

## BUCKINGHAMSHIRE – HOTEL PERFORMANCE

### 3/4 Star Hotels

#### Occupancy and Achieved Room Rates

3 and 4 star<sup>1</sup> hotel performance is much stronger in the south of the county (High Wycombe, Marlow, Beaconsfield, Gerrards Cross, Burnham, Taplow and Amersham) than in the north (Aylesbury and Buckingham), particularly in terms of achieved room rates. Average annual room occupancies for Buckinghamshire's 3 and 4 star hotels are not particularly strong, due to relatively weak weekend demand. They have been around 65-67% in the last two years, but look set to increase to almost 70% in 2006, due to strong occupancy growth in the south of the county. 3/4 star hotels in Aylesbury and Buckingham are generally seeing much slower growth in occupancies in 2006 and in some cases a slight downturn. Average annual achieved room rates for 3 star hotels in the south of the county are strong (generally over £70 for most hotels) and increasing, while in the north of the county they are much lower (around £58) and relatively static. 4 star achieved room rates are very high in the south of the county, particularly in Marlow, but much lower in Buckingham.

#### Buckinghamshire 3/4 Star Hotels – Average Annual Room Occupancy 2004-2006

Standard of Hotel	Average Annual Room Occupancy %		
	2004	2005	2006 <sup>2</sup>
4 star <sup>3</sup>	65	64	69
3 star <sup>4</sup>	66	67.5	69
3 star – North Buckinghamshire (Aylesbury/ Buckingham)	69	69	69
3 star- South Buckinghamshire (High Wycombe/ Gerrards Cross/ Taplow/ Burnham/ Amersham)	65	67	69

Source: Buckinghamshire Hotel Futures Study, Hotel Solutions - July 2006

#### Buckinghamshire 3/4 Star Hotels – Average Annual Achieved Room Rates 2004-2006

Standard of Hotel	Average Annual Achieved Room Rate £		
	2004	2005	2006 <sup>2</sup>
4 star	93	95	96
3 star	65	66	69
3 star – North Buckinghamshire (Aylesbury/ Buckingham)	56	56	58
3 star- South Buckinghamshire (High Wycombe/ Gerrards Cross/ Taplow/ Burnham/ Amersham)	70	72.50	76

Source: Buckinghamshire Hotel Futures Study, Hotel Solutions - July 2006

<sup>1</sup> Excluding Hartwell House and Danesfield House (see under 4/5 star Country House Hotels)

<sup>2</sup> Based on projected figures provided by hotel managers

<sup>3</sup> Sample: Compleat Angler; Crowne Plaza Marlow; Bellhouse; Villiers

<sup>4</sup> Sample: Holiday Inn High Wycombe; Holiday Inn Aylesbury; Holiday Inn Garden Court Aylesbury; Taplow House; Grovefield House; Crown; Amersham; Bull, Gerrards Cross; Ethorpe, Gerrards Cross; Buckingham Beales; King's Arms, Stokenchurch

## Weekday/ Weekend Occupancy

3 and 4 star hotels in the county, particularly in the south, generally achieve very high midweek occupancies. Tuesday and Wednesday nights are generally the strongest. Monday, and especially Thursday nights are often not quite as strong.

Saturday night occupancies are generally good all year round. Friday and Sunday night occupancies tend to be weak, although can be a little stronger in the summer.

### Buckinghamshire 3/4 Star Hotels – Weekday/ Weekend Occupancies 2006

Standard of Hotel	Average Room Occupancy %			
	Mon-Thurs	Fri	Sat	Sun
4 star	82	40	65	28
3 star	83	45	72	42
3 star – North Buckinghamshire	74	39	77	46
3 star – South Buckinghamshire	88	48	69	40

Source: Buckinghamshire Hotel Futures Study, Hotel Solutions - July 2006

## Market Mix

The corporate market is the primary source of weekday business for 3 and 4 star hotels in the county. Corporate demand is particularly strong in the south of the county. 4 star hotels and some 3 star hotels in the south of the county also attract good residential conference business. This is a very limited market for 3/4 star hotels in Aylesbury and Buckingham, however. Some hotels in the north of the county take midweek group tour business to boost weekday occupancies.

### Buckinghamshire 3/4 Star Hotels – Weekday Market Mix – 2006

Standard of Hotel	Market Mix %					
	Corporate	Res Conf	Leis Breaks	Group Tours	Weddings/ Functions	Other
4 star	49	39	2	2	6	2
3 star	85	10	1	1		2
3 star – North Buckinghamshire	87	4	1	3		5
3 star – South Buckinghamshire	84	13	1		1	1

Source: Buckinghamshire Hotel Futures Study, Hotel Solutions - July 2006

Weekend demand is a mix of business from weddings and functions and leisure break business. Leisure break demand tends to be stronger for 4 star hotels. Weddings are the primary source of weekend business for most 3 star hotels in the county and in many cases the only significant source of weekend demand. Leisure break business for 3 star hotels is often attracted at highly reduced rates. A few 3 star hotels in the county take group tour business at the weekend.

## Buckinghamshire 3/4 Star Hotels – Weekend Market Mix – 2006

Standard of Hotel	Market Mix %					
	Corporate	Res Conf	Leis Breaks	Group Tours	Weddings/ Functions	Other
4 star	9	5	45	5	35	1
3 star	5		33	6	52	4
3 star – North Buckinghamshire	6	1	32	9	44	8
3 star – South Buckinghamshire	5		34	4	57	

Source: Buckinghamshire Hotel Futures Study, Hotel Solutions - July 2006

### Market Trends

The corporate market for Buckinghamshire 3/4 star hotels appears to be broadly static at present: some hotels are reporting growth, while other report no change or a downturn in corporate business. Growth in the corporate market is strongest in Marlow and South Bucks District (with hotels here benefiting from strong corporate demand from Slough and Maidenhead). Hotels in Buckingham also reported growth in corporate demand due to the expansion of the Buckingham and Milton Keynes economies. New hotel openings in Milton Keynes in 2006 may result in a downturn in corporate business for Buckingham hotels, however. There appears to have been less growth in the High Wycombe corporate market and a downturn in corporate demand in Aylesbury with a number of major companies here downsizing or relocating away from the town.

Residential conference demand appears to be largely static across the county as a whole, although one or two hotels reported increased business from this market.

The leisure break market generally appears to have reduced in the county. A few hotels have attracted increased demand from this market through increased marketing activity, however.

The weddings market appears to be static overall, with some hotels reporting an increase in weddings-related accommodation demand, and others reporting a decrease.

### Denied Business

3 and 4 star hotels in the south of the county regularly deny business during the week, particularly on Tuesday and Wednesday nights, and often significant numbers of rooms. Levels of midweek denials appear to be increasing in these parts of the county. Some hotels here also deny larger residential conference bookings on a reasonably frequent basis due to a lack of available bedrooms. Midweek denials are less significant in Amersham, and likely to reduce here since the opening of the King's Arms. 3 and 4 star hotels in Aylesbury, and to a lesser extent Buckingham also regularly deny business on Tuesday and Wednesday nights, although not to any significant degree. Midweek denials are not increasing in these parts of the county, and hotels here rarely deny residential conference business.

Hotels in Marlow and High Wycombe occasionally deny business on Saturday nights, but not to any significant extent. Aylesbury 3 star hotels regularly deny business on Saturday nights, sometimes to quite a high degree. Buckingham hotels rarely deny business at the weekend.

### **Future Prospects**

There would appear to be good prospects for future growth in the 3/4 star hotel market in Aylesbury, given the planned expansion of the town and its economy. The market here would need to grow substantially, however, before further 3/4 star hotel provision might be warranted.

The 3/4 star hotel market in Buckingham could well be affected by the new hotels that will open in Milton Keynes in 2006, particularly the Jury's Inn.

There appear to be good prospects for growth in the 3/4 star hotel market in the south of the county. While slower economic and population growth are forecast here, the area should continue to benefit from the growth of the Thames Valley economy. Hotels in this part of the county are also able to attract good residential conference business.

The opening of the King's Arms in Amersham is likely to soak up any excess demand in this part of the county for the foreseeable future.

## Budget Hotels

### Occupancy

Average annual room occupancies for the county's budget hotels<sup>5</sup> are very high, typically running at over 80%. They are particularly strong in High Wycombe. Budget hotel occupancies dropped slightly in 2005 due to reduced contractor business following the completion of a major retail park development in High Wycombe.

#### **Buckinghamshire Budget Hotels<sup>6</sup> – Average Annual Room Occupancy 2004-2006**

<b>Year</b>	<b>Average Annual Room Occupancy %</b>
2004	84
2005	81
2006 <sup>7</sup>	83.5

Source: Buckinghamshire Hotel Futures Study, Hotel Solutions - July 2006

Weekday occupancies are very high for Buckinghamshire's budget hotels, with hotels usually filling during the week for most of the year, other than around Christmas and possibly during the summer school holidays. Saturday occupancies are also strong. Friday occupancies are weaker and Sunday occupancies generally low. Weekend occupancies are higher during the summer, with some of the county's budget hotels usually filling at weekends in July and August.

#### **Buckinghamshire Budget Hotels – Weekday/ Weekend Occupancies 2006**

<b>Day of the Week</b>	<b>Average Room Occupancy %</b>
Mon-Thurs	98
Friday	60
Saturday	85
Sunday	39

Source: Buckinghamshire Hotel Futures Study, Hotel Solutions - July 2006

<sup>5</sup> Excluding the Olympic Lodge in Aylesbury. While this hotel trades as an independent budget hotel it has a very specific niche in the market, catering primarily for business from Stoke Mandeville Hospital and demand related to disabled sports training and events held at Stoke Mandeville Stadium.

<sup>6</sup> Sample: Premier Travel Inn High Wycombe; Premier Travel Inn Aylesbury; Innkeeper's Lodge Beaconsfield; Innkeeper's Lodge Aylesbury South; Innkeeper's Lodge Aylesbury East. The sample excludes the Buckingham Travelodge, which declined to take part in the Buckinghamshire Hotel Futures Study

<sup>7</sup> Based on projected figures provided by hotel managers

## Market Mix

Business visitors are the key weekday market for Buckinghamshire's budget hotels. Contractors working on construction projects in the area are also an important secondary weekday market.

Weekend business comes predominantly from people attending weddings and family parties. Budget hotels in the south of the county attract some demand from families visiting Legoland. Some of the county's budget hotels attract business from people on leisure break offers. Other weekend markets are transient leisure travellers, overseas tourists, golf parties, cricket clubs and business visitors and contractors arriving on Sunday nights. Budget hotels in Aylesbury (and presumably also in Buckingham) are currently attracting business from major concerts that are being staged at the Milton Keynes Bowl because of the delays in the completion of Wembley Stadium.

### Buckinghamshire Budget Hotels – Market Mix 2006

Market	Estimated Weekday Market Mix %	Estimated Weekend Market Mix %
Business visitors	73	5
Contractors	22	
Leisure breaks		23
Weddings/ family parties		62
Other	5	10

Source: Buckinghamshire Hotel Futures Study, Hotel Solutions - July 2006

## Market Trends

Business demand is increasing for budget hotels in the south of the county, but has reduced for budget hotels in Aylesbury. The contractors market has fluctuated as construction and development projects have started and finished. The market for wedding guests has become much more competitive in High Wycombe as 3 star hotels have discounted heavily to attract this business. Leisure break business has increased for Innkeeper's Lodges in the county through the company's current 3 nights for the price of 2 weekend break offer.

## Denied Business

Budget hotels in the county deny significant levels of business during the week. Midweek denials are extremely high in High Wycombe and high in Aylesbury.

Budget hotels in Aylesbury are regularly denying significant levels on business on Saturday nights. Saturday night denials are less frequent and significant in High Wycombe and have reduced as competition for weddings-related business has increased from 3 star hotels.

## **Future Prospects**

There appear to be good prospects for further growth in budget hotel demand in Buckinghamshire. The strongest growth is likely to be in Aylesbury, given the planned housing development and economic growth here, and the planned development of the Aston Clinton Business Park. Population and economic growth projections are lower for the south of the county, suggesting slower growth in budget hotel demand. The budget hotel market here is already in significant undersupply, however. The continued growth of the Thames Valley economy should also fuel further growth in the budget hotel market in the south of the county. There could be strong growth in the budget hotel market in Buckingham given the planned expansion of Milton Keynes. New budget hotel provision in Milton Keynes may, however, lessen the demand for budget hotel accommodation in Buckingham.

## **4/5 Star Country House Hotels**

### **Occupancy and Achieved Room Rates**

Luxury 4/5 star country house hotels<sup>8</sup> in the county are typically achieving average annual room occupancies of around 68-70% and very high achieved room rates.

Friday and Saturday occupancies are strong all year round. Weekday occupancies are more variable due to a reliance on residential conference business, resulting in gaps in weekday occupancy, particularly on Monday nights. Sunday occupancies are generally very low.

### **Market Mix**

The key weekday market for the county's 4/5 star country house hotels is the top end of the London and South East residential meetings market, accounting for over 70% of midweek business. Such hotels also attract midweek leisure break demand and some attract local corporate business and overseas tourists.

Leisure breaks are the key weekend market for the county's 4/5 star country house hotels, accounting for over 80% of weekend demand. Weddings and functions are a secondary weekend market.

### **Market Trends**

The most significant trend in the county's 4/5 star country house hotel market has been the sharp drop in the US tourist market since 9/11. One hotel reported growth in residential conference and leisure break business due to increased marketing.

### **Denied Business**

4/5 star country house hotels in the county regularly deny significant levels of business on Saturday nights. Some hotels also lose some residential conference business due to their limited number of bedrooms.

### **Future Prospects**

The future prospects for the county's 4/5 star country house hotels look good. They should continue to trade well in the London and South East residential meetings and leisure break markets, given the quality of their product and their locations and settings. 4/5 star country house hotels in the county should also benefit from the anticipated growth in overseas visits to the UK.

---

<sup>8</sup> Sample: Hartwell House, Stoke Park Club, Danesfield House.