

## HAMPSHIRE HOTEL PERFORMANCE 2006-2007

- Average annual room occupancies and achieved room rates are estimated as follows for Hampshire 3, 4 and 5 star hotels for 2006 and 2007:

### Hampshire 3/4/5 Star Hotels Average Annual Room Occupancy and Achieved Room Rates 2006-2007<sup>1</sup>

Location/ Standard of Hotel	Average Annual Room Occupancy %		Average Annual Achieved Room Rate <sup>2</sup> £	
	2006	2007	2006	2007
Hampshire 4 Star	70.6	71.1	71.91	75.23
Hampshire 3 Star	66.3	67.3	59.07	61.37
Hampshire Luxury Country House Hotels	n/a	66	n/a	132
UK Provincial 3/4 Star Chain Hotels <sup>3</sup>	71.5	71.3	70.02	72.28
Southampton City Centre 3/4/5 Star	73.4	74.9	74.74	77.35
Southampton/Eastleigh M27 Corridor 4 Star	67.5	69	71.40	75.60
Southampton/Eastleigh M27 Corridor 3 Star	73	72	58.10	59.60
Portsmouth 4 star	74	72.5	66.25	69.00
Portsmouth 3 star	68	70	45.88	47.94
Basingstoke 3/4 star	67.8	68.8	72.34	74.44
Winchester 3/4 star	n/a	72	n/a	70.33
New Forest 3 star	60.3	60.1	56.12	59.23
Farnborough/Aldershot/Fleet 3 star	69.7	69.7	81.17	81.59
Havant 3/4 star	68	68	n/a	n/a
Fareham 3/4 star	61	66	71.30	73.20
Andover 2/3 star	67	70	43.53	47.34

Notes:

1. Source: Hampshire Hotel Trends Survey 2006-2007, Hotel Solutions, April 2008
  2. The amount of rooms revenue (excluding food and beverage income) that hotels achieve per occupied room net of VAT, breakfast (if included) and discounts and commission charges.
  3. Source: TRI Hospitality Consulting Hotstats UK Chain Hotels Market Review
- Average annual room occupancies are estimated as follows for the county's budget hotels in 2006 and 2007.

**Hampshire Budget Hotels  
Average Annual Room Occupancy 2006-2007<sup>1</sup>**

Location	Average Annual Room Occupancy %	
	2006	2007
<b>Hampshire</b>	82.1	81.7
Southampton City Centre	79	82
Southampton/Eastleigh M27 Corridor	78	78
Portsmouth	88	83
Basingstoke	84	86
Farnborough/Aldershot/Fleet	86	83
Havant	81	82
East Hampshire	n/a	81
Andover	76	76

Notes:

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

### Occupancy

- Hampshire hotel occupancies are broadly in line with national averages.
- Occupancies are very high (80%+) for budget hotels in most parts of the county. Adult only hotel resorts and boutique hotels also achieve very high levels of occupancy.
- Occupancies are high (75% +) for:
  - 3/4/5 star hotels in Southampton;
  - one 4 star hotel in Portsmouth;
  - some of the large branded 3 star hotels in the county.
- Occupancies are lower for:
  - some 3 and 4 star hotels in Basingstoke and Farnborough/Aldershot/Fleet - due to lower weekend occupancies in these parts of the county;
  - New Forest hotels;
  - Alton 3 star hotels.
- Luxury country house hotels achieve comparatively low occupancies but very high average room rates.
- Hotel occupancies have remained steady or grown slightly since 2004. 3/4 star occupancies dropped in Southampton in 2005 and 2006 following the opening of the Jurys Inn but recovered strongly in 2007. Hotel occupancies grew strongly in Portsmouth in 2005 and 2006 as a result of major projects in the city, but dropped back in 2007 as these projects came to an end. 3 star hotel occupancies have reduced in Alton as a result of a downturn in weddings business here. Budget hotel occupancies have grown strongly in East Hampshire.

## **Achieved Room Rates**

- Achieved room rates are generally strong for Hampshire hotels.
- Achieved room rates are high (£75+) for:
  - 3/4/5 star hotels in Southampton city centre;
  - 3/4 star hotels in Basingstoke;
  - 4 star hotels in the M27 Corridor;
  - One Portsmouth 4 star hotel;
  - 3 star hotels in Farnborough/Aldershot/Fleet;
  - Some New Forest 3 and 4 star hotels.
- Achieved room rates are lower (under £55) for:
  - Portsmouth and Southsea 3 star hotels;
  - 3 star hotels in Havant, Alton, Fareham, Hook and Andover. The quality of some of the 3 star hotels in these locations is likely to be a key factor behind their comparatively low achieved room rate performance;
  - Most New Forest 3 star hotels;
  - Most 3 star hotels in rural locations and small towns.

## **Weekday/ Weekend Occupancy**

- Weekday occupancies are high for Hampshire hotels, other than for most hotels in the New Forest, and some hotels in Southsea, Havant, Alton and rural locations. Tuesday and Wednesday nights are strong throughout the county, with hotels in most locations consistently filling on these nights and regularly turning business away. Monday, and especially Thursday nights are not as strong, other than for budget hotels, which consistently fill on all four midweek nights in most parts of the county.
- In terms of weekend occupancies, Saturdays are generally strong throughout the county. Friday occupancies are weaker and more variable and seasonal. Sunday night occupancies are generally very low throughout the county. Weekend occupancies tend to be stronger in the summer and can be low in the winter.
- Friday and Saturday occupancies are strong for:
  - budget hotels;
  - New Forest hotels;
  - luxury country house hotels.
- Saturday occupancies are strong in:
  - Southampton city centre;
  - Portsmouth;
  - Winchester;
  - Hook (due to business from weddings at the Four Seasons hotel).

- Friday and Saturday occupancies are lower in:
  - Basingstoke;
  - Fareham;
  - Farnborough/Aldershot/Fleet;
  - Andover;
  - Havant;
  - Alton.

## **Markets**

- The market mix for Hampshire hotels is biased towards business demand in most parts of the county. It is more strongly biased towards business demand for hotels in Basingstoke and Farnborough/Aldershot/Fleet due to the lack of weekend leisure business here. The market mix is less biased towards business demand for hotels in Winchester and rural locations and is biased towards leisure demand for New Forest hotels and most luxury country house hotels.
- The local corporate market is the primary source of weekday demand for most 3 and 4 star hotels in the county, other than hotels in the New Forest and most luxury country house hotels. Corporate demand has steadily increased in most parts of the county. It has grown strongly in the Farnborough/Aldershot/Fleet area with the development of the business parks here. Corporate demand has reduced in Southampton, following the closure/ downsizing of a number of major companies in the city, and reduced in 2007 (following growth in 2005 and 2006) in Portsmouth as a number of major projects in the city came to an end.
- Residential conferences are a secondary weekday market for most 3/4 star hotels. They are a key weekday market for New Forest hotels, luxury country house hotels and country club/golf hotels. Residential conference business has remained largely static or reduced for 3 and 4 star hotels in the county as companies have developed their own in-house conference and meeting facilities and/or cut back on training and meeting budgets. Residential conference business has grown for most luxury country house hotels however.
- Budget hotels attract a broadly even mix of business from the corporate and contractors markets during the week. Contractor demand has increased in Andover, but dropped back in Basingstoke following the completion of Festival Place and Portsmouth following the completion of Gunwharf Quays and the railway signalling project in the city.
- Leisure breaks are the main source of weekend business for 4 star hotels, luxury country house hotels, boutique hotels, branded 3 star hotels, hotels in the New Forest and Winchester and some 3 star hotels in Southampton. 3 and 4 star hotels in many parts of the county drive leisure break business primarily on rate, through special offer leisure break rates that they promote through the Internet. Many hotels have been able to grow their weekend business by this means. Luxury country house hotels and New Forest

hotels also attract midweek break business and are able to achieve high weekend break rates, other than in the winter. Some hotels reported a trend towards one-night breaks, B&B rates and last minute bookings. A number of hotels reported a downturn in leisure break business so far in 2008 as a result of the Credit Crunch and the poor spring weather.

- Weddings and functions are the main leisure market for 3 star hotels in Fareham, Havant, Alton, Farnborough/Aldershot/Fleet, Hook, Andover and Eastleigh and for some Basingstoke 3/4 star hotels. In many cases weddings and functions are the only significant source of weekend business for hotels in these locations. Weddings are also an important weekend market for luxury country house hotels and country club/golf hotels. The weddings market appears to have been largely static overall across the county. It has reduced significantly in Alton, but grown strongly for hotels in the Hook area as a result of demand generated by weddings at the Four Seasons hotel.
- People attending weddings and family parties and people visiting friends and relatives are the key leisure markets for most budget hotels in the county. Some also attract leisure break business and demand from transient leisure travellers.
- Cruise passengers are a strong market for hotels in Southampton and the Southampton/Eastleigh M27 Corridor. This market has grown strongly in the last 3 years.
- Some 3 and 4 star hotels take group tours. This is very low-rated business that hotels use to boost off-peak periods. Many hotels have reduced the levels of business they take from this market as demand from other higher-paying leisure markets has increased.
- Overseas tourists are a sizeable market only for hotels in Winchester. They are seen as an important market also for some luxury country house hotels.
- Most hotels in the county derive business from local events that are held in their area. Events that generate business for hotels across large parts of the county are the Southampton Boat Show, Farnborough Air Show and Goodwood motor and horse racing.
- Other leisure markets for Hampshire hotels are:
  - Masonic Lodge weekends – for Southsea 3 star hotels – this market has reduced in the last 3 years;
  - Golf breaks and golf societies - for country club/golf hotels.
  - Ferry passengers – for Portsmouth budget hotels – this market has reduced since P&O Ferries ceased operating services from Portsmouth in 2004.
  - Clubbers and stag & hen parties – for budget hotels in Southampton and Portsmouth city centres.
  - Park & Fly – for budget hotels and some 3 star hotels in the Southampton/Eastleigh M27 Corridor.
  - Christmas shopping trips from the Channel Islands – for Southampton city centre hotels.

- Football matches – for budget hotels in Portsmouth and Southampton city centres – demand has reduced in Southampton following the relegation of the city's football club to the Championship in 2005.

### **Denials**

- Hotels in most parts of the county, other than the New Forest and Alton, deny business on Tuesday and Wednesday nights. Tuesday/ Wednesday denials are significant for:
  - Budget hotels in most parts of the county, other than Southampton Airport/Southampton East and for some roadside budget hotels;
  - One Portsmouth 4 star hotel;
  - Basingstoke 3/4 star hotels;
  - 3 star hotels in Farnborough/Aldershot/Fleet.

Budget hotels in most parts of the county also regularly deny business on Monday and Thursday nights, as do 3 star hotels in Farnborough/Aldershot/Fleet.
- Many Hampshire hotels deny business on Saturday nights, particularly in the summer. Saturday denials are high for:
  - Budget hotels in most parts of the county, other than Basingstoke;
  - Two Portsmouth 3/4 star hotels.
- Many budget hotels also regularly deny business on Friday nights.
- 3/4 star hotels in Basingstoke, Farnborough/Aldershot/Fleet, Havant, East Hampshire and Andover rarely deny business at weekends.

### **Prospects for 2008**

- Hotels across the county are generally optimistic about their prospects for 2008. Some hotels reported a slow start to 2008 however as a result of a downturn in leisure break business due to the Credit Crunch and poor spring weather, and reduced corporate and conference demand as a result of the extended Easter holiday period. Looking further ahead hotels in Southampton, Portsmouth, Andover, Basingstoke and the Southampton/Eastleigh M27 Corridor expressed concerns about the impact of the number of new hotels that are planned in these locations.