

BASINGSTOKE – HOTEL PERFORMANCE 2006-2007*

3/4 Star Hotels

Occupancy and Achieved Room Rates

- Average annual room occupancies and achieved room rates for Basingstoke 3/4 star hotels are estimated as follows for 2006 and 2007:

Basingstoke 3/4 Star Hotels¹
Average Annual Room Occupancy and Achieved Room Rates 2006-2007

	Average Annual Room Occupancy %	Average Annual Achieved Room Rate £
2006	67.8	72.34
2007	68.8	74.44

Note:

1. Sample: Hilton, Hampshire Court, Apollo, Basingstoke Country, Audleys Wood, Holiday Inn, Red Lion

- Basingstoke 3/4 star hotel occupancies are below the national average for provincial 3/4 star chain hotels due to relatively low weekend occupancies.
- Achieved room rates in Basingstoke are however above the national average. This is due primarily to the strength of corporate demand in their market mix.
- Occupancies have remained largely static for Basingstoke 3/4 star hotels since 2003. Achieved room rates have grown steadily however and grew strongly in 2007, with a number of hotels focusing their business strategies on driving up corporate rates on Tuesday and Wednesday nights when corporate demand is very strong in Basingstoke.

Weekday/ Weekend Occupancies and Seasonality

- Weekday occupancies are high for Basingstoke 3/4 star hotels – typically running at 80-90% in 2007. All hotels in the town fill on Tuesday and Wednesday nights throughout the year. Monday occupancies are not quite as strong (at around 80-95%) although some hotels reported regularly filling on Monday nights. Thursday occupancies are lower – at around 65-75%. Weekday occupancies dip to some extent during school holiday periods and Bank Holiday weeks.
- Weekend occupancies are generally very low for Basingstoke 3/4 star hotels. Saturday nights are the strongest, with occupancies typically running at around 65-70%. Two hotels reported stronger Saturday occupancies (80-100%) in the summer. Friday occupancies are low (typically 30-55%)

* Source: Hampshire Hotel Trends Survey 2006-2007, Hotel Solutions, April 2008

although can be a little stronger in the summer. Sunday occupancies are very low, averaging around 30-45%.

Market Mix

- The market mix for Basingstoke 3/4 star hotels is heavily biased towards business demand, typically accounting for 70-80% of total roomnights;
- The corporate market is the primary source of business demand for Basingstoke hotels, typically accounting for 80-95% of business-related roomnights. Corporate demand in Basingstoke is highly localised with most hotels primarily serving companies on business parks in their immediate vicinity.
- Residential conferences typically account for 5-20% of business demand. They are a strong market for only two hotels. One hotel does not actively target this market as it can achieve higher room rates from the corporate market.
- One 3 star hotel takes some contractor business.
- Key leisure markets are leisure breaks, weddings and functions and coach groups.
- Leisure breaks are the main source of leisure business for most hotels, typically accounting for 35-40% of leisure roomnights. One hotel attracts a much higher level of leisure break business. Another attracts virtually no leisure break business. Leisure break demand is primarily rate-driven through special offer leisure break rates that hotels and hotel companies promote through the Internet and national newspapers.
- Weddings and functions are an important secondary leisure market for most hotels and the main source of leisure business for two hotels.
- Coach groups are a significant source of leisure business for most hotels, accounting for 15-30% of leisure roomnights. This is very low-rated business that hotels take to boost their weekend occupancies.
- Farnborough Air Show is the only event that generates significant business for Basingstoke 3/4 star hotels.
- Basingstoke 3/4 star hotels attract very little overseas leisure business and do not see it as important to target for the future.

Market Trends

- The corporate market grew slightly in Basingstoke in 2006 and 2007. One hotel reported that local companies have become much more aggressive on rate.
- Residential conference business has declined.
- Most Basingstoke 3/4 star hotels have successfully developed leisure break business in the last 3 years through the promotion of special offer leisure break rates through the Internet. This has been a key change since the 2003-2004 Hampshire Hotel Trends Survey.
- The weddings market appears to be largely static. One hotel reported an increase in weddings business in 2007 but a reduction in 2008. Another hotel reported growth in weddings in 2007 and 2008.
- Coach group business has reduced in the last two years.

Denied Business

- All Basingstoke 3/4 star hotels regularly deny business on Tuesday and Wednesday nights, typically 10-20 rooms per night. Some hotels also regularly deny business on Monday nights, typically 10-15 rooms. Thursday night denials are rare.
- Basingstoke 3/4 star hotels rarely deny business at weekends.

Prospects for 2008

- Basingstoke 3/4 star hotels are generally positive about their prospects for 2008. Most hotels expect to maintain their 2007 occupancy levels and grow their achieved room rates. There were some concerns about the economy however.

Longer Term Prospects

- Basingstoke is identified as a Diamond for Investment and Growth in the Regional Economic Strategy. Corporate demand for hotel accommodation in the town is thus likely to grow as its economy develops and new companies are attracted. Basing View is identified as the main location for new office development in the town. The town's other business parks may also be further expanded.
- A new 3 or 4 star hotel might be able to develop residential conference business depending on the strength of its conference facilities and its brand strength in the conference market.
- There could be some growth in the weddings and functions market as Basingstoke's population expands.
- A new 3 or 4 star hotel with leisure facilities may be able to develop weekend break business through corporate leisure break marketing activity, depending on its brand strength in this market.

Budget Hotels

Occupancy

- Average annual room occupancies for Basingstoke budget hotels are estimated as follows for 2006 and 2007:

Basingstoke Budget Hotels¹
Average Annual Room Occupancy 2006-2007

	Average Annual Room Occupancy %
2006	84
2007	86

Note:

1. Sample: Premier Inn Basingstoke Central, Travelodge

- Budget hotel occupancies are high in Basingstoke and increased in 2007.
- Compared to 2003-2004 budget hotel occupancies in Basingstoke have remained fairly steady.

Weekday/ Weekend Occupancies and Seasonality

- Basingstoke budget hotels achieve very high weekday occupancies – typically 95-100%. They are usually full for most nights of the week throughout the year.
- Saturday occupancies are generally strong (typically 85-90%), with Basingstoke budget hotels often filling on Saturday nights in the summer.
- Friday occupancies are lower - averaging around 50-60% in 2007.
- Sunday occupancies are low – averaging around 45% in 2007.

Market Mix

- The market mix for Basingstoke budget hotels is heavily biased towards business demand, which accounts for around 75% of total roomnight demand for the town's budget hotels. One hotel has a more balanced business/leisure mix.
- The corporate market is the primary source of business demand for Basingstoke budget hotels. Contractors are a significant market for one hotel and a minor secondary market for the other.
- Key leisure markets are wedding guests and people visiting friends and relatives in the area.
- Other sources of leisure business are coach groups, visiting ice hockey teams, bowls tournaments, motor racing events at Thruxton and the Farnborough Air Show.
- Basingstoke budget hotels attract very little overseas leisure business.

Market Trends

- The corporate market for budget hotels in Basingstoke has grown.
- Contractor demand has reduced since the completion of Festival Place.
- One hotel reported growth in weekend leisure business.

Denied Business

- Basingstoke budget hotels regularly deny significant amounts of business during the week. One hotel reported that it could easily fill again on Tuesday and Wednesday nights.
- Weekend denials are rare.

Prospects for 2008

- Basingstoke budget hotels are positive about their prospects for 2008 and expect to maintain their high occupancy levels.

Longer Term Prospects

- Anticipated growth in the corporate and contractors markets is likely to generate increased demand for budget hotel accommodation in Basingstoke. Demand from the visiting friends and relatives market and from people attending weddings and other family gatherings is also likely to increase as the town's population grows.

HOTEL DEVELOPMENT OPPORTUNITIES

Standard/ Type of hotel that could be developed	Commentary
3/4 star	<ul style="list-style-type: none"> ▪ Possible scope for a new 3 or 4 star hotel at Basing View depending on the level and nature of corporate demand that the regeneration of the business park delivers.
3/4 star – expansion of existing hotels	<ul style="list-style-type: none"> ▪ Scope for existing hotels to expand to meet peak demand on Tuesday and Wednesday nights. ▪ Hampshire Court adding 56 bedrooms in 2008.
Budget	
Upper-tier Budget	<ul style="list-style-type: none"> ▪ Potential for new budget/upper-tier budget hotels ▪ High budget hotel occupancies + significant midweek denials ▪ 3 budget hotels currently proposed in Basingstoke
Serviced apartments	<ul style="list-style-type: none"> ▪ Possible scope for further serviced apartments (purpose built or residential apartments let as serviced apartments)