on a par with the county 4 star average but below the Portsmouth 4 star average.

- Occupancies increased slightly in 2007.

- Compared to the findings of the 2003-2004 Hampshire Hotel Trends Survey the overall occupancy for 3/4 star hotels in the Havant area has remained broadly static since 2004. 3 star occupancies have however reduced. This is likely to be due to the expansion of the Langstone and the opening of the Tulip Inn (now the Premier Inn Portsmouth Southampton Road) in 2004.

- Achieved room rates were very low for 3 star hotels in the Havant area in 2006 and 2007 – averaging £48 in 2006 and £52 in 2007 (compared to the county 3 star averages of £59.07 in 2006 and £61.37 in 2007). There was a significant variation in achieved room rate performance between hotels however: one hotel trades at very low achieved room rates, the other achieves room rates well above the county 3 star average and saw significant rate growth in 2007. Differences in the quality of the two hotels appear to be the key reason for their varying achieved room rate performance.

- It is likely that the Langstone achieves room rates below those of Portsmouth 4 star hotels. No achieved room rate data was available for this hotel to confirm this view however.

3 – CURRENT HOTEL DEMAND

Weekday/ Weekend Occupancies and Seasonality

- Weekday occupancies were typically running at around 70-75% for 3 star hotels in the Havant area in 2006 and 2007. Tuesday and Wednesday occupancies were the strongest with hotels frequently filling on these nights. Monday, and especially Thursday nights were quieter. Midweek occupancies dip during school holiday periods.

- Weekend occupancies were much lower and more variable and seasonal – averaging around 45-55% for the year. Saturday nights were stronger. Sunday nights were very quiet.

- These occupancy patterns were very similar to the patterns recorded in the 2003-2004 Hampshire Hotel Trends Survey.

Market Mix

- The market mix for 3 star hotels in the Havant area is 70-80% business, 20-30% leisure.

- The local corporate market in Havant is the primary source of business demand for hotels.

- Residential conferences are a very minor weekday market for one hotel.

- Weddings and functions are the primary source of leisure business for 3 star hotels in the Havant area.

- One hotel attracts some leisure break business through the marketing of special offer leisure break rates through the Internet.

- One hotel takes some coach groups. This is very low-rated business.

- One hotel attracts some special interest groups for bird watching and bowls.

- One hotel attracts some business from overseas ferry passengers on their way from or to Portsmouth.

- Goodwood motor and horse racing events generate good business for the area's hotels. One hotel also reported attracting business from the Southampton Boat Show.

- The market mix and key markets for 3 star hotels in the Havant area has not changed since the 2003-2004 survey.

Market Trends

- The corporate market in Havant appears to have grown in 2007.

- Residential conference demand has reduced as companies have developed their own in-house conference and training facilities and cut back on meeting and training budgets.

- One hotel has seen growth in its leisure break business through the marketing of special offer rates through the Internet. This remains a small market for it however.

- Weddings business has reduced for one hotel.

- Demand from overseas tourists has reduced.

Denied Business

- One Havant 3 star hotel regularly denies some business on Tuesday and Wednesday nights, but not to a significant extent. The other rarely denies business during the week.

- Weekend denials are rare, other than during major event weekends.

Prospects for 2008

- One hotel expects to see occupancy and rate growth in 2008 following refurbishment. The other is much more pessimistic about its prospects for 2008.

3 – CURRENT HOTEL DEMAND

Havant Area - Budget Hotels

Occupancy

- Average annual room occupancies for Budget hotels in the Havant area are estimated as follows for 2006 and 2007:

Havant Area Budget Hotels[1]
Average Annual Room Occupancy 2006-2007

	Average Annual Room Occupancy %
2006	81
2007	82

Note:

1. Sample: Premier Inn Havant, Travelodge Chichester Emsworth, Innkeeper's Lodge Portsmouth North, Rowlands Castle (in East Hampshire District)

- Budget hotel occupancies were high in the Havant area in 2006 and 2007. Occupancies vary significantly between hotels however: two hotels achieve very high occupancies, while the third achieves much lower occupancies.

- Occupancies increased for one hotel in 2007.

Weekday/ Weekend Occupancies and Seasonality

- Two of the budget hotels in the Havant area are usually full from Monday to Thursday. Weekday occupancies are lower and more variable for the area's other budget hotel however.

- Friday and Saturday occupancies are strong, particularly in the summer, when the area's budget hotels frequently fill.

- Sunday nights are much quieter for the area's budget hotels.

3 – CURRENT HOTEL DEMAND

Market Mix

- The market mix for Budget hotels in the Havant area is 60-70% business, 30-40% leisure.

- Business-related demand is a fairly even mix of business from contractors and the local corporate market.

- People attending weddings and other family gatherings, or visiting friends and relatives in the area are the main leisure markets for Budget hotels in the Havant area.

- One hotel attracts business from ferry passengers travelling en-route to Portsmouth.

- One hotel attracts leisure break business through leisure break offers that its company promotes.

- Overseas tourists are a minor leisure market for one hotel.

- Budget hotels in the Havant area attract business from Goodwood motor and horse racing events and the Great South Run in Portsmouth.

Market Trends

- Corporate and contractor demand increased for Budget hotels in the Havant area in 2006 and 2007. One hotel reported a downturn in these market so far in 2008 however.

- One hotel reported a downturn in leisure business in 2007 and into 2008.

3 – CURRENT HOTEL DEMAND

Denied Business

- Two Budget hotels in the Havant area regularly deny significant business during the week.

- All three budget hotels in the area regularly deny significant business on Saturday nights, especially during the summer.

Prospects for 2008

- Budget hotels in the Havant area expect to maintain their high occupancies in 2008. They do not appear to have been affected by the opening of the Premier Inn at Horndean. One of the area's budget hotels reported a slow start so far to 2008 however.

Hayling Island - Adult Only Hotel Resorts

- The two Warner adult only hotel resorts on Hayling Island (the Sinah Warren Hotel and the Lakeside Chalet Resort) both achieve extremely high occupancy levels trading purely in the leisure break market. They are full for most of the year. They offer 3 or 4 night half board leisure break packages including evening entertainment and use of a wide range of sports and leisure facilities. Demand is very strong at weekends. Midweek business is more rate driven. Both hotels also take coach groups during the week to boost quieter midweek periods. This market accounts for around 20% of their total roomnights. The hotels enjoy high levels of repeat business. Midweek guests tend to be retired or semi-retired. Weekend guests are primarily in the 40-50 age group.

4 – PROSPECTS FOR GROWTH

Strategic Context

- Havant is identified in the Regional Economic Strategy for the South East as part of the PUSH area (Partnership for Urban South Hampshire), one of 8 'Diamonds for Growth', which with their hinterlands will act as a catalyst to stimulate prosperity. The emerging South East Plan identifies a strategy for the South Hampshire sub-region to improve its economic performance to a GVA of 3.5% p.a. by 2026 from current levels of 2.75%. The strategy is one of conditional managed growth, linked to investment in infrastructure. This will involve an increase in jobs, land for business development, and new house building. Whilst Portsmouth and Southampton will be the focus of growth, sites in the hinterland allocated for development in Local Plans, plus brownfield sites will be required to meet development needs. Two Strategic Development Areas at Fareham and Hedge End will accommodate 16,000 new homes.

- In Havant, Dunsbury Hill Farm is recognised by SEEDA as an important strategic employment site. The development of this 13.2-hectare site as a high quality business and technology park has the potential to deliver 1,700 jobs, and scope for further expansion. Other key schemes delivering growth and regeneration in Havant include the West Waterlooville Major Development Area (2,900 jobs and 3,000 new homes), the redevelopment of Havant town centre, the further development of the industrial and science parks in the Broadmarsh area and the redevelopment of Hayling Island seafront. Other major infrastructure works will also underpin growth including the Hindhead Tunnel and the widening of the M27 to 4 lanes between Portsmouth and Fareham.

Future Prospects by Market

- **Corporate demand** for hotel accommodation in the Havant area is likely to increase significantly in the future, given the planned development of business parks in the area.

- The development of the area's economy could fuel some growth in demand for **residential conferences** as new companies are attracted. This market is generally declining however as companies cut back on training and meeting budgets and/or develop their own in-house training and meeting facilities. A new 3 or 4 star hotel with good conference facilities (if developed) may be able to attract additional residential conference business depending on the strength of its brand in this market.

- There is likely to be strong growth in demand, primarily for budget hotel accommodation, from **the contractors market**, given the level of construction work planned in the area over the next 5-10 years.

- It is difficult to see scope for growth in **weekend leisure demand** in the Havant area. The area's population is not set to increase significantly. There is unlikely to be much growth in the weddings and functions and visiting friends and relatives markets therefore. Havant is unlikely to develop as a leisure break destination. A new 3 or 4 star hotel (if developed) might be able to drive leisure break business through corporate leisure break marketing activity, depending on the strength of its brand in this market.

- The regeneration of Hayling Island seafront could attract increased leisure break business to Hayling Island depending on the scale of development and the mix of facilities that are developed. New hotels (if developed here) could attract additional leisure break business depending on the appeal of their offer to leisure guests and how they are marketed. The development of water sports at Hayling Island is unlikely to generate increased demand for hotel accommodation however. Water sports participants tend to camp or stay in hostels or self-catering accommodation. They rarely stay in hotels.

- Havant could benefit from the general growth in overseas tourist visits to the South East that is expected in the run up to and beyond 2012 as a result of the heightened awareness of London and the South East caused by the London 2012 Olympiad.

5 - HOTEL DEVELOPER INTEREST

Hotel Developer, Operator & Investor Feedback

- Over 30 hotel developers, operators and investors have been contacted to test their potential interest in developing a hotel in Havant. 20 responses were received, representing 30 brands ranging from budget through to luxury hotel offers (details of sampling and responses are provided at Appendix 4).

- 6 national hotel developers/operators were interested in developing 8 different hotel brands in Havant; some of these were on an either/or basis, depending on representation already in the destination or agreement for the brand to be delivered by another development partner.

- In terms of type and standard of hotel, the interest was primarily for budget and upper tier budget hotels[3]; the potential 3 star interest was uninformed, and the developer/operator involved also develops upper tier budget hotels.

- There was no interest from branded 3 and 4 star hotel developers and operators. These brands are targeting the largest towns and cities in each area and so their focus in Hampshire tends to be Portsmouth and Southampton. A strong business base in Basingstoke and Farnborough means that some will also consider these locations. Generally, however, large 4 star hotels require a minimum population of 150,000-200,000 and a significant corporate base that includes national and international companies. Population is also important to generate demand for their associated facilities such as health and leisure clubs.

- There was no interest from boutique hotel developers and operators. There are few national players with the potential for extensive distribution across the UK – Malmaison and Hotel du Vin being the best known of these. Most of the others are privately owned chains looking for 10-15 hotels nationwide, or regional players with an initial focus on a tightly defined geographic area. In Hampshire the focus for boutique hotel operators is either on the larger cities (Portsmouth and Southampton) or Winchester because of its historic character and appeal to the

[3] Brands such as Express by Holiday Inn, Ramada Encore and Hampton by Hilton – limited service hotels that offer a higher standard of bedroom than budget hotels but limited facilities in terms of bars and restaurants and no conference or leisure facilities

high value leisure market plus an affluent local market for its food and beverage offering.

Interest by Brand

- Current interest in Havant by brand is detailed in the table below, together with the associated developer/operator.

Interest in Havant by Brand

STANDARD/ TYPE OF HOTEL	BRAND INTEREST		DEVELOPER/ OPERATOR
	WATERLOOVILLE	HAVANT	
3 STAR		• Courtyard by Marriott	• Starboard
		• Hilton Garden Inn	• Starboard
UPPER TIER BUDGET		• Express by Holiday Inn	• Bropar • Starboard
		• Hampton by Hilton	• Bropar • Starboard
		• Ramada Encore	• Ramcore
BUDGET	• Premier Inn	• Premier Inn	• Whitbread
	• Travelodge	• Travelodge	• Travelodge
QUALITY PUB ROOMS	• Mitchells & Butlers	• Mitchells & Butlers	• Mitchells & Butlers

- The budget brands that expressed interest in Havant already have representation in the Borough, but are looking for second or even third units, based on the ability to serve not only a Havant market but also footloose business in the wider area.

- Two of the budget/ upper-tier budget hotel developers/operators that expressed interest were already negotiating on sites here.

- Looking back to a previous Hotel Futures study for Havant, delivered in 2003, developer interest appears to be stronger and more diverse. The upsurge of new mid-scale offers, particularly at upper tier budget level, has opened up destinations like Havant that large full service 3/4 star brands will not generally consider.

5 - HOTEL DEVELOPER INTEREST

Interest by Location

- In terms of location, the majority of interest was in Havant itself, but there was also some interest from budget hotel operators in Waterlooville. We did not establish any interest from hotel developers and operators in Hayling Island.

- Most hotels developers/operators were interested in sites that were in close proximity to – and ideally visible from – the A27 or the A3. The geography of Havant Borough, and the strategic routeways north-south (A3) and east-west (A27), is such that there is a lot of passing traffic and therefore the potential to serve markets that are destined for business or leisure drivers located outside the Borough itself. This may enable larger hotels to be supported on sites on, or with easy access to the A27 and A3 than could be supported in the town centre.

- In most cases hotel developers/operators did not want to be on an isolated site on these routes; their preference was for sites associated with other uses, particularly business uses, but leisure uses also have some appeal, creating a destination 'hub' and an environment with some vitality, as well as some market for a hotel.

- In Waterlooville, hotel companies would look at a site on the A3, or around the town centre, particularly if business uses are close by. The interest here was food and beverage-led, so use by local residents will also be important.

- To some extent, Havant is in the shadow of other towns and cities around it from the hotel developers' point of view. Portsmouth is clearly attracting a lot of interest at the moment, and many brands would see their requirements for the area as being met by this. Similarly, other developers were looking for a location that would serve the M27 corridor; if they satisfy this need at a location like Fareham or Chichester (some were negotiating on sites in these areas), Havant would miss its chance to secure that brand.

6 – FUTURE HOTEL DEVELOPMENT OPPORTUNITIES

Projected Future Hotel Development Requirements

- In order to provide an indication of the number of new hotel bedrooms that might be needed in Havant over the next 20 years, Hotel Solutions has prepared projections of possible future growth in hotel demand to 2011, 2016, 2021 and 2026 based on employment and population growth in the Borough. Projections have been prepared for 3/4 star hotels and budget/upper-tier budget hotels in the Havant area. Projections have not been prepared for Hayling Island due to the purely leisure driven hotel market here and insufficient data on the current performance of the hotels in this part of the Borough. The methodology and assumptions used for our projections are described in detail at Appendix 3.

- Our projections of future growth in demand for 3/4 star and budget/upper-tier budget hotel accommodation in the Havant area show the following future requirements for new hotel bedrooms over the next 20 years, depending on how quickly the markets for hotel accommodation in the town grow.

Havant Area
Projected Requirements for New Hotel Development – 2011-2026

STANDARD OF HOTEL/YEAR	PROJECTED NEW ROOMS REQUIRED[1]		
	LOW GROWTH	MEDIUM GROWTH	HIGH GROWTH
3/4 Star Hotels			
2011	0	2	6
2016	3	11	20
2021[2]	8	22	36
2026[2]	12	32	53
Budget/ Upper-Tier Budget Hotels			
2011	101	107	110
2016	109	123	138
2021[2]	117	140	167
2026[2]	125	159	200

Note:
1. The projected requirements for new hotel rooms include all currently proposed new hotels and hotel extensions i.e. they are not in addition to the currently proposed hotels.
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.

- On the basis of our research we would suggest that the medium growth scenario is probably the most realistic projection to consider.

6 – FUTURE HOTEL DEVELOPMENT OPPORTUNITIES

Opportunities by Standard of Hotel

3/4 Star Hotels

- Our growth projections show no market potential for a new branded 3/4 star hotel in the Havant area over the next 20 years. New hotels of these standards that are now being developed would typically have around 150 bedrooms. Our growth projections show a much lower requirement for new 3/4 star hotel bedrooms in the Havant area, even under the High Growth scenario. We also found no interest currently in the Havant area from 3/4 star hotel developers. Such developers are more likely to want to be in Portsmouth than the Havant area, certainly at the 4 star end of the market.

- In the longer term there may be potential to secure a 3 star hotel development at Dunsbury Hill Farm depending on the type of companies that are attracted to the business park and the site and deal that can be offered to a 3 star hotel developer. Hotel development elsewhere in the Borough, particularly at upper-tier budget, could undermine the prospects of securing a hotel here however.

- Our growth projections suggest potential for existing 3/4 star hotels in the Havant area to expand. There could also be scope for the area's 3 star hotels to upgrade. The development of further budget and upper-tier budget hotels in the area could however undermine their ability to do this and may even threaten their future viability.

Boutique Hotels

- There may be potential to attract a small boutique hotel development to Hayling Island seafront depending on the mix of uses that are developed here and the site and deal that could be offered for a boutique hotel development. Boutique hotels are often developed by individual entrepreneurs that spot a development opportunity. A number of small boutique hotels have recently been developed by such entrepreneurs in seaside and waterfront locations in the South East e.g. The Place at Camber Sands and the Captain's Club Hotel in Christchurch. The regeneration of Hayling Island seafront could provide opportunities for similar hotel projects in this part of the Borough.

6 – FUTURE HOTEL DEVELOPMENT OPPORTUNITIES

- We think it unlikely that Havant will be able to attract a boutique hotel development. While such a hotel might be able to compete in the local corporate market, the town does not have a leisure offer that will appeal to the type of customers that typically use boutique hotels at weekends. Boutique hotel developers are much more likely to go into Portsmouth or Chichester than Havant.

- There could be potential for a small boutique hotel or restaurant with rooms at Emsworth.

Budget/ Upper-Tier Budget Hotels

- Our growth projections show immediate potential for a budget or upper-tier budget hotel (of up to 100 rooms) by 2011 and scope for a second budget or upper-tier budget hotel by 2026 and possibly a third hotel if the if the Havant hotel market grows strongly. There is clearly strong interest in Havant currently from budget and upper-tier budget hotel developers, with a number of live budget/upper-tier budget hotel development proposals.

- The proposed Express by Holiday Inn at Langstone Gate would meet the projected requirement for additional budget/ upper-tier budget hotel accommodation in the Havant area to 2011. If the other budget hotel interest in the Havant area is progressed and the proposed budget hotel at the Interbridges site on the A27 is developed the projected requirement for additional budget/ upper-tier budget hotel capacity to 2026 would be exceeded, unless the market grows very strongly.

Pub Accommodation

- There could be scope for existing and newly developed pubs in the Borough to develop quality hotel bedrooms, both in the Havant area and on Hayling Island.

6 – FUTURE HOTEL DEVELOPMENT OPPORTUNITIES

Warner Hotel Resorts

- Our research suggests that there could be scope for the Warner hotel resorts on Hayling Island to expand and develop. Both hotels trade at extremely high levels of occupancy. The company is understood to have had plans to expand the Sinah Warren hotel but has not been able to progress them due to SSSI issues.

7 – THE FRAMEWORK FOR DEVELOPMENT

National Planning Guidance

- National guidance for tourism development was contained in PPG21until its cancellation in September 2006. It has been replaced by a '**Good Practice Guide on Planning for Tourism'.** This document contains a specific appendix on tourist accommodation, dealing principally with the location of accommodation.

- The sections relating to hotel accommodation are attached at Appendix X to this document. The guidance covers general locational principles and guidance relating to particular types of serviced accommodation (major hotels, budget hotels/lodges, rural/pub accommodation). Some of the key principles include:

  - Identifying suitable locations for hotel accommodation should be an integral part of the plan making process, and should involve the tourist industry;
  - Major hotel developments should look to the town centre first, because of their transport and regeneration implications;
  - Outside the development plan process site selection should follow the sequential approach;
  - There is a need to recognise the market being served by different types of hotel when allocating sites and considering applications, as this will affect the optimum location;
  - New hotel developments in historic towns and cities need to be sensitive to their surroundings; conversions may also be a realistic proposition subject to impact;
  - The potential to convert and re-use historic buildings in the town and countryside should be considered;
  - Extensions e.g. to pubs to add bedroom accommodation can help support the viability of these businesses, but need to be proportionate;
  - Budget hotels catering for longer staying markets should generally be destination focused i.e. in town centres;
  - Lodges catering for stop-over traffic may require a location on a major routeway, ideally edge of town rather than in open countryside.

- Alongside the cancellation of PPG21 and the publication of the Good Practice Guidance, it was intended that the issues surrounding tourism development should be addressed as other relevant PPGs were revised.

- PPS1 (Delivering Sustainable Development), PPS 6 (Planning for Town Centres) and PPS7 (Sustainable Development in Rural Areas) were all published before the Tourism Good Practice Guidance was brought out, and their key messages in relation to tourism development – and particularly the development of hotels – is reflected in the Guidance.

- More recently, Draft Planning Policy Statement 4 – Planning for Sustainable Economic Development – has been issued for consultation. PPS4 builds on the objectives for the planning system set out in PPS1 providing the tools for Local Authorities to plan effectively for economic growth. It requires Local Authorities to adopt a positive and flexible approach to economic development (which includes tourism and leisure development). It also emphasises the importance of an evidence base to understand industry/sector needs, using relevant market and economic information, particularly where proposals are not specifically supported by plan policies. In addition, draft PPS4 states that Local Authorities should limit the designation of sites for single or restricted use classes and promote mixed use developments in appropriate locations.

Regional Policy Context

- Regional policies for tourism are set out in the emerging **South East Plan**. These policies were developed initially in 'Destination South East', a land-use and planning strategy for the tourism industry that was approved in November 2004 as a formal alteration to RPG9. RPG9 has now become the adopted Regional Spatial Strategy as amended in November 2004, and is being rolled forward as the South East Plan, which was submitted to Government in March 2006. The final document is expected to be published in Autumn 2008[4]

[4] The South East Plan was submitted to Government in March 2006; consultation on the Plan ended in June 2006, and an Examination in Public took place between November 2006 and March 2007, publishing its findings in November 2007. The Secretary of State is at the time of writing considering the recommendations of the Panel Report and proposed changes will be published in July 2008, subject then to a 12-week consultation period.

7 – THE FRAMEWORK FOR DEVELOPMENT

- RPG9 and the emerging South East Plan incorporate specific policies relating to the tourist accommodation sector. These policies seek to:

  - Facilitate a consistent approach to planning for accommodation
  - Ensure planning policies reflect both the diversity of the sector and market reality
  - Provide clear guidance on the location of development.

- These policies are set out in TSR5. Part i) sets out six aspects of tourist accommodation that should be addressed in development plans, whilst Part ii) advocates that the Regional Tourist Board and local authorities should jointly monitor the demand for and supply of accommodation. The policies are detailed below.

POLICY TSR 5

The diversity of the accommodation sector should be positively reflected in tourism and planning policies.

i) In formulating planning policies and making decisions local planning authorities should:

1. *Consider the need for hotel developments to be in the proposed location, including links with the particular location, transport interchange or visitor attraction, and seek measures to increase access by sustainable transport modes.*
2. *Provide specific guidance on the appropriate location for relevant accommodation sub-sectors. This should be informed by their different site requirements and market characteristics and how these relate to local planning objectives.*
3. *Encourage the extension of hotels where this is required to upgrade the quality of the existing stock to meet changing consumer demands.*
4. *Include policies to protect the accommodation stock where there is evidence of market demand.*
5. *Strongly encourage the provision of affordable staff accommodation as part of new and existing accommodation facilities in areas of housing*

pressure. The criteria for the application of such a requirement should be clearly set out in the development plans.

6. *Facilitate the upgrading and enhancement of existing unserviced accommodation, including extensions where this will not harm landscape quality or identified environmental assets and encourage the use of accommodation throughout the year for holiday purposes. Particular attention should be paid to identifying suitable sites for the relocation of holiday parks under threat from coastal erosion or flooding.*

ii) Tourism South East and local authorities should, working together, undertake active monitoring of the demand for and supply of tourism accommodation on a regional and sub-regional basis.

- These general principles are adopted in a statutory document and as such have the same status as a Local Plan. They seek to guide local authorities in the completion of current Local Plans and the preparation of the new Local Development Frameworks.

- The emerging South East Plan and its predecessors have identified a number of issues that inform this policy, including:

  - Development plans should be based on a thorough understanding of the needs of accommodation developers and operators and the demands of their markets.
  - This should be built upon an on-going dialogue between planners and the industry.
  - And supported by regular monitoring and assessment of both demand and supply.
  - Hotel developers find it difficult to compete with land values in many urban areas.
  - Mixed-use developments may be the only way to achieve town centre hotel development.
  - The exceptions to sequential testing for hotels out of town are country house hotels and provision associated with key transport gateways and regionally significant visitor and sporting attractions, although hotels serving markets that

don't need to go into a town centre, e.g. one-night stopovers, may also be better located on the outskirts of towns.

- These national and regional policies form the backcloth to emerging Local Development Frameworks across the South East Region. At a time of such change, there is a clear opportunity to tailor emerging policies and guidance on hotel development to meet the needs and aspirations of each destination, but this should be based on an informed approach to the issues with the evidence to back arguments up.

Local Policies and Development Priorities

- Current policies for hotels are contained in the **Local Plan** adopted September 2005

TO6 DEVELOPMENT AND IMPROVEMENT OF TOURIST ACCOMMODATION AND ANCILLARY FACILITIES

Planning permission will be granted for the improvement of existing and the provision of new tourist accommodation including hotels, hotels with conference facilities and changes of use for the provision of bed and breakfast accommodation providing:

(i) in terms of its scale, siting, design and layout it does not adversely affect the character and amenity of the area or existing building; and

(ii) in the case of a hotel or hotel with conference facilities, a sequential study is undertaken such that suitable town centre sites are considered first, followed by edge-of-centre sites, district and local centres, and only then out-of-centre sites in locations that are accessible by a choice of means of transport.

- There are currently two sites allocated for hotel development in the Local Plan:
  - Dunsbury Hill Farm, Leigh Park
  - Interbridges, Emsworth

7 – THE FRAMEWORK FOR DEVELOPMENT

- There is a retention policy in the current Local Plan:

  TO2 PROTECTION OF TOURIST ACCOMMODATION AND FACILITIES

  Planning permission will not be granted for development which involves the loss of tourist accommodation unless:

  (i) the premises are no longer viable as tourist accommodation; or
  (ii) alternative replacement tourist accommodation can be provided elsewhere in the Borough.

  This policy will be saved. It covers all forms of accommodation, not just hotels, and was developed primarily in response to pressure for change to residential uses especially in Hayling Island. The supporting text asks for a financial statement of all costs where a case of non-viability is being made, plus evidence of marketing for sale as a viable concern for at least 6 months. There have been applications for change of use from hotel to other uses in the last 3 years (to day nursery and care home uses). Both of these were refused. There has been a recent loss on Hayling seafront where a property had to be demolished as it was unsafe.

- The **LDF** is now in preparation and a number of background documents have been produced to feed into this. The Core Strategy contains an objective on tourism and a proposed policy.

  Proposed Policy CS8 – Tourism

  Development which promotes tourism and extends and or enhances the range and quality of facilities, accommodation, attractions or experiences for tourists, day visitors, business visitors and residents in the Borough will be permitted.

The policy goes on to identify a number of specific proposals that it wishes to support, one of which relates to hotel development:

> *'Focus new hotel and conference centre development at Dunsbury Hill Farm, and support appropriate business tourist hotel developments that are well-related to the A27 and A3 corridors'.*

- The **Regeneration Strategy** for the Borough (2005-2008) focuses on improving the Borough's image and quickening the pace of change. The promotion of tourism and development of the knowledge economy are important priorities as is the development of a marketing strategy within PUSH. Key schemes include the regeneration of Havant town centre, the development of Dunsbury Hill Farm Business and Technology Park, West Waterlooville major development area, and further development at Broadmarsh and Langstone Technology Park.

- A **Tourism & Leisure Plan** for the period 2007-2012 has been produced that provides a framework to develop and extend the Borough's offer as a quality and diverse destination. Attracting inward investment, especially from those who can deliver prominent sites such as hotels and conference facilities is one of the Plan's objectives. Priorities in the accompanying Action Plan include enhancing the area's profile as a seaside resort and delivering the seafront vision for Hayling Island. Hotel development is seen as an important strand in developing the business tourism market.

- A **Seafront Masterplan** is currently in preparation for Hayling. This is part of a wider strategy to attract activity tourism markets, particularly sailing and windsurfing, but also walking, horse riding, fishing, bird-watching, cycling around Langstone and Chichester harbours. The seafront masterplan includes a new watersports academy at West Beach, and the development of a hub at Beachlands involving commercial and residential development. Restaurants and accommodation for windsurfers are seen as part of the plan, which could also offer potential for niche hotel development around the Beachlands hub.

8 - HOTEL SITE REQUIREMENTS

Development and Site Criteria

- Hotel developers and operators work to a set of loose criteria when they are identifying sites and locations for their hotels. These include:

  - Strategic locations with good access and visibility to passing traffic;
  - Minimum population of 50,000-100,000 for smaller units and budget/ mid-market offers, 100,000-150,000+ for larger developments and products at the quality end of the market;
  - Proximity to generators of demand:
    - Proximity to business drivers i.e. offices, business parks and other major employers who will give rise to corporate demand from their staff and visitors to the business. This is the mainstay of their trade mid-week;
    - Proximity to leisure drivers i.e. attractions, events venues, major sports facilities, speciality shopping, plus support facilities such as cafes, bars and restaurants that make a destination attractive and interesting to visit. This is the mainstay of their weekend and holiday period trade;
    - Proximity to local community-related drivers e.g. roomnights generated by weddings, functions and visits to friends and relatives;
  - City centre, edge of centre and out-of-town sites, depending upon the geography of the destination and the location of prime business drivers;
  - Site areas of 0.5-6 acres (dependent upon range of offer and ability to develop vertically);
  - Land values that reflect hotel economics (£5,000-£15,000 per room for budget and upper tier budget offers, rising to a maximum £30,000 per room for full service hotels in the very strongest of market locations);
  - An attractive environment;
  - The potential for associated development where land values are high;
  - Redevelopment sites where opportunities are limited and competition for sites strong, including office conversions and development and branding of existing hotels.
  - Potential also to develop as part of mixed-use schemes where site opportunities are limited e.g. above ground floor retail, or as part of an office/residential tower.

8 - HOTEL SITE REQUIREMENTS

- These criteria can vary slightly by type of hotel offer e.g.:

  - Budget and limited service hotels generally have a smaller land take as they have fewer central facilities;
  - Boutique hotels require a character building and location and a strong catchment for their restaurant offer.

- The criteria will also vary slightly depending upon the type of deal sought by the hotel developer or operator. There are four main types of deal structure:

  - Some hotel companies wholly own and manage their hotels themselves.
  - Other hotels are run via management contract – an agreement between the owner of the hotel and a hotel company for the latter to run the hotel. The hotel would still appear to the public to be part of the operating chain. The hotel operator gets a fee for this task, usually a percentage of turnover.
  - A further option is a lease, whereby an operator pays a rent for use of the building or land; the risks are then with the operator not the owner, as the latter has a fixed return.
  - Franchise agreements are also commonly used in the hotel industry, giving an operator or investor the right to use a brand name although the hotel is in separate ownership from the chain. Fees are charged for this relating to royalties, reservations and marketing.

- The levels of risk and capital outlay required by a hotel company therefore vary considerably between these options. Many more operators – particularly at the 4 star level which is much more capital intensive - are likely to be interested in options put to them that involve management contracts than in building and funding development themselves, as access to capital will naturally restrict the latter and require hotel companies to prioritise their investment locations. Many of the chain hotel companies will have a mix of the above structures in place, though some do prefer a single route. Often franchisees are looking to build the asset value of the company with a view to exit within a 5-10 year period, and in such situations are less likely to be interested in lease options.

8 - HOTEL SITE REQUIREMENTS

Barriers to Investment

- Despite developers having a clear view of what makes a good hotel site, there are a number of barriers to investment that often serve to push them towards potentially less favourable locations because the ideal is either not deliverable or commercially viable, or prevent development from happening at all. These obstacles include:

  - The availability of sites - especially where there is intense competition for land from other uses.
  - Concern not to lose employment land is also an obstacle to hotel developers targeting these sites as they are often suitable for hotel use and adjacent to other business users;
  - Timing in terms of when sites might become available - particularly where they might be contingent upon a major development scheme happening or delivering business for them;
  - Site values – hotels struggle to compete with residential, commercial, retail and office values, yet it is competition from these uses that they often face;
  - The complexity of mixed-use schemes – including the length of time to delivery, a lack of direct control, often only a leasehold option, and frequently a less favourable positioning for the hotel within the wider development;
  - Out of town and edge of town centre sites often fall victim to the requirements of the sequential test under PPS6, even when more central sites are not deliverable in the short to medium term, and despite the fact that some brands have a footprint requiring 2-3 acres that would be inappropriate and not commercially viable in a town centre. Even when the corporate sector – who provide the business users for the hotels - is located in out of town or edge of town sites/business parks, hotels are often pushed into the town centre, creating a need to travel that wouldn't be there if the hotel was sited close to or on the business park.

8 - HOTEL SITE REQUIREMENTS

- The fact that a number of hotel companies that we spoke to in our developer testing in 2005/6 still have outstanding requirements for Havant is a reflection of at least some of these factors being in play in the Borough. The Dunsbury Hill Farm site for example, is contingent on a bigger scheme here that will in itself provide a market for the hotel, and this has not yet started, despite being a site under consideration back in the 2003 study.

- There are however other barriers to investment in Havant that were identified by hotel companies that are not related specifically to site issues. These include:

    - Havant sits very much in the shadow of Portsmouth – although it is part of the wider PUSH growth area, the city of Portsmouth is seen as the main focus of growth and the larger destination, with all that this brings to drive demand from the local population and corporates based here. Hotel companies targeting a string of 5-6 hotels along the south coast will focus on Plymouth, Exeter, Bournemouth, Southampton, Portsmouth and Brighton.
    - Although Havant does benefit from business destined for Portsmouth and other locations along the M27, there is a consciousness amongst hotel developers that as new supply is developed in these locations, Havant hotels may lose this overspill business. Some Havant hotels have already experienced this with new openings in Portsmouth.
    - The population of Havant and the other key centres at Waterlooville and Hayling Island is an issue for many hotel companies; in the main, only the budget hotel chains will look at towns with a core population of up to 50,000. Most other developers want a destination with nearer 100,000 population, especially as they develop larger hotels – even the upper tier budget hotels being 100+ rooms. Large 4 star hotels generally need populations of 150,000-250,000. Population is an indicator of both leisure demand (visits to friends and relatives, functions) and business demand – usually larger towns will have a greater breadth and depth of companies to generate corporate demand.
    - Rate is also an issue for 3 and 4 star hotels. They need achieved room rates of £75-£85+, which are nowhere near being achieved in the Havant area. This will require much greater volumes of high-rated corporate business than there appear to be in Havant at present. It is difficult to see where additional high-rated corporate business would come from, certainly in any volume.

8 - HOTEL SITE REQUIREMENTS

- For boutique hotel operators, the Havant area has no appeal. They are generally targeting characterful, heritage destinations that have an affluent local population, appeal to overseas visitors, and a strong business base.
- Hayling Island is seen very much as a leisure destination – with the association of sailing here, and also the Warner destination resorts. Few branded hotel chains build for the leisure market; their core business is Monday to Thursday local corporate, conference and construction markets, depending on the standard of hotel. Only resort hotel chains, coaching/short break tour operators, and some independents will generally look to develop or acquire in leisure-driven locations. Budget hotel chains like Travelodge and Premier Inn are beginning to develop in seaside resorts, but generally the larger ones with a sizeable supply of existing accommodation. The remoteness of Hayling Island is also an issue for the developer in terms of attracting any business tourism use. Having said this, it is often the local or regional independent hotel developer/operator that picks up on 'one-off' opportunities. It is difficult to test this market in a survey such as this. A strong destination product such as a small boutique hotel with a good food and beverage offer may be able to develop its own market at Hayling Island seafront. Investment in the leisure infrastructure here will however be important.

8 - HOTEL SITE REQUIREMENTS

Site Criteria Overview – the Strongest Sites

- Hotel developers are looking wherever possible to keep the development solution as simple as they can. The best sites in any destination from their point of view will meet as many of their identified 'win' criteria as possible, whilst also overcoming the barriers to investment, being:

  - Part of a destination 'hub', whether in the town centre, adjacent to a key demand driver such as a business park, or in a visible gateway/roadside location;
  - Affordable in terms of alternative use value – particularly residential – or have the opportunity to benefit from associated development value;
  - Available freehold or on long leasehold;
  - In single ownership – often Council ownership is preferred;
  - Able to come forward in the short to medium term; ideally with planning permission;
  - Having fit with market potential.

- In moving forward and identifying the strongest sites for hotel development and setting out a locational strategy directing this development, the Council as planning authority will no doubt want to add to this list some of its own criteria in terms of factors that would enable hotel development to make the best contribution to destination development, as well as criteria to minimise any negative impacts.

- Taking all of the above on board, it is our view that the strongest location for new hotel development in Havant currently is Langstone Gate. Brockhampton West is also a strong site, though less well integrated to the town and surrounding uses. Dunsbury Hill Farm we see as being longer term, contingent on securing major corporate users on the business park.

- However, other sites are being progressed by site owners/developers – the Interbridges site has planning permission, for example. This is a less well-located site with access problems, that is isolated from business and leisure drivers. Roadside locations are less favoured by hotel operators and frequently underperform compared to budget hotels linked to destination hubs. Given that there is only limited market potential for new hotel development, there is a danger that hotel development on other sites might undermine the ability to secure development on the sites with the strongest potential. This will need to be addressed in the Council's forward strategy.

9 - HAVANT HOTEL FUTURES – THE WAY FORWARD

Summary of Key Findings

- The research has shown:

  - Two distinct hotel locations in the Borough – the Havant area with a mix of 3 and 4 star and budget hotels, and Hayling Island with two Warner adult only hotel resorts and a small 2 star hotel.

  - A relatively weak 3/4 star hotel market in the Havant area in terms of occupancy, and particularly achieved room rate performance, certainly compared to Portsmouth. Weekend demand is especially weak. Midweek corporate demand is stronger but the area's 3/4 star hotels are not achieving particularly high midweek occupancies or denying much business during the week. Achieved room rate performance varies significantly between hotels however.

  - Strong demand for budget hotel accommodation in the Havant area, with budget hotels here achieving very high occupancy levels Monday to Saturday and denying significant levels of business during the week and on Saturday nights.

  - The Warner adult only hotel resorts on Hayling Island achieve very high occupancies trading purely in the adult leisure break market.

  - Potential for significant future growth in midweek demand in the Havant area from the corporate and contractors markets given the planned development of business parks in area and the level of construction work planned.

  - Limited scope for growth in weekend leisure demand in the Havant area.

  - Potential for the development of leisure break business in Hayling Island depending on the mix of facilities that are delivered through the regeneration of the seafront.

- Market potential for the development of budget and/or upper-tier budget hotels in the Havant area in the short, medium and long term.

- No potential for a new branded 3/4 star hotel in the Havant area, other than possibly a 3 star hotel at Dunsbury Hill Farm in the medium to longer term, depending on the type of companies that are attracted to the business park and the deal that can be offered to a hotel developer here.

- Potential for the expansion and/or upgrading and development of the existing 3 and 4 star hotels in the Havant area, depending on how new budget and upper-tier budget hotels impact on them.

- Possible scope for a small boutique hotel development as part of the regeneration of Hayling Island seafront depending on the mix of uses that are developed here and the site and deal that can be offered for a boutique hotel development.

- Scope for the development of pub accommodation in the Borough.

- Potential for the Warner hotel resorts on Hayling Island to expand if SSSI restrictions can be overcome.

- Interest in the Havant area from budget and upper tier budget hotel developers, but no interest from 4 star or boutique hotel developers, and only limited uninformed interest from 3 star brands.

- Hotel developers are most interested in sites that are at key junctions with, and visible from the A27 and A3, preferably also close to business users. There was also some budget hotel developer interest in Waterlooville

- No hotel developers were interested in Hayling Island. Possible opportunities for a boutique hotel development here are more likely to be taken up by individual entrepreneurs that have not been canvassed through the Hotel Futures Study.

- Two hotel companies are already negotiating on sites in the Havant area, one for a budget hotel, one for an upper tier budget hotel. These two hotels (if progressed) could add 150+ rooms to the Havant area hotel supply in the next few years, meeting most of the identified market requirement for hotels of these standards in the Borough through to 2026. Planning permission has also been granted for a 78-bedroom budget hotel on the Interbridges site on the A27 westbound at Emsworth. At least one of the other upper tier budget hotel developers is looking at a site elsewhere on the A27/M27 corridor and if this progresses more quickly, would not also invest in Havant. There is therefore potential to undermine a scheme here unless rapid progress can be made in bringing this proposed hotel forward.

- There is also a clear commitment from the Council, landowners and SEEDA to a hotel on Dunsbury Hill Farm. This is a Local Plan allocation. As the focus of major new business/office development in the Borough, a hotel to support this development is a logical step, preferably tied in with offices opening on the site so that a ready market is on the doorstep. This is likely to be a medium to longer term opportunity. Hotels that are developed elsewhere in the Havant area in the intervening period could potentially undermine the potential to secure a hotel at Dunsbury Hill Farm however.

9 - HAVANT HOTEL FUTURES – THE WAY FORWARD

Influencing Hotel Development in the Short Term

- The Hotel Futures Study shows immediate market potential for budget and/or upper-tier budget hotel development in the Havant area, at least one and possibly two hotels, depending upon their size and the strength of market growth. The study has also identified interest from budget and upper-tier budget hotel developers, with two sites being actively pursued for hotels of these standards.

- Langstone Gate is identified as the strongest hotel site in terms of proximity to Havant town centre and the A27, and meeting market and hotel developer requirements. There is an opportunity currently to secure an upper-tier budget hotel on this site. There is a danger however that sites being pursued by upper-tier budget hotel operators outside the Borough, as well as the possible development of the less well-located Interbridges site, could undermine the potential of securing this hotel. We recommend therefore that the Borough Council does whatever it can to expedite the proposed hotel development on the Langstone Gate site as quickly as possible.

- If the Express by Holiday Inn is developed at Langstone Gate (with 100-120 rooms) this would meet the projected requirement for budget/ upper-tier budget hotel development to 2011. There is a chance that further budget/ upper-tier budget rooms could also come on stream if Travelodge secures its site and the Interbridges site is developed. We do not believe that there is a need for the Council to intervene in this situation however. Hotel development can be left to market forces we feel, with hotel projects being assessed under current Local Plan policies.

- New budget/ upper-tier budget hotel development in the Havant area could however put the area's existing 3 star hotels under pressure to upgrade and possibly to exit the market if significant budget/ upper-tier budget rooms come on stream. There may therefore be a need to positively consider change of use applications for existing hotels should they no longer be commercially viable to operate.

- Whilst there is an aspiration for hotel development at Dunsbury Hill Farm, work has not yet started on the site, so this is likely to be medium term and an issue to be addressed in the LDF therefore. Budget/upper-tier budget hotel development in the intervening period may potentially undermine the potential to secure a hotel at Dunsbury Hill Farm. There is little that the Borough Council can do to avoid this situation under the current Local Plan policies for hotel development however.

- The regeneration of Hayling Island Seafront is in the early stages of thinking. Opportunities for hotel development here are thus also likely to be more medium to long term and an issue to be addressed in the LDF therefore.

- The only other issue that the Borough Council may wish to consider in the short term is whether Greene King's current interest in developing housing on the Bear Hotel's car park in Havant town centre provides an opportunity to encourage the company to invest in upgrading this hotel.

Implications for the LDF

- In the medium and longer term, the Hotel Futures study is showing that there could be potential for a third budget/upper tier budget hotel in the Havant area, as well as possible potential for the expansion of existing 3/4 star hotels. There is no clear potential for new 3 and 4 star hotels, other than possibly a 3 star hotel at Dunsbury Hill Farm in the medium to longer term.. There could be potential for adding rooms onto pubs and restaurants in urban and rural areas. Existing hotels may also wish to up-grade and re-position. On Hayling Island seafront there may be potential for an independent boutique hotel and for further development at the Warner hotel resorts.

- The key issue for the LDF is whether there will be a need and potential for a hotel at Dunsbury Hill Farm and how far to go in terms of restricting hotel development elsewhere in the Borough until the required hotel development has been achieved here. The Hotel Futures Study suggests that the most likely standard of hotel that could be attracted to Dunsbury Hill Farm would be a budget or upper-tier budget hotel. There may be scope to attract a full service 3 star hotel with conference and possibly leisure facilities, given a favourable land and development deal, depending on the type of companies that are attracted to the business park. The study suggests however that budget and upper-tier budget hotels will already have been developed in the Havant area, possibly meeting the projected requirements for additional hotel accommodation in the Havant area through to 2026. This could make it even more difficult to secure a hotel at Dunsbury Hill Farm. While we fully understand the logic of seeking to attract a hotel to Dunsbury Hill Farm to support the development of the business park, we do not feel that there is a strong enough market case to make this the priority location for hotel development in the Borough or to seek to restrict hotel development elsewhere until a hotel has been secured here. Hotel development here should be either left to the market or, if a real priority, pro-actively encouraged through marketing and incentives rather than restricting hotel development elsewhere.

- In terms of a locational strategy for hotels, the proposed LDF policy already identifies Dunsbury Hill Farm as a location for hotel development alongside sites well located in relation to the A27 and A3. To better reflect aspirations and identified opportunity, the policy could also include as priority locations for hotel development Hayling Island Seafront and West Waterlooville.

- Aside from these locational considerations for hotel development it will be important that LDF policies are flexible enough to accommodate other forms of development opportunity identified in the Hotel Futures study such as adding rooms to pubs and restaurants that might be located in rural areas or smaller settlements, provided they are of appropriate scale and quality.

- In addition to identifying Hayling Island Seafront as a priority location for hotel development, other action in support of securing hotel development here will depend very much on how the Council decides to move the regeneration of the seafront forward. A hotel will not lead the regeneration, but may look to come in once sufficient infrastructure is in place to establish a market for a hotel here. For this reason hotel development here is likely to be at least medium term. If this is to be a property developer-led scheme, then the Council's role will be to keep the possibility of a hotel on the agenda, to learn more about other locations where similar regeneration projects have succeeded in securing hotel input, and to engage suitable specialist inputs as the regeneration programme moves forwards.

- The LDF policy on hotel development should also include reference to improving and extending existing hotels. There are some quality issues with some existing hotels. Opportunities should thus be taken to influence owners to re-invest and up-grade wherever possible. An example might be securing agreement for investment in an existing hotel in return for partial redevelopment of the site for other uses, generating some value for the owner but also an improved product for the destination.

- It will be important to ensure that planning policies for hotel development are as flexible as possible and that planning conditions and restrictions that significantly increase hotel development and operational costs are avoided if possible. It must be recognised that the weakness of weekend demand in the Havant area potentially makes it more difficult to secure viable hotel development projects in this part of the Borough and means that it is not a priority location, especially for 3/4 star hotel development. The Council will thus need to do as much as it can to address this situation by avoiding imposing too many conditions on hotel projects that will add significantly to development costs.

- We understand that the retention policy in the existing Local Plan is to be saved. The Hotel Futures Study has not identified any evidence of need for a hotel retention policy for the Borough. Furthermore, the 3 star hotel market in the Havant area is relatively weak and if significant new budget/ upper-tier budget supply does come on stream the question has to be asked whether it is reasonable to insist that all existing hotels remains in use. The study found little evidence of pressure on hotels in the Borough to convert to alternative uses such as residential. The Council may however wish to include such a policy in the LDF in case this situation changes in the next 20 years. TSE has produced guidance for local authorities on the development of policies for tourist accommodation retention that should assist the Council in framing and implementing this policy if needed, to ensure clear criteria and guidelines.

9 - HAVANT HOTEL FUTURES – THE WAY FORWARD

- Current policies relating to employment land seek to resist loss to other uses, but a case can be made particularly where a beneficial use and/or unsuitability for the original employment purpose can be demonstrated. These policies appear to be being interpreted flexibly, and if they are to be taken forward in the LDF it will be important that this approach is maintained. Hotels generally wish to locate in close proximity to corporate users, so business parks and office clusters are natural locations for them. Co-locating also brings the benefit of minimising travel between hotel and office, and helps to support business uses by providing facilities on site.

- Consultation both with existing hotels in the Borough and with hotel operators looking to acquire sites and develop hotels here, should be part of the plan-making process, enabling grass-roots feedback to be gained on emerging issues, policies and sites. The industry feedback and perspective provided through the Hotel Futures Study should thus be fully considered by the Borough Council as it moves forward with finalising the LDF.

- As part of the process of implementing the LDF it will be important to monitor on an ongoing basis the performance of the hotel sector in Havant in order to understand how the Borough's hotel market is changing as new hotels open and the economy of the area develops. This will allow planning applications for new hotels and change of use applications for existing hotels to be assessed against the latest market conditions and prospects and will help in identifying whether policies for hotel development need to be adjusted in the future as the market develops. The most effective way of monitoring future hotel performance is to periodically undertake or commission in depth hotel demand studies for the Borough. It is very difficult to get hotels to commit to ongoing occupancy surveys. Such surveys also do not usually provide sufficient insight into how the markets for hotel accommodation are developing.

Optimising the Potential – Other Recommended Actions

- The following actions are recommended in order to fully optimise the potential for new hotel development in the Borough:

  - **Hotel Investment Marketing**

    At the moment, Havant has more developer and operator interest than identified market potential, so we do not see any real need for a hotel investment marketing campaign as such. The required action is more about working with those who have identified interest (see Appendix 4) to expedite progress on sites and bring development forward quickly, particularly in relation to Langstone Gate.

    However, a more pro-active approach might be required in relation to Dunsbury Hill Farm, should the Council and its partners deem that a hotel is critical to delivering the vision for the business park. 3/4 star hotel developers could be targeted initially, followed by upper-tier budget hotel developers if 3/4 star hotel operators show little interest. There may also be a need to consider ways of incentivising a 3/4 star hotel development, if a hotel of this standard is deemed a requirement for the business park.

    At some point in the future the Borough Council and/or its development partners may wish to market potential hotel development sites on Hayling Island Seafront. The Hotel Futures Study suggests that interest in this part of the Borough is most likely to come from individual entrepreneurs rather than chain hotel operators. Such individuals will be difficult to target. The best approach will be to engage the services of a specialist hotel property agent with contacts in appropriate target sectors to market hotel sites in this location.

    At a more strategic level, the Borough Council should continue to work with TSE in its hotel investment marketing work by updating the Havant section of the regional hotel investment website www.hotel-investment.co.uk . There could also be merit in working with other Hampshire local authorities – particularly Portsmouth and other PUSH partners - that are seeking to attract hotel development through some form of countywide hotel investment marketing campaign.

In moving forward on hotel investment marketing it will be important to identify an officer to take the lead on hotel investment marketing and co-ordination for the Council and to act as the first point of contact for hotel developers, putting them in touch with other relevant Council officers as required.

- **Developing the Corporate Market**

Expanding the corporate market will be key to generating midweek trade for hotels year round at good rates. The key to ensuring strong growth in the corporate market for hotel accommodation in the Borough will be to attract the sort of companies that will generate significant demand for hotel accommodation. Priorities in this respect would include international or national headquarters offices and companies in the financial and business services, telecoms, pharmaceutical and research and technology sectors.

- **Developing the Leisure Offer**

There is clearly a strategy to develop the leisure offer on Hayling Island that should help to attract leisure business to this part of the Borough and possibly support a new hotel here.

Elsewhere in the Borough weekend leisure demand is relatively weak. Whatever can be done to help develop the leisure offer in terms of events, attractions and cultural and sports facilities will help to boost weekend demand for hotel accommodation therefore. Developing leisure break business for hotels may not necessarily be a prime reason for such investment but could be a consideration.

APPENDICES

APPENDIX 1 – HOTELS INTERVIEWED

HOTELS INTERVIEWED

Hotel	Interviewee	Personal/ Telephone
Brookfield	Amanda Thomas, General Manager	T
Bear	Ben Wright, General Manager	T
Premier Inn Portsmouth (Havant)	Shaun Williams, Manager	T
Travelodge Chichester Emsworth	Jo Redman, Manager	T
Innkeeper's Lodge Portsmouth North	Darren Lewis, Manager	T
Sinah Warren	Martin Plummer, General Manager	T
Lakeside Chalet Resort	Joe Riley, General Manager	T

APPENDIX 2 – GROWTH PROJECTIONS – METHODOLOGY AND ASSUMPTIONS

Methodology Used for the Projections

In order to provide an indication of the number of new hotel bedrooms that might be needed in the Havant area over the next 20 years, Hotel Solutions has prepared projections of possible future growth in hotel demand to 2011, 2016, 2021 and 2026. Projections have been prepared for 3/4 star hotels and budget/upper-tier budget hotels in the Havant area. Projections have not been prepared for Hayling Island due to the purely leisure driven hotel market here and insufficient data on the current performance of the hotels in this part of the Borough. The projections assume that growth will be unconstrained by site availability and planning policy.

In projecting future requirements for hotel accommodation we have first calculated an estimate of current (2007) baseline midweek and weekend roomnight demand for each standard of hotel, based on the hotel occupancy data that we collected through our survey of hotel managers. To these figures we have added estimates of the roomnights that hotels of each standard are currently denying (based on the information provided to us by hotel managers) to provide an adjusted baseline figure of the true (unconstrained) roomnight demand for each standard of hotel. We have then applied assumed low, medium and high growth rates for midweek and weekend demand to these adjusted baseline figures to calculate estimated roomnight demand for each standard of hotel by 2011, 2016, 2021 and 2026.

Using these projections of future hotel demand we have calculated the number of hotel bedrooms of each standard that our roomnight projections would support, assuming an average annual room occupancy of 70% for 3/4 star hotels and 80% for budget/upper-tier budget hotels (the minimum levels of occupancy that hotel developers and operators usually seek to achieve). Applying these figures to current numbers of hotel rooms provides figures for the numbers of new hotel bedrooms of each standard that may be needed in the future if the projected growth in the market takes place.

APPENDIX 2 – GROWTH PROJECTIONS – METHODOLOGY AND ASSUMPTIONS

Making any sort of market forecasts is an uncertain process: all forecasts are based on judgement and assumptions, and are susceptible to unforeseen changes. The projections we have prepared should thus be taken as indicative only. They have been prepared to provide an illustration of the numbers of new hotel bedrooms that might be needed under different growth scenarios. They are not intended to be accurate projections of how the market will grow, however. Clearly the further ahead that one looks, the more difficult it is to project growth accurately. Projecting as far ahead as 15-20 years is very difficult. The projections to 2021 and 2026 should thus be treated with caution.

Assumed Growth Rates

3/4 Star Hotels

Midweek Demand

Employment forecasts provide an indicator of local business development and new companies coming into an area. They provide the best indicator of potential growth in midweek demand for hotel accommodation therefore. Employment forecasts supplied by Havant Borough Council project average annual growth in employment in the Borough at between 0.8% p.a. and 1.3% p.a. to 2026. Data drawn from Experian Business Strategies' Local Markets Database for SEEDA in December 2006 projects an average annual increase in employment in Havant Borough of 0.75% per annum between 2006 and 2020. The priority target sectors for Havant are knowledge-based industries, higher value added manufacturing, advanced business and support services and ICT. These are usually good generators of demand for hotel accommodation. Taking account of these projections and factors, we have assumed the following average annual growth rates for midweek demand for 3/4 star hotel accommodation in the Havant area:

APPENDIX 2 – GROWTH PROJECTIONS – METHODOLOGY AND ASSUMPTIONS

3/4 Star Hotels – Havant Area
Assumed Growth Rates for Midweek Demand 2007-2026

GROWTH SCENARIO	AVERAGE ANNUAL GROWTH RATE 2007-2026 %
Low	0.5
Medium	1
High	1.5

For simplicity's sake we have based our projections on an average annual growth rate. Clearly growth in demand will fluctuate from one year to the next. There is insufficient data to factor in different growth rates per year, however.

Weekend Demand

Weekend demand for hotel accommodation in the Havant area is primarily from people attending weddings and family parties and visiting friends and relatives. It is thus related primarily to the area's resident population. Leisure breaks are a much smaller, secondary weekend market. Population growth is thus the best indicator of potential growth in weekend demand for hotel accommodation in the Havant area. Population forecasts provided by Havant Borough Council put the average annual growth in the Borough's population at 0.3% p.a. between 2006 and 2026. Hampshire County Council's Long Term Projections for the Borough's population show an average annual growth rate of 0.13% p.a. Taking account of these projections we have assumed the following average annual growth rates for weekend demand for 3/4 star hotel accommodation in the Havant area through to 2026:

3/4 Star Hotels – Havant Area
Assumed Growth Rates for Weekend Demand 2007-2026

GROWTH SCENARIO	AVERAGE ANNUAL GROWTH RATE 2007-2026 %
Low	0.25
Medium	0.5
High	0.75

Budget/ Upper-Tier Budget Hotels

Midweek Demand

Growth in midweek demand for budget/upper-tier budget hotels is likely to be stronger than growth in demand for 3/4 star hotels due to the growth anticipated in the contractors market. Average annual growth rates for midweek demand for budget/upper-tier budget hotels have been assumed as follows:

Budget/Upper-Tier Budget Hotels – Havant Area
Assumed Growth Rates for Midweek Demand 2007-2026

GROWTH SCENARIO	AVERAGE ANNUAL GROWTH RATE 2007-2026 %
Low	1
Medium	2
High	2.5

APPENDIX 2 –
GROWTH PROJECTIONS – METHODOLOGY AND ASSUMPTIONS

Weekend Demand

Average annual growth rates for weekend demand for budget/upper-tier budget hotel accommodation have been assumed at the same level of growth rates in weekend demand for 3/4 star hotel accommodation, based on projected population growth in the Borough:

Budget/Upper-Tier Budget Hotels – Havant Area
Assumed Growth Rates for Weekend Demand 2007-2026

GROWTH SCENARIO	AVERAGE ANNUAL GROWTH RATE 2007-2026 %
Low	0.25
Medium	0.5
High	0.75

APPENDIX 3 – HOTEL DEVELOPER SAMPLING

Hotel Developer & Operator Testing - Sampling, Response & Expressions of Interest in Havant by Brand

HOTEL COMPANY/ BRAND	OFFER	Contact	Response	Expressed Interest
ABODE	Boutique	□	x	
ADAGIO	Aparthotel	□	□	x
APEX	Boutique	□	□	x
BASE2STAY	Boutique Serviced Apartments	□	√	x
BESPOKE	Boutique	□	√	x
BIG SLEEP	Boutique Budget	□	□	x
CADBURY HOUSE GROUP	Country House style hotels/spas	□	□	x
COURTYARD BY MARRIOTT	3 star	□	□	□
CROWNE PLAZA	4 star	□	□	x
DAYS HOTELS	Upper Tier Budget	□	x	
DAYS INN	Budget	□	x	
DOUBLETREE	Luxury 4 star	□	x	
EASYHOTEL	Budget	□	x	
ETAP	Budget	□	√	x
EXPRESS BY HOLIDAY INN	Upper Tier Budget	□	√	√
FOLIO	4 star/character	□	x	
FOUR PILLARS	4 star	□	x	
HAMPTON BY HILTON	Upper Tier Budget	□	√	√
HILTON	4 star	□	X	
HILTON GARDEN INN	3 star limited service	□	√	√
HOLIDAY INN	3 star	□	□	x
HOTEL DU VIN	Boutique	□	x	
HOTEL LA TOUR	4 star conference	□	□	x
HOXTON URBAN LODGE	Boutique Budget	□	□	x
IBIS	Budget	□	√	x
JURYS	3 star	□	√	x
MARRIOTT	4 star	□	□	x
MERCURE	4 star	□	□	x
MILLENIUM COPTHORNE	4 star	□	√	x
MITCHELLS & BUTLERS	Budget	□	√	√
NITE NITE	Boutique Budget	√	√	x

APPENDIX 3 – HOTEL DEVELOPER SAMPLING

Hotel Developer & Operator Testing - Sampling, Response & Expressions of Interest in Havant by Brand (contd)

HOTEL COMPANY/ BRAND	OFFER	Contact	Response	Expressed Interest
NOVOTEL	4 star	□	√	x
PARK INN	3 star	□	x	
PLACE HOTELS	Boutique	□	x	
PREMIER INN	Budget	□	□	□
PURPLEHOTEL	Upper Tier Budget	□	□	x
RADISSON SAS	4 star	□	x	
RAMADA	4 star	□	x	
RAMADA PLAZA	4 star	□	x	
RAMADA ENCORE	Upper Tier Budget	□	√	√
SLEEPERZ	Budget Boutique	□	x	
STAYBRIDGE SUITES	Suite Hotel	√	√	x
SUITEHOTEL	Suite Hotel (Accor)	□	□	x
TRAVELODGE	Budget	□	√	√
VILLAGE	3 star	□	√	x
WYNDHAM	Luxury 4/5 star	□	x	

APPENDIX 3 – HOTEL DEVELOPER SAMPLING

Developers & Operators of Multiple Brands – Expressions of Interest in Havant

HOTEL COMPANY	Contact	Response	OFFER	Expressed Interest
ACCOR	√	√	Novotel	x
			Ibis	x
			Etap	x
			Adagio	x
			Mercure	x
			Suitehotel	x
BROPAR	√	√	Hoxton	x
			Staybridge	x
			Holiday Inn	x
			Hilton Garden Inn	x
			Hampton by Hilton	x
			Express by Holiday Inn	√
HERITAGE LONDON HANOVER	√	x	Radisson Park Inn Hilton Garden Inn Hampton by Hilton	
HILTON	√	x	Hilton Garden Inn Hampton by Hilton Doubletree	
KEW GREEN	√	x	Holiday Inn Courtyard Express by Holiday Inn	
MARRIOTT	√	√	Courtyard	x
			Marriott	x
RAMCORE/BDL	√	√	Crowne Plaza	x
			Staybridge Suites	x
			Holiday Inn	x
			Express by Holiday Inn	x
			Ramada Encore	√
STARBOARD	√	√	Express by Holiday Inn	□
			Courtyard	□
			Hampton by Hilton	□
			Hilton Garden Inn	□
SOMERSTON	√	√	Express by Holiday Inn	x
			Hampton by Hilton	x
WYNDHAM	√	x	Days Inn	
			Days Hotel	
			Ramada Hotel	
			Ramada Plaza	

APPENDIX 4 – HOTEL DEVELOPER CONTACTS

HOTEL COMPANY NAME	CONTACT/POSITION	ADDRESS/TELEPHONE
Bropar	Andrew Parry Director m. 07765 257220 e. apjparry@aol.com	2 The Gables Corseley Road Groombridge Nr Tunbridge Wells Kent TN3 9SG 01892 864360
Mitchells & Butler	Anabel Newman Acquisitions Manager, South East & Thames Valley t. 07808 094592 e. anabel.newman@mbplc.com	Mitchells & Butlers plc 27 Fleet Street Birmingham B3 1JP
Premier Inn	Guy Kemsley e. guy.kemsley@whitbread.com m. 07747 767038 Agent: Peter Spelman t. 01962 866622 e. pspelman@pjsconsultancy.com	Whitbread Hotels Oakley House Oakley Road Luton LU4 0QH 01582 422022
Ramcore	Steve Terry Development Director t. 07931 901 728 e. steve.terry@bdlhotels.co.uk	Ramcore Hotels Fountain Court 2 Victoria Sq Victoria St St Albans Herts t. 0845 130 2234
Starboard	Philip Houghton m. 07831 109335 e. Philip@starboardhotels.com	Starboard/Roselodge Group Wembley Point 1 Harrow Road Wembley HA9 6DE
WAW Leisure/ The Place Hotels	Matt Wolfman m. 07921 700558 e. mwolfman@theplacehotels.co.uk	WAW Leisure Ltd Cornwallis House Pudding Lane Maidstone Kent ME14 1NY 01622 685412

APPENDIX 5 – EXTRACT FROM DCLG GOOD PRACTICE GUIDE ON PLANNING FOR TOURISM

Hotel and serviced accommodation

GENERAL LOCATIONAL PRINCIPLES

3. The process of identifying suitable locations for hotel and serviced accommodation, whatever its nature, should be an integral part of the plan making process. Local planning authorities and the tourist industry should therefore engage constructively to identify suitable locations in plans for hotel accommodation to meet identified current and future needs. This is particularly important for major hotels – for example those with business, conference and banqueting facilities, or large hotels catering for tourists – where the preference should be to identify town centre sites wherever possible, in line with national policies set out in PPS6. Such sites are the most sustainable in planning terms, since they allow greater access by public transport, contribute to urban vitality and regeneration, and allow visitors to easily access other town centre facilities and attractions. Where proposals for major hotel facilities come forward outside the development plan process, their location should be assessed in line with the policies in PPS6 and the sequential approach to site selection.

4. Proposed locations for other types of hotel and serviced accommodation should also be considered through the plan process wherever possible. The emphasis, whatever the type of accommodation, should be on identifying the most sustainable locations, having regard to national planning policies. But in allocating sites in plans, or considering planning applications that come forward outside of the plan process, developers and planning authorities need to recognise that the particular market being met by the accommodation may influence the nature of the location chosen. So, for example, accommodation catering for those seeking to enjoy the natural environment through walking and outdoor recreation may be better located in a rural area, in or at the edge of the centre of a village or small town, rather than in a major town centre some distance away from the attractions it serves.

5. Whatever the type of hotel or serviced accommodation and whatever its location, it should:

- Fit well with its surroundings, having regard to its siting, scale, design, materials and landscaping; and
- Be in harmony with the local environment (taking account of, amongst other factors, residential amenity, noise, traffic and parking in the vicinity).

APPENDIX 5 – EXTRACT FROM DCLG GOOD PRACTICE GUIDE ON PLANNING FOR TOURISM

HOTEL ACCOMMODATION IN RURAL AREAS

6. National planning policies set out in PPS7 "*Sustainable Development in Rural Areas*" makes it clear that the expectation is that most tourism accommodation requiring new buildings should be located in, or adjacent to, existing towns and villages. PPS7 also recognises that proposals to convert existing rural buildings to provide hotel and other serviced accommodation should be acceptable, subject to any general criteria that may be set in development plans on the reuse of such buildings.

7. National Parks and Areas of Outstanding Natural Beauty attract visitors who wish to enjoy the special qualities of the landscapes and the countryside of these areas. It is important that sufficient accommodation of a suitable range of types is provided for these visitors. However, particular care needs to be taken over the number, scale and location of accommodation facilities in these designated areas to ensure that the particular qualities that justified the designation are conserved. These considerations are best addressed through the plan process wherever possible.

HISTORIC TOWNS AND CITIES

8. Historic towns and cities are an attraction to tourists from home and overseas and there is pressure to increase hotel accommodation in them. Great importance is attached to the preservation of buildings of architectural or historic interest both for their intrinsic qualities and for the contribution they make to our towns and villages, and to tourism. It is therefore important that any proposals for new hotel accommodation in such towns and cities are sensitive to their surroundings.

9. Conversion into hotels is often a realistic proposition for ensuring the retention and maintenance of historic buildings provided it is sensitively handled, does not materially alter the character or historic features of the building, and provided the new use does not generate traffic movements that cannot be accommodated.

10. Many historic buildings in town and country are already in use as hotels. If carefully designed, additions can be achieved without adversely affecting the historic fabric or character and maintain the historic building in viable use. But large-scale buildings in a small-

scale setting, buildings that adversely affect the existing skyline, and those which by their design, materials, illumination or building line are out of sympathy with neighbouring historic buildings will normally be unacceptable.

MODERNISATION AND EXTENSIONS

11. Aside from historic buildings, there are many redundant or semi-obsolete buildings – such as closed mills, distilleries, warehouses, or railway stations – that can lend themselves well to adaptation and modernisation as hotels, other forms of serviced accommodation or restaurants. To convert such buildings to compatible use can bring life back to an otherwise wasted asset – thus conserving a useful and often attractive building, improving a neglected site and helping the local economy.

12. Similarly, moderate-sized extensions to an existing hotel or public house, including the addition of bedroom accommodation, can help to ensure the future viability of such businesses. This may satisfy a local need as well as a tourism one, by fully utilising the potential of the site but without any disproportionate increase in scale. In all cases, careful consideration should be given to ensure that the size of the extension proposed is not disproportionate for the location concerned.

BUDGET HOTELS, MOTELS, AND TRAVEL LODGES

13. Where budget hotels are designed to cater for longer stays at a destination (for example, those catering for visitors to historic towns and cities), their location should be considered in light of policies in the development plan and national policies in PPS6 on town centres. Location of such hotels in town centres maximises the opportunities for visitors to easily access other town centre facilities and attractions.

14. Other types of budget hotels and similar types of development such as motels and travel lodges cater more for car-born travellers, often for a single overnight stay – e.g. business travellers en-route to a destination. In such cases, the preference of developers will be for sites on major traffic routes outside of the centre of large towns or tourist centres. However the aim should be to make any development as sustainable as possible, and it will not normally be appropriate for such developments to be located in open countryside away

from major settlements. Edge of town centre locations, for example on a ring road or on a major route out of the town centre, will usually be the most appropriate locations if a town centre location is not suitable, available or viable.

15. For out-of-centre locations, design and layout of the development is likely to be of considerable importance in deciding whether it is acceptable in planning terms. Depending on the setting, an open layout in which careful attention has been paid to achieving a high standard of design and landscaping is likely to be more acceptable than a dense concentration of buildings.

16. Where a proposal includes other new facilities, such as a petrol station or shop, these will have to be considered on their own merits. If they are objectionable in themselves, the fact that they are combined with a hotel will not remove the objections. Restaurants, fast food outlets, leisure, fitness and other facilities open to the general public as well as residents are also sometimes combined with hotel proposals, in which case the extra traffic they are likely to generate and its effect on the highway must also be taken into account.

CAR PARKING

17. Maximum car parking standards for hotel and serviced accommodation may be included in development plans. Where such standards are not included in plans, planning authorities will need to consider what are appropriate levels of parking, based on the market which the hotel serves, its location and availability of public transport facilities. In addition, for those hotels where a substantial part of the parking needs are attributable to public rooms used mainly for functions which attract non-residents, then the availability of public parking in the vicinity of the hotel will also need to be taken into account.

18. Planning authorities should also take account of the proposed arrangements for service loading and unloading and setting down space for visitors. Organised tours demand adequate loading and unloading facilities for coaches. Access and waiting areas should be designed with this in mind. Access points should be sited so as to minimise turning movements across traffic and to avoid congestion of the highway caused by vehicles queuing to pick up or drop passengers. Developers should discuss proposed arrangements with the highway authority at the earliest possible stage.

APPENDIX 6 – HAVANT SITE ASSESSMENTS

SITE	LOCATION	STATUS	VIEW OF SITE AS A HOTEL LOCATION
HAVANT			
Langstone Gate	A27, Havant, north of the A27, adjacent to Tesco	Pre-application details submitted for a 7-storey hotel. Interest thought to be for an Express by Holiday Inn upper tier budget hotel, likely 100-120 rooms.	This is a very strong site, ticking all the right boxes in terms of proximity to business drivers, good access and visibility from the A27. Potential for development to happen quickly here a plus – especially as competitor sites (to serve the wider area) are under consideration along the A27/M27.
Brockhampton West	North of Harts Farm Way, Havant		Strong strategic site at the junction of the A27 and the A3. Good access and visibility. Current environment requires improvement. Adjacent business or leisure uses, if developed, would further strengthen the site. Contamination issues?
Havant Retail Park	Havant, alongside the A3	Currently site of bowling alley and Homebase. Latter to relocate.	Good budget hotel site. Unclear how visible a hotel would be here as sunken site, dependent on height that development could extend to. No direct access from or to the A3, but with signage is little distance from the A3 – essentially behind the Premier Inn.
Civic Campus	Havant, town centre	DTZ study underway looking at the future of this site.	Central Havant less favoured by hotel developers as real potential here is to serve Havant and A27/A3 traffic, and therefore to have visible presence to these major routeways. This site is tucked away in the town centre. Appeal would depend upon what else was to be developed here and ability to drive business to the site.

APPENDIX 6 – HAVANT SITE ASSESSMENTS

WATERLOOVILLE			
Dunsbury Hill Farm	Leigh Park	Local Plan allocation. Hotel as part of a business and technology park development, focusing on the knowledge economy, business services and advanced manufacturing	A major new employment site adjacent to the A3, being developed by Havant Borough Council with landowner Portsmouth City Council and with SEEDA involvement, as an important strategic employment site. Quality hotel with conference facilities sought. Potential will depend upon what happens on the site to drive demand for a hotel. Good strategic location.
Former Allotments	Waterlooville, west of the town centre, opposite Asda	Zoned for leisure use that could include hotel.	Could be interest in this site from budget hotel developers and brewery/pub companies, for a small hotel plus pub restaurant. Location in relation to A3 not good, but close to centre of Waterlooville yet with good access to main through route. Hotel would need frontage and visibility.
EMSWORTH			
Interbridges	A27, Emsworth, south side (westbound)	Local Plan allocation. This site has been the subject of a number of planning applications over several years, and was granted permission for a 78-bed hotel and restaurant, petrol filling station, shop and café in 2008.	Isolated roadside locations like this are increasingly falling out of favour with hotel developers and operators. They generally under-perform compared to their budget hotel counterparts that are located in or adjacent to a town centre or destination hub. This site has the additional complication of access and egress only from the westbound carriageway. There are much better sites/locations in Havant and Chichester that would deliver the desired conditions.

APPENDIX 6 – HAVANT SITE ASSESSMENTS

HAYLING ISLAND			
South Hayling Regeneration Area	Seafront, South Hayling	Masterplan currently in preparation. This is part of a wider strategy to attract activity tourism markets, particularly sailing and windsurfing, but also walking, horse riding, fishing, bird-watching, cycling around Langstone and Chichester harbours. The seafront masterplan includes a new watersports academy at West Beach, and the development of a hub at Beachlands involving commercial and residential development. Restaurants and accommodation for windsurfers are seen a part of the plan.	These proposals aim to transform South Hayling and create new markets and wider economic benefits, helping combat seasonality and underpin a viable long-term future for the destination. A hotel would not lead this without substantial public funding or other incentives. It might however follow once much of the infrastructure is in place and the resort has turned the corner. May appeal to a local/regional entrepreneur interested in destination restaurant/hotel offers.