CAMBRIDGE HOTEL FUTURES
Headline Findings
Issues & Options

Final Report

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hotel solutions
the hotel development consultancy

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1 - INTRODUCTION

1.1 Background to the Study

1.1.1 Hotel Solutions has been commissioned by Cambridge City Council to prepare a Hotel Futures report for Cambridge. The brief sought to identify the scale and nature of new hotel development required to meet the City's future business and leisure tourism needs through to 2031 through a programme of work that has assessed:

- National hotel sector trends
- Current levels of hotel performance in the Cambridge market area
- Current hotel supply
- How the supply of hotels in Cambridge and their performance compares to other historic cities
- Hotel proposals
- Potential sites for hotel development
- Drivers to market growth
- How the hotel market might grow through preparing forecasts at 5 year intervals
- The potential impact of additional hotel development
- The planning response required to deliver the identified hotel development potential.

1.1.2 The findings of the study are to be used to inform the review of the Local Plan currently underway, and one output of the work is a series of Issues and Options in terms of planning policy for the future development of the hotel sector in Cambridge, to be tested through the Issues & Options consultation proposed for Summer 2012.

1.1.3 An Interim Draft Report was produced in March 2012 that presented the headline findings of the research and some initial thoughts on the potential planning policy response. It was used as the basis for consultation with selected stakeholders from both public and private sector interests in Cambridge, discussed at a workshop held on 29th March 2012. These workshop discussions, together with feedback from the Development Plan Scrutiny Sub-Committee to which it was presented on 17th April, have helped to refine the recommendations in this report, and to ensure a practicable output grounded in both commercial and political reality.

1.2 Context

1.2.1 Cambridge is an international visitor destination with strong heritage appeal. Tourism is a significant element within the Cambridge economy, in 2010 contributing over £390 million of spending and supporting almost 10,000 jobs[1]. Of the 4 million visitors to Cambridge, 3.245 million were day visitors, and 835,000 stayed overnight, spending 3.454 million nights.

1.2.2 The table below, prepared in 2009, compares Cambridge with other historic cities in terms of some key indicators.

TABLE 1 - BENCHMARK CITIES

	Bath & NE Somerset	**Chester**	**York**	**Oxford**	**Cambridge**	**Exeter**
Population ('000) [a]	169	118	181	134	109	111
Area ('000ha)	35	45	27	4	4	5
Jobs ('000) [b]	95	78	112	115	97	93
Staying visitors (m) [c]	0.8	1.0	0.5	1.0	1.0	0.4
Business /Leisure [d]	35:65	40:60	55:45	50:50	65:35	65:35

Source: The Tourism Company/Hotel Solutions, Bath & NE Somerset Visitor Accommodation Study, 2009

[a] 2001 Census
[b] (NOMIS 2008)
[c] Estimates from destinations
[d] Hotel business/ leisure split.

[1] The Economic Impact of Tourism – Cambridge City – 2010 Results, Tourism South East

2 - CURRENT HOTEL SUPPLY

2.1 Current Hotel Supply

2.1.1 The competitive supply of hotels in and around Cambridge currently comprises 33 hotels with a total of 2,115 letting bedrooms. There are also a number of hotels in the wider surrounding area beyond the city. As far as we have been able to establish these hotels trade only marginally in the Cambridge hotel market. We have not therefore included these hotels in the competitive hotel supply for Cambridge.

TABLE 2 - CAMBRIDGE COMPETITIVE HOTEL SUPPLY – MARCH 2012

STANDARD[1]	HOTELS	ROOMS	% OF ROOMS
4 star	4	575	27.2
Boutique	3	141	6.7
3 star	7	503	23.8
2 star	2	55	2.6
Upper-tier Budget	1	100	4.7
Budget	6	476	22.5
Lower grade/ non-inspected	5	129	6.1
Serviced Apartments	5	136	6.4
Total Hotels	**33**	**2115**	**100.0**

[1] See Annex 1 for Glossary of Hotel Definitions and brand examples

2.1.2 The Cambridge hotel supply is split primarily between 4 star, 3 star and budget hotels. The city has a small but growing supply of boutique hotels. Only one upper-tier budget hotel (a Holiday Inn Express) has so far opened in Cambridge. The city has relatively few 2 star and lower grade/ non-inspected hotels. Cambridge has a small but growing supply of serviced apartments.

2.1.3 The city's 4 star, city centre 3 star, 2 star and lower grade hotels are highly variable in quality. A number appear to have seen very little recent investment and look somewhat tired and dated. Some of these hotels frequently receive low ratings on Tripadvisor. For a World-class city and tourist destination Cambridge has a disappointing hotel offer in terms of the quality of much of its city centre hotel stock.

TABLE 3 - CAMBRIDGE HOTEL SUPPLY BY LOCATION – MARCH 2012

Location	4 Star		Boutique		3 Star		2 Star		Lower Grade/Not Inspected		Upper-Tier Budget		Budget		Serviced Apartments[1]		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Estabs[1]	Apts	Hotels	Rooms
City Centre	3	439	2	89	5	292									4	129	14	949
Edge of City Centre							2	55	4	94			2	144			8	293
City Outskirts	1	136	1	52	2	211			1	35	1	100	4	332	1	7	11	873
Total	**4**	**575**	**3**	**141**	**7**	**503**	**2**	**55**	**5**	**129**	**1**	**100**	**6**	**476**	**5**	**136**	**33**	**2115**

Notes:

1. There are three serviced apartment letting businesses in Cambridge with apartments spread across the city centre and edge of city centre locations. A precise breakdown of the split of serviced apartments between these two locations is not available. The hotel supply tables only include multi-unit serviced apartment operations in the city. There are however also at least 12 individual residential apartments that are currently being let as serviced apartments in Cambridge. These are not included in the hotel supply tables.

CAMBRIDGE HOTEL SUPPLY

TABLE 4 - CAMBRIDGE – CURRENT HOTEL SUPPLY – MARCH 2012

Hotel	Standard	No. Rooms
City Centre		
Crowne Plaza	4 star	198
Doubletree by Hilton	4 star	122
University Arms	4 star	119
Hotel du Vin	Boutique	41
The Varsity	Boutique	48
Arundel House	3 star	103
Gonville	3 star	80
Lensfield	3 star	30
Regent	3 star	22
Royal Cambridge	3 star	57
CityStay Apartments	Serviced Apartments	32
Nobleo Apartments	Serviced Apartments	8
Quest Apartments	Serviced Apartments	24
YourSpace Apartments	Serviced Apartments	65
SUB TOTAL		**949**
Edge of City Centre		
Travelodge Cambridge Central	Budget	120
Cityroomz	Budget	24
Ashley	2 star	16
Centennial	2 star	39
Hamilton Lodge	3 star GA	32
Fenners	n/a	22
Helen	n/a	18
Sorrento	n/a	22
SUB TOTAL		**293**
City Outskirts		
Hotel Felix	Boutique	52
Menzies Cambridge	4 star	136
Holiday Inn Cambridge	3 star	161
Cambridge Quy Mill	3 star	50
Lovell Lodge	n/a	35
Holiday Inn Express Cambridge	Upper-Tier Budget	100
Premier Inn Cambridge A14 J32	Budget	154
Premier Inn Cambridge North (Girton)	Budget	20
Travelodge Cambridge Orchard Park	Budget	138
Travelodge Cambridge Lolworth	Budget	20
Lovell Lodge Apartments	Serviced Apartments	7
SUB TOTAL		**873**
Beyond the City[1]		
Cambridge Belfry	4 star	120
The Red Lion, Whittlesford Bridge	3 star	18
Holiday Inn Express Cambridge-Duxford	Upper-Tier Budget	73
Days Inn Cambridge	Budget	82
Travelodge Cambridge Swavesey	Budget	36
Travelodge Cambridge Fourwentways	Budget	71
SUB TOTAL		**400**
TOTAL		**2515**

1. These hotels trade only marginally in the Cambridge hotel market so have not been included in the city's competitive hotel supply

2.1.4 In terms of location the Cambridge hotel supply is split between the city centre and city outskirts, with a lower supply of hotel accommodation in edge of city centre locations. There are no hotels on the western approaches into the city from the M11.

2.1.5 Other than the Menzies Cambridge and the Hotel Felix on the north western outskirts of the city, the 4 star and boutique hotel supply is concentrated in the city centre. The 3 star supply is split between the city centre and city outskirts, while the budget hotel supply is located on the outskirts of the city (primarily at Orchard Park) and edge of city centre. There are no budget hotels in the city centre. The city's 2 star and lower grade/non-inspected hotels are to be found primarily in edge of city centre locations.

2.2 Recent Changes in Hotel Supply

2.2.1 Over the past 5 years, 4 new hotels have opened in Cambridge with a total of 381 letting bedrooms. These have been two new boutique hotels in the city centre (the Hotel du Vin and The Varsity) and budget hotels at Orchard Park (a Premier Inn and a Travelodge). The city's supply of residential apartments that are let out as serviced apartments has also steadily increased over the last 5 years.

2.2.2 Assuming an increase in the supply of serviced apartments of 50 new apartments, the Cambridge hotel supply has increased by just over 26% between 2007 and 2011. The opening of the Premier Inn and Travelodge hotels at Orchard Park has resulted in a more than doubling of the city's budget hotel supply in the last 3 years and an increase in the city's total hotel supply of almost 18%.

TABLE 5 - CAMBRIDGE – ADDITIONS TO HOTEL SUPPLY 2007-2011

Hotel	Standard	New Rooms
2007		
Hotel du Vin	Boutique	41
2009		
Premier Inn Cambridge A14 J32	Budget	154
2010		
The Varsity	Boutique	48
2011		
Travelodge Cambridge Orchard Park	Budget	138
Total New Hotel Rooms 2007-2011		**381**

2.2.3 In the wider surrounding area, the Holiday Inn Express Cambridge-Duxford (73 bedrooms) opened in October 2010 at Whittlesford Bridge. While not directly competing in the Cambridge hotel market this hotel may have taken some corporate account business from the Cambridge Holiday Inn Express.

2.3 Planned Development of Existing Hotels

2.3.1 A number of hotels in and around Cambridge are considering plans for additional bedrooms and/or refurbishment. These include:

- The Doubletree by Hilton has proposals for an additional 31 bedrooms;
- The owners of The Ashley have plans to redevelop and expand the hotel as a 35-bedroom boutique hotel;
- The Gonville has recently completed a full bedroom refurbishment programme and will embark on a programme to upgrade its public areas in 2012. It has already repositioned as a Best Western Plus hotel and is aiming to achieve a 4 star rating once its refurbishment programme is fully completed;
- The Lensfield is currently undergoing a major refurbishment programme, which will include the development of a new spa facility;
- The Cambridge Quy Mill is currently in the middle of a major renovation programme that will see it repositioned as a 4 star hotel by the end of 2012.

2.3.2 In the city centre the Crowne Plaza and University Arms are currently up for sale. It is likely that their new owners will invest in improving these two hotels.

2.3.3 Details of hotel planning commitments and applications pending can be found later in this report at 6.3.

2.4 Comparisons with Other Historic Cities

2.4.1 Annex 2 provides a comparison of current hotel supply and planned hotel development in Cambridge, Bath, Chester, York, Oxford and Norwich. Key observations from these comparisons are as follows:

- In terms of total hotel supply, Cambridge has a similar stock of hotel accommodation to Oxford and Norwich and a higher supply than Bath. It is slightly behind Chester and some way behind York (which has the most significant hotel stock of the six cities).

- In comparison to Oxford and Norwich, Cambridge has a greater supply of hotel accommodation in the city centre/ edge of city centre compared to the city outskirts. Hotel accommodation is concentrated more in city centre/ edge of city centre locations in Bath, York and Chester.

- Cambridge and Norwich are the only cities that do not currently have a 5 star hotel. Bath has three 5 star hotels.

- Cambridge has a similar 4 star hotel supply to Oxford and Norwich, more 4 star hotel bedrooms than Bath and a smaller stock of 4 star hotel accommodation than York and Chester.

- All 6 cities have a small supply of boutique hotel accommodation, comprising a mix of small branded and independent boutique hotels. Cambridge and Oxford have the largest numbers of boutique hotel bedrooms.

- In terms of 3 star hotel accommodation, Cambridge has a similar supply to Bath and Norwich, more 3 star hotel bedrooms than Oxford and Chester and a much smaller 3 star hotel supply than York.

CAMBRIDGE HOTEL SUPPLY

- In terms of 2 star and lower grade hotels Cambridge has a similar supply to Chester, more 2 star/lower grade hotel bedrooms than Oxford, Bath and Norwich, and a much lower supply than York.

- Bath has eight 5 star guest accommodation operations, including a number of boutique establishments. Cambridge has no guest accommodation operations of this standard. The other 4 cities each have one 5 star guest accommodation business.

- With regard to budget hotel provision, Cambridge has a similar total supply to Chester, more budget hotel bedrooms than Oxford and Bath, and significantly fewer budget hotel bedrooms than York and Norwich.

- Cambridge has the highest number of serviced apartment operations of all of the cities.

- All 6 cities have seen an increase in hotel supply between 2006 and 2012. Cambridge and Chester have seen the most significant growth in hotel supply, followed by York. The hotel supplies of Norwich and Oxford have grown to a lesser extent, while there has been little overall growth in hotel provision in Bath, although a number of changes in terms of the repositioning of existing hotels. Key trends have been the development of budget and boutique hotels. 5 star hotel provision has developed in Oxford, Bath and York. Serviced apartment operations have also developed in some cities. All of the cities apart from Oxford have seen a reduction in 3 star hotel provision as a result of the upgrading of hotels to 4 stars.

- There are proposals for new hotels in all 6 cities and plans for the expansion and/or repositioning of existing hotels in each city. New hotels are proposed at 3, 4 and 5 star, boutique and budget levels.

- Cambridge has the highest number of proposed new hotel bedrooms (1,292). If all of the proposed hotels proceed they will result in a 62% increase in the Cambridge hotel supply and Cambridge would overtake Chester to have the second highest number of hotel bedrooms after York.

2.4.2 The comparisons suggest the following as possible priorities for new hotel development in Cambridge, to ensure that the city's hotel offer remains competitive with that of other historic cities in England:

- The development of a 5 star/ luxury hotel. Cambridge stands out as the only major heritage city in England that does not have a 5 star hotel.

- A new city centre 4 star hotel, ideally an international 4 star brand. Cambridge lags slightly behind York and Chester with only two international 4 star hotels compared to three in each of these cities.

- Further boutique hotel development, both in terms of independent boutique hotels and national boutique hotel brands such as Malmaison (represented in Oxford), ABode (represented in Chester) and Hotel Indigo (planned for York). While Cambridge is currently leading the field with Oxford in terms of boutique hotel provision, further boutique hotels are planned in Oxford, York, Bath and Chester.

- There could be scope for a branded 3 star hotel in Cambridge. Hilton Garden Inn 3 star hotels are proposed for York and Norwich. As an international brand this could be a good brand for Cambridge.

- The development of 5 star and boutique guest accommodation operations. Cambridge is currently the only city without a 5 star guest accommodation establishment.

2.5. College Accommodation

2.5.1. Many of the Cambridge Colleges make their student accommodation available to the general public on a B&B basis during vacation periods. In 2011 there were almost 29,000 B&B roomnights available in the Colleges. This figure is likely to increase in 2012. College accommodation ranges from basic rooms to 4 star accommodation, with the majority in the 2-3 star range. Approximately 40% of College accommodation is en-suite. Most rooms are single. Roughly 10% are twin. There are a few family rooms/flats available. College accommodation is available during vacation periods in March, April, July, August, September and from mid December to early January.

2.5.2. The availability of College accommodation during vacation periods has doubled since 2009 and looks likely to continue to increase. Quality is also improving as more Colleges fit en-suite facilities and invest in improving the quality of their student accommodation. Colleges have also started to adapt student accommodation to provide more twin rooms.

3 - CURRENT HOTEL DEMAND

3.1 Context

3.1.1 The last 3 years have been a challenge for the hotel sector nationally The fortunes of the hotel sector are closely linked to the state of the economy and movements in GDP, and with the advent of recession in late 2008, hotel performance also fell back from the previous record highs. At their peak UK provincial hotel occupancies were at 71.4% and Achieved Room Rates[1] at £72.91. In 2009 UK provincial occupancy dropped by 2 percentage points and ARR by over £4. Whilst occupancy has shown a slight improvement in 2010 and 2011, ARRs dropped back further in 2010 and have flat-lined in 2011.

3.1.2 Whilst London hotels have seen improving performance in the first months of 2012, provincial hotels are continuing to face challenging market conditions, with increased costs also impacting on profitability.

3.1.2 An occupancy of 70% is a level widely accepted by the hotel industry at which demand is beginning to out-strip supply, and at which denied business is being turned away. For many hotel developers and operators it is a minimum target figure for new investment or investment in up-grading and extending existing hotels. On its own it is something of a crude measure, but taken together with ARR and Revpar[2] it provides a broader indication of hotel performance, profitability and the ability to support investment.

3.2 Occupancy and Achieved Room Rates

3.2.1 Our estimates of average annual room occupancies, Achieved Room Rates and Revpar for Cambridge hotels for 2009, 2010 and 2011 are summarised in the table overleaf. These estimates are based on the information provided to us by the 31Cambridge hotel managers and owners that we interviewed in March 2012.

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

3.2.2 Our figures show very strong hotel performance in Cambridge over the last 3 years compared to the national averages for UK provincial 3/4 star chain hotels. Occupancies, Achieved Room Rates and Revpar have all been significantly above the national averages. Later in this report we provide some examples of performance in other comparator cities that demonstrate just how strong the performance of the Cambridge hotel sector is.

3.2.3 The overall figures for Cambridge mask significant differences in performance by standard and location of hotel however. The strong Cambridge hotel performance has been driven largely by the strength of city centre 4 star and boutique hotel performance, which has steadily improved over the last 3 years. The performance of city centre 3 star hotels and 3/4 star hotels on the city outskirts has not been as strong, with revpar largely flat-lining, although still above the national averages for UK 3/4 star chain hotels. With hotel operating costs having increased significantly it is likely that profit levels for some of these hotels will have declined over the last 3 years.

TABLE 6 - CAMBRIDGE HOTEL PERFORMANCE 2009-2011

Standard of Hotel/Location	Average Annual Room Occupancy %			Average Annual Achieved Room Rate £			Average Annual Revpar £		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
National									
UK Provincial 3/4 Star Chain Hotels[1]	67.9	69.5	69.6	68.86	68.01	68.40	46.76	46.88	47.61
Cambridge									
City Centre 4 star/ Boutique[2]	82	81	83	105	110	113	84	88	92
Boutique (Citywide)[3]	81	74	75	117	119	120	95	88	90
City Centre 3 star[4]	76	75	73	67	68	72	51	51	52
City Centre 3/4 star/ Boutique	80	79	80	92	95	99	73	75	79
City Outskirts 3/4 star[5]	67	70	73	72	72	70	48	50	51
Budget (Citywide)[6]	80	79	80	n/a	n/a	n/a	n/a	n/a	n/a
2 Star/ Lower Grade/Non-inspected[7]	68	65	61	53	52	51	36	33	31
Serviced Apartments[8]	n/a	n/a	78	n/a	n/a	n/a	n/a	n/a	n/a
All Hotels (Citywide)	76	76	77	77	79	81	59	60	62

Source: Hotel Solutions – Survey of Cambridge Hotel Managers – March 2012
Notes:
1. Source: TRI Hotstats UK Chain Hotels Market Review, 2011
2. Sample: Crowne Plaza, Doubletree by Hilton, University Arms, Hotel du Vin, The Varsity(from 2010)
3. Sample: Hotel du Vin, The Varsity(from 2010), Hotel Felix
4. Sample: Arundel House, Gonville, Lensfield, Regent, Royal Cambridge
5. Sample: Cambridge Menzies, Holiday Inn, Quy Mill
6. Sample: Holiday Inn Express Cambridge, Premier Inn Cambridge A14 J32, Premier Inn Cambridge North (Girton), Travelodge Cambridge Central, Cityroomz
7. Sample: Ashley, Centennial, Hamilton Lodge, Helen, Sorrento
8. Sample: CityStay, Quest Apartments, YourSpace Apartments

3.3 Midweek/Weekend Occupancies

3.3.1 The table below summarises weekday and weekend occupancy for Cambridge hotels in 2011.

TABLE 7 –
CAMBRIDGE HOTELS - WEEKDAY/ WEEKEND OCCUPANCIES – 2011

Standard	Typical Room Occupancy %			
	Mon-Thurs	Friday	Saturday	Sunday
Boutique (Citywide)	76	68	89	50
City Centre 4 star	88	76	98	64
City Centre 3 star	82	65	83	43
City Outskirts 3/4 star	80	58	82	44
Budget(Citywide)	88	69	86	48
2 star/ Lower Grade[1]	n/a	n/a	n/a	n/a
Serviced Apartments	n/a	n/a	n/a	n/a

Note: 1. Includes non-inspected lower grade hotels

3.3.2 Midweek occupancies are strong for Cambridge hotels, particularly on Tuesday and Wednesday nights, when hotels at most levels are frequently full and turning business away. Monday and Thursday night occupancies are not quite as strong. Saturday occupancies are very high for Cambridge hotels, with most hotels often filling and turning business away on Saturday nights for much of the year. Friday occupancies are generally much weaker and Sunday occupancies weaker still. Weekend demand is mainly for single night stays, particularly on a Saturday night. Sunday demand is primarily from corporate arrivals coming for the working week ahead. City centre 4 star hotels trade well in this market and achieve fairly strong Sunday occupancies as a result.

3.4 Seasonality

3.4.1 There is a degree of seasonality to the Cambridge hotel market. Peak months are May, June, July, September and October. June and early July are very strong demand periods as a result of university graduations. The quietest months for Cambridge hotels are January, February, April, August and December. Occupancies dip in August when corporate demand reduces, which is only partly replaced by leisure business. The hotel market on the outskirts of the city is more seasonal than the city centre hotel market.

3.5 Market Mix

3.5.1 The estimated midweek and weekend market mixes for Cambridge hotels are summarised in the tables below (based on indicative estimates provided by Cambridge hotel managers):

TABLE 8 - CAMBRIDGE HOTELS – WEEKDAY MARKET MIX – 2011

Market	Estimated Market Mix %			
	Boutique Hotels (Citywide)	City Centre 4 Star Hotels	City Centre 3 Star Hotels	3/4 Star Hotels – City Outskirts
Corporate	65	51	72	77
Residential Conferences	8	15	2	5
University/Colleges	10	5	9	1
UK Leisure Breaks	6	16	1	5
Overseas Tourists	5	5	10	4
Group Tours		2	2	5
Weddings/Functions	4	2		1
Events	2	1	4	
Other		3		2
	100	**100**	**100**	**100**

TABLE 9 - CAMBRIDGE HOTELS – WEEKEND MARKET MIX – 2011

Market	Estimated Market Mix %			
	Boutique Hotels (Citywide)	City Centre 4 Star Hotels	City Centre 3 Star Hotels	3/4 Star Hotels – City Outskirts
Corporate	6	10	5	6
Residential Conferences	1	7		3
University/Colleges	8	5	10	
UK Leisure Breaks	64	54	59	42
Overseas Tourists	8	12	16	4
Group Tours		5	2	28
Weddings/Functions	10	3	5	14
Events	3	2	2	1
Other		2	1	2
	100	**100**	**100**	**100**

Source: Hotel Solutions – Survey of Cambridge Hotel Managers – March 2012 (Cambridge Hotel Futures Study – March 2012)

3.5.2 Market mix data is not available for budget hotels, 2 star/lower grade hotels and serviced apartments. Budget hotels and 2 star/lower grade hotels attract a mix of corporate and contractor business during the week and some leisure demand, while at weekends they attract a mix of leisure markets including people attending weddings and other family occasions, UK leisure break guests, overseas tourists, people visiting friends and relatives, parents of students, clubbers and stag and hen parties (budget hotels) and people attending events. Long stay corporate guests (staying a week or longer) are the core market for serviced apartments. They use short stay corporate business and leisure break demand to infill between corporate lets.

3.6 Key Markets

3.6.1 **Corporate demand** is the main source of midweek business for Cambridge hotels. The corporate market for hotel accommodation in Cambridge is very strong: the high number of national and international high-tech, research, IT and pharmaceutical companies based in and around the city generate significant demand for hotel accommodation.

3.6.2 There is a distinct element of the Cambridge corporate market that specifically wants to stay in hotels in Cambridge city centre and that is prepared to pay a premium to do so. This particularly applies to overseas corporate visitors, who comprise a significant element of the Cambridge corporate hotel market, and senior UK executives visiting Cambridge for a few days. UK corporate visitors and those staying only for one or two nights are more inclined to stay in hotels on the outskirts of the city, particularly if price is a more important factor in their choice of hotel.

3.6.3 Beyond the corporate demand for city centre hotels there appear to be a series of micro corporate markets around Cambridge, with companies on the business parks generating demand for hotels in their immediate vicinity. Cambridge Science Park is a significant one of these micro corporate markets, generating demand for hotels along the A14 (as there is no hotel at the Science Park or in its immediate location).

3.6.4 A small element of the Cambridge corporate market is long stay, particularly where corporate visitors are involved in projects or relocating to Cambridge. This market is increasingly using serviced apartments as the supply of this form of accommodation increases and companies become more aware of the benefits of using serviced apartments for long stay visitors, in terms of the flexibility, additional space and value for money that they offer for this market.

3.6.5 Corporate demand has held up well in Cambridge over the last 3 years, in contrast to the downturn in corporate business that hotels in many other parts of the UK have seen. The corporate market has however become more price sensitive and lead in times for corporate bookings have reduced. Corporate business has reduced sharply for some 3 star, 2 star and lower grade hotels as a result of the increased competition from the new budget hotels that have opened at Orchard Park.

3.6.6 **Residential conferences** are a strong secondary midweek market and a minor weekend market for some city centre 4 star and boutique hotels. They attract residential conference business from the University, Judge Business School and Cambridge companies, together with some business from London companies. Residential conferences are most typically for 15-30 delegates and require accommodation for 1-3 nights. City centre 4 star hotels attract some demand for larger residential conferences of up to 100-120 delegates but do not usually have the bedroom capacity to accommodate conferences of this size alongside their core corporate clientele. In some cases the rates for these larger conferences are not sufficiently attractive for them. Car parking capacity and cost constrain the ability of some city centre hotels to cater adequately for residential conferences.

3.6.7 Residential conferences are a minor midweek market for city centre 3 star hotels and 3/4 star hotels on the city outskirts. This market tends to want 4 star hotel accommodation. It is also a market that has steadily been declining for a number of years as companies have cut back on meeting and training budgets, developed their own in-house meeting and training facilities, and started to make greater use of video and teleconferencing technology. The recession as further exacerbated the decline in this market.

3.6.8 **The University and Colleges** and Anglia Ruskin University generate demand for city centre hotels at all levels both during the week and at weekends in terms of:

- Visiting academics and lecturers;
- Researchers and research groups;
- Delegates attending conferences at the Colleges, primarily during vacation periods;
- Examiners;
- Prospective students attending interviews, entrance exams and open days;
- Overseas students;
- Alumni returning for reunion dinners;
- Weddings at the Colleges;
- May balls;
- Parents dropping off or collecting students at the beginning and end of term.

3.6.9 Some hotels have started to work more closely with the Colleges to cater for conferences during term time.

3.6.10 University/College demand tends to be fairly price conscious and is thus generally stronger for 3 star and 2 star/lower grade hotels than 4 star hotels. Boutique hotels trade well in the University market however. Serviced apartments do not attract very much business from the University/Colleges.

3.6.11 Hotels on the outskirts of Cambridge only really attract University/College – related demand for graduations. Two hotels on the city outskirts have relationships with Colleges to cater for conference delegates however.

3.6.12 The **hospitals** in and around Cambridge, especially Addenbrookes, generate demand for hotel accommodation from medical companies, visiting consultants, medical researchers and patients' families.

3.6.13 **Contractors** working on construction, infrastructure and development projects in and around Cambridge are a key midweek market for the city's budget hotels.

3.6.14 **UK leisure break visitors** are the key weekend market for Cambridge hotels and also generate some midweek business for the city's hotels, especially during the summer. Weekend leisure break demand is primarily for single night stays, particularly on a Saturday night. The city's hotels no longer attract 2-3 night weekend break stays and have been largely unsuccessful in recent years in marketing 2-3 night weekend break packages and deals.

3.6.15 City centre 4 star and boutique hotels achieve very high weekend rates. They only discount their weekend rates in the winter months and possibly for some Friday and Sunday nights at other times of the year if they are particularly quiet.

3.6.16 City centre 3 star hotels and 3/4 star hotels on the outskirts of the city primarily drive leisure break demand on rate, through special offers and marketing discounted rates through Internet booking sites.

3.6.17 Many Cambridge hotels are reporting a growth in UK leisure break business as a result of the staycation trend, which the city is benefitting from.

3.6.18 **Overseas tourists** are a significant secondary weekend and midweek market for Cambridge hotels. Cambridge is one of the top destinations for overseas tourists coming to the UK, especially first time visitors.

3.6.19 **Group tours** are a significant weekend market for 3/4 star hotels on the outskirts of Cambridge. This is low-rated business that these hotels target to boost their weekend occupancies: they are unable to rely purely on leisure break and overseas tourist demand.

3.6.20 City centre 3 and 4 star hotels take very little group tour business at present as it is too low rated for them and they can achieve good occupancies from other higher paying markets.

3.6.21 **Weddings** are a good secondary weekend market for boutique hotels and 3/4 star hotels on the outskirts of the city. They are a relatively weak market for city centre 3 and 4 star hotels however for the following reasons:

- City centre 3 and 4 star hotels can fill with higher rated leisure break and overseas tourist demand on Saturday nights;
- Some city centre hotels do not have sufficient parking to cater adequately for weddings;
- The Colleges compete strongly for weddings – although weddings held at Colleges do generate bedroom business for city centre hotels.

Wedding parties are a strong market for budget hotels and 2 star/ lower grade hotels.

3.6.22 **Events** that generate significant bedroom business for Cambridge hotels are as follows:

- Graduations from the University of Cambridge, Anglia Ruskin University, Judge Business School;
- Duxford air shows;
- Newmarket Races;
- Helitech – held biennially at Duxford;
- Newmarket Nights – for hotels along the A14;
- Cambridge Folk Festival – for hotels in the immediate vicinity.

Other events that generate business for some Cambridge hotels are as follows:

- Tattershall bloodstock sales, Newmarket;
- Cambridge Wordfest;
- Cambridge Film Festival;
- Royal Television Society Cambridge Convention;
- The Big weekend;
- Gulf Research Meeting.

The Cambridge Science Festival does not appear to generate business for Cambridge hotels.

3.6.23 **Visitors to friends and relatives** are a key weekend market for budget hotels, which offer very good value for family stays.

3.6.24 **Clubbers and stag and hen parties** are a further source of weekend trade for some of the city's budget hotels.

3.7 Denied Business[1]

3.7.1 City centre 4 star and boutique hotels regularly turn business away on Tuesday, Wednesday and Saturday nights throughout the year, at times to a significant degree. They also deny significant business on price.

3.7.2 City centre 3 star hotels occasionally turn some business away on Tuesday, Wednesday and Saturday nights but nowhere near the extent to which city centre 4 star and boutique hotels deny business on these nights.

3.7.3 City centre 4 star hotels also deny some residential conference business due to a lack of available bedrooms or on price.

3.7.4 3/4 star hotels on the outskirts of Cambridge deny business on Tuesday and Wednesday nights but not to the same extent as city centre hotels. They rarely deny business at weekends.

3.7.5 Most of the city's budget hotels were denying business during 2011 on all four weekday nights and Saturdays, frequently to a significant degree. One budget hotel on the outskirts of the city only occasionally denied business on Tuesday and Wednesday nights in peak months however. Budget hotel denials have reduced since January 2012, probably as a result of the opening of the Travelodge at Orchard Park in September 2011.

3.7.6 All Cambridge hotels deny significant business for university graduations.

[1] Business that hotels turn away because they are fully booked.

3.8 Performance by Standard and Location of Hotel

3.8.1 We comment in more detail in the following paragraphs on the performance of Cambridge hotels by standard and location over the last 3 years.

City Centre 4 Star and Boutique Hotels

3.8.2 City centre 4 star and boutique hotels in Cambridge are achieving very high average annual room occupancies, achieved room rates and revpar figures. Achieved room rates are very high, particularly when you consider that most city centre 4 star and boutique hotels make an additional charge for car parking.

3.8.3 The current quality of two city centre 4 star hotels constrains their ability to reach even higher achieved room rates than they might otherwise achieve with a better quality product.

3.8.4 4 star and boutique hotels in Cambridge have seen a steady growth in their occupancy, achieved room rate and revpar figures between 2009 and 2011. They appear to have been largely unaffected by the new hotel supply in the city and the national economic climate.

3.8.5 City centre 4 star and boutique hotels consistently fill on Tuesday, Wednesday and Saturday nights and frequently deny business on these nights for much of the year. This business is displaced to city centre 3 star hotels or 3/4 star hotels on the outskirts of Cambridge.

3.8.6 Monday, Thursday, Friday and Sunday occupancies are not quite as strong although city centre 4 star and boutique hotels generally still trade well on these nights.

3.8.7 City centre 4 star and boutique hotels frequently deny lower-rated business as they know that they can hold out for higher rates.

3.8.8 Weekend demand is primarily for one-night stays, particularly on a Saturday night. City centre 4 star and boutique hotels do not appear to be able to hold out for two-night stays and have had limited success in promoting two-night weekend break packages.

3.8.9 City centre 4 star and boutique hotels occupancies and room rates are at their highest between May and September, dipping in August when corporate and University demand reduces and is only partially replaced by leisure business, generally at lower room rates. Demand is very strong during graduation weeks in June. All Cambridge hotels achieve very high occupancies and room rates at these times and deny significant levels of business.

3.8.10 There are clearly distinct markets that specifically want to be in Cambridge city centre and that are prepared to pay high rates for hotel accommodation here. They include:

- Corporate demand from companies based on Cambridge Science Park, Cambridge Business Park and the other business and research parks around the city. Many of the companies in these locations have a high number of international visitors that they usually want to accommodate in city centre hotels so that they have the opportunity to go out in the evenings. UK visitors to these companies that may be in Cambridge for 2-3 days also often prefer to stay in the city centre for this reason;
- Corporate demand from city centre companies;
- Demand generated by the University and Colleges. Some of this demand if more price-sensitive however, and will opt for city centre 3 star hotels, guest houses or B&Bs;
- Leisure break guests that particularly want to stay in the city centre;
- Overseas tourists.

3.8.11 Some of the corporate business from Cambridge Science Park and the other business and research parks around the city undoubtedly comes into the city centre because of the lack of branded 4 star hotels in these locations. It is evident however that a high proportion of this business specifically wants to be in the city centre and is likely to continue to opt for this location even if new branded 4 star hotels open on the business and science parks.

3.8.12 Two of the city centre 4 star hotels are trading well in the residential conference market, attracting demand linked to the Colleges, from some of the research, medical and pharmaceutical companies in Cambridge and some footloose corporate conference business, particularly from London companies. Cambridge is seen as a prestige destination for the top end of the corporate meetings market. Residential conferences are generally relatively small, typically for 15-20 delegates, and lasting for 2-3 days (requiring accommodation for 2 nights). City centre 4 star hotels do not generally have the bedroom availability to cater for larger residential conferences alongside their core corporate clientele.

3.8.13 One city centre 4 star hotel reported a sharp decline in residential conference demand in the last 3 years and no sign of any recovery in this market – as did some of the city centre 3 star hotels and 3/4 star hotels on the city outskirts.

City Centre 3 Star Hotels

3.8.14 At an overall level city centre 3 star hotel performance in Cambridge is slightly above the national averages for UK provincial 3/4 star hotels. This suggests strong 3 star hotel performance in the city bearing in mind that the national figures include data for 4 star hotels. Performance varies substantially between Cambridge city centre 3 star hotels with two hotels reporting high and improving average annual room occupancy, achieved room rate and revpar results in the last 3 years. Other city centre 3 star hotels are not trading as well and reported a significant downturn in performance in 2010 and for one hotel also in 2011.

3.8.15 The key reasons for the differences in city centre 3 star hotel performance appear to be to do with the following factors:

- The quality of hotels;
- The size of hotels;
- Marketing and management;
- Bedroom configuration.

3.8.15 The new budget hotels at Orchard Park may have also had an impact on some of the city centre 3 star hotels but do not appear to have been a significant factor, bearing in mind that some city centre 3 star hotels have seen a steady improvement in their performance despite the opening of these hotels. The new Travelodge on Newmarket Road and proposed Premier Inn here (if it is granted planning permission) are likely to have a greater impact on city centre 3 star hotels however.

3.8.16 Those city centre 3 star hotels that are trading more strongly only occasionally deny business on Tuesday, Wednesday and Saturday nights. All city centre 3 star hotels achieve very high occupancies and room rates during graduation weeks in June and turn significant levels of business away at this time or year.

Boutique Hotels

3.8.17 At an overall level Cambridge boutique hotels trade at a slightly lower level of occupancy to city centre 4 star hotels but a slightly higher level of achieved room rates. The Varsity is however still a relatively new hotel and has not yet achieved its full trading potential.

3.8.18 Occupancy and revpar figures dropped overall for the city's boutique hotel sector in 2010 and recovered only slightly in 2011. This was due to the opening of The Varsity.

3.8.19 In terms of total roomnight demand the boutique hotel market in Cambridge has grown by just over 40% since 2009, compared to a 51.9% increase in supply.

3/4 Star Hotels on the City Outskirts

3.8.20 3 and 4 star hotels on the outskirts of Cambridge have traded at occupancy, achieved room rate and revpar levels slightly above the national averages for UK provincial 3/4 star hotels over the last 3 years. Their overall occupancy, achieved room rate and revpar results were very similar to the overall results for city centre 3 star hotels in 2011.

3.8.21 Occupancies have steadily improved for the 3/4 star hotels on the city outskirts between 2009 and 2011 but achieved room rates have reduced slightly. This has been due to one hotel driving occupancy growth by reducing rates and targeting lower-paying markets. This hotel saw a significant drop in its occupancy in 2009 as a result of the opening of the Premier Inn at Orchard Park. Another hotel reported a loss of some weekend business to the Premier Inn and Travelodge at Orchard Park although minimal impact on its midweek business.

3.8.22 Hotels on the outskirts of the city show a similar pattern of demand to city centre hotels in terms of strong occupancies on Tuesday, Wednesday and Saturday nights. Hotels on the outskirts of the city report similar difficulties in attracting any more than one-night stays at weekends.

3.8.23 The hotel market is more seasonal on the outskirts of the city, with hotels here reporting lower occupancies between October and April, especially at weekends. Hotels on the outskirts of the city report a similar downturn in business in August.

3.8.24 Hotels on the outskirts do not command the high corporate rates that are achieved by city centre hotels. The corporate business that they attract comes primarily from Cambridge Science Park, Cambridge Business Park and other local business parks. There appear to be a series of micro corporate markets around the city that are served by hotels in their immediate vicinity. Corporate demand on the outskirts of the city is primarily from UK business visitors and for 1-2 night stays. International business visitors and those staying for 2-3 nights or more tend to stay in city centre hotels.

3.8.25 3/4 star hotels on the outskirts of Cambridge attract very little residential conference business. This is a market that has reduced substantially in recent years as a result of companies cutting back on meeting and training budgets, developing their own in-house conference and training facilities and making greater use of video and teleconferencing technology.

3.8.26 Weekend leisure demand is primarily driven through special offer rates, particularly in the winter. Hotels on the outskirts of the city take group tour business, generally at relatively low rates. This contributes to their lower achieved room rates compared to city centre hotels.

3.8.27 3/4 star hotels on the outskirts of the city are only occasionally denying midweek business, other than during graduation weeks, and rarely turn business away at weekends. One hotel reported more consistent and significant midweek denials however.

Budget Hotels

3.8.28 Cambridge budget hotels are achieving high average annual room occupancies and high room rates by national standards. Budget hotel occupancies have remained high in Cambridge over the last 3 years, although dropped slightly for some established budget hotels in 2011 following the opening of the Travelodge at Orchard Park.

3.8.29 New budget hotels have quickly achieved high occupancies. They appear to have taken some business from existing budget, 2 and 3 star and non-inspected hotels and guesthouses. Lower quality hotels and guesthouses that appear to have taken little action to combat the increased competition from budget hotels appear to have been most affected. Some good quality hotels and guest houses that trade at a budget hotel price point have still traded well and in some cases seen occupancies and room rates increase despite the new budget hotel supply. One hotel reported that it had benefited from overflow business from a nearby budget hotel.

3.8.30 This suggests that the new budget hotels that have opened at Orchard Park have largely met budget hotel demand that was previously being displaced from Cambridge and have generated new business to the city as a result of their brand strength, customer base, loyalty schemes, corporate account customers, referrals from sister hotels and national marketing.

3.8.31 It is unclear at this stage what impact the new Travelodge at Orchard Park is having on the Cambridge hotel market as it only opened in September 2011. A number of budget and lower-priced hotels reported a slow start to 2012, which could in part be attributable to this latest increase in the city's budget hotel supply.

3.8.32 Budget hotels are still filling in Cambridge in 2012 and continue to charge premium rates on peak nights. The Premier Inn at Orchard Park and Travelodge Cambridge Central are frequently fully booked on Tuesday, Wednesday and Saturday nights.

2 Star and Lower Grade/Non-Inspected Hotels

3.8.33 At an overall level 2 star and lower grade /non-inspected hotels in Cambridge have seen a sharp drop in occupancies over the last three years and a gradual decline in achieved room rates and revpar performance. With increased operating costs, most hotels at this level in the market are likely to have seen reduced levels of profit. The increased supply of budget hotels in the city is likely to have been a factor behind the weaker performance of 2 star and lower grade hotels. Some hotels have however traded more strongly and seen an increase in occupancy although not necessarily in room rates. Those hotels that have been hardest hit appear to be those that have not taken any steps to combat the increased competition from budget hotels in terms of investing in their product, improving their service and more proactive marketing, particularly in terms of selling through Internet booking sites.

Serviced Apartments

3.8.35 Serviced apartment operators in Cambridge are currently achieving high levels of occupancy, in line with the national average of 78.5%. They do not generally deny business other than during University graduation periods.

3.8.36 One serviced apartment operator reported a decline in occupancy levels in 2011 as a result of the increased supply of serviced apartments in Cambridge. Another reduced its stock of serviced apartments in 2010 in line with market demand.

3.8.37 The core market for the city's serviced apartment operators is corporate long stays. Companies use serviced apartments as an alternative to taking short hold tenancies for their long stay corporate visitors or purchasing an apartment for the use by such visitors. Serviced apartments will also open to short lets from business and leisure tourist markets to infill between corporate lets, competing for such business with hotels

3.9 Comparisons with Other UK Historic Cities

3.9.1 On the basis of the data that is available from the PKF hotel consultancy Cambridge was the 5th highest performing UK city in terms of revpar performance in 2010 after London, Bath, Edinburgh and Oxford.

TABLE 10 - HOTEL PERFORMANCE – UK HISTORIC CITIES – 2010

City	Average Annual Room Occupancy %	Average Annual Achieved Room Rate £	Revpar £
London	82.7	144.64	119.57
Bath	78.4	87.00	68.24
Edinburgh	75.3	88.00	66.24
Oxford	73.4	87.20	63.97
Cambridge	73.8	82.12	60.58
Brighton	66.9	87.27	58.40
York	78.1	71.50	55.88
Norwich	72.6	62.85	45.61

Source: PKF Hotel Britain 2011/ PKF (data supplied for Cambridge)

3.9.2 The Hotel Futures Studies that Hotel Solutions has previously undertaken in Bath (2009) and Oxford (2007) showed similarly high city centre 4/5 star and boutique hotel performance. Hotel occupancies for hotels at these levels were not as high in Oxford city centre as for Cambridge city centre hotels, although clearly the Oxford city centre hotel market may have strengthened since we undertook the study here in 2007. At the time of the study we did not find the same strength of demand for city centre hotels in Oxford from international corporate visitors as we have found in Cambridge.

3.9.3 Bath and Oxford are both widely seen as being undersupplied with hotels and neither city has seen any significant new hotel development for some years.

3.9.4 Achieved room rates are high in Brighton. Hotels here achieve lower occupancies however due to the lack of midweek corporate business. Hotel Solutions undertook a Hotel Futures Study here in 2006. At that time all Brighton hotels were holding out for minimum 2 night stays at weekends and needed to do so because of the weakness of midweek demand. The 2010 performance figures for Brighton suggest that this is likely to still be the case.

3.9.5 Hotel occupancies are high in York but achieved room rates here are not as strong. This is probably due to the larger hotel stock in the city and a more competitive hotel market here.

3.9.6 The Norwich hotel market is nowhere near as strong as the Cambridge hotel market.

3.10 Competition from College Accommodation

3.10.1 Our discussions with the city's hotel managers and Cambridge Rooms (the company that markets College accommodation in Cambridge) suggest that College accommodation competes only marginally with the city's hotels and primarily with the lower end hotels. Very few hotel managers felt that there hotel had lost much business as a result of the increased availability and improved quality and marketing of College accommodation. It was generally felt that College rooms offer a very different experience to staying in a hotel and appeal to different markets. Some hotel managers felt that their hotel could have lost a small amount of business to the Colleges during the summer months, particularly in terms of wedding parties and overseas tourists. These tended to be the managers of some of the city's small, lower grade hotels. The managers of the city's 4 star and boutique hotels did not generally see College accommodation as any sort of competitive threat.

4 - GROWTH PROSPECTS

4.1 Drivers Of Growth

4.1.1 With its strong, dynamic, prosperous and expanding economy, Cambridge is recognised as a significant engine for growth for the wider sub-region. Its strengths as a world-renowned centre of excellence for innovative industries and education, together with its competitiveness in high tech research, academia and professional services, is complemented by one of the world's finest cultural environments, which has played no small part in creating a world class visitor destination.

4.1.2 The broad **vision** for the future growth and development of Cambridge and the associated spatial strategy is set out in the adopted Local Plan. It envisages:

- A thriving and accessible historic core, a focus for the two Universities, civic activity, retail, leisure and city centre living;
- The development of a mixed use City-District around the Station area, with an enhanced transport interchange;
- The development of four mixed-use centres to the north, south, west and east of the City as a focus for future employment and residential expansion, and to accommodate the growing needs of the University and Addenbrookes Hospital.

4.1.3 Cambridge is to experience significant **levels of growth** over the next 20 years. The current targets (to be tested through the review of the Local Plan) for Cambridge for housing and employment growth through to 2031[1] are as follows:

- Between 12,700 and 25,000 new homes
- Between 10,000 and 20,000 new jobs

4.1.4. Over the same period, the population of Cambridge is forecast to increase by between 29,700 and 53,000 (2011-2031), from 121,300 to between 151,300 and 174,300.

4.1.5 The Cambridge Cluster at 50 Study outlines the five main roles that Cambridge plays:

- Technology-based business – 900 businesses employ 37,000 people in this sector, almost a quarter of all jobs in Cambridge. This sector will continue to grow and network, locally, with London and globally;
- Research – the University of Cambridge, amongst the top 5 universities in the world, and various research institutes, which have seen substantial investment and with further development planned, most notably at Addenbrookes and North West Cambridge;
- The city centre economy – Cambridge as a regional retail and business centre, boosted by the development of Grand Arcade and Cambridge Leisure Park;
- A regional public sector hub – despite the abolition of many regional institutions, jobs in health and education remain important to the city, representing 30% of total employment;
- An international visitor destination – for both business and leisure visitors which impacts upon the city's profile, nationally and globally, and makes a significant contribution to the local economy, including the Colleges and the commercial sector.

4.1.6 Whilst all the above roles have a part to play in the city's future, they will sometimes compete for land and resources. The core Cambridge Cluster – high tech firms, the University of Cambridge, the research institutes and Anglia Ruskin University - is identified as being the key priority for the future economic development of the area, and the main source of wealth creation. It has a role to play also in national economic recovery, and needs to remain competitive at an international scale. However, this sector needs to be supported by the right destination infrastructure, which includes improved connectivity between the city centre, station and key employment sites, and more and better social spaces for doing business. The hotel sector clearly has a role to play in helping deliver this latter requirement.

[1] Housing & Employment Provision in Cambridge – Draft Technical Background Paper (Cambridge City Council - May 2012)

4.1.7 Some of the key projects that will drive growth in hotel demand are detailed below.

4.1.8 **North West Cambridge**

Impact – 3000 houses, 2000 student rooms, 3770 jobs, hotel, conference centre

- A new University Quarter on land between Madingley Rd and Huntingdon Rd, which is the subject of an adopted Area Action Plan. Development proposed here will be primarily to meet the long term development needs of the University of Cambridge, including key worker housing for University staff, student housing, new faculty buildings, research facilities, and significant levels of housing plus associated community facilities. The make-up of the outline planning application includes:
  - 3000 new homes (50% key worker housing for University staff)
  - Accommodation for 2000 students, either in new colleges or via the expansion of existing colleges;
  - 100,000 sq m of academic and employment space – 60,000 sq m for higher education uses, including academic faculty development and a University Conference Centre; 40,000 sq m of University related research institutes and commercial research uses;
  - A local centre that could include some B1 office use;
  - 5300 sq m retail floorspace, including a supermarket;
  - 6500 sq m Senior Living accommodation
- A hotel is also proposed on this site as an initial enabling development within the local centre- 130 rooms, likely to be positioned at 3 star level.
- NW Cambridge is likely to generate corporate, academic, conference and VFR[1] related business for hotels. A master plan for the whole NW Cambridge area has been drawn up and an outline planning application is currently pending decision.

[1] Visits to friends and relatives

4.1.9 West Cambridge Campus South Of Madingley Road

Impact – 1960 jobs

- A focus for University-related research and technology linked businesses. Still to be developed here is 30,000 sq m of commercial research space, 22,000 sq m of research institutes, and 46,000 sq m of academic uses. Potential to generate additional corporate/academic related hotel demand.

4.1.10 Cambridge Southern Fringe/Addenbrookes

Impact – 4000 houses, 8000 jobs, hotel, conference centre

- Development to accommodate the needs of an expanding Addenbrooke's Hospital, and to provide more housing close to this growing employment area.
- Key sites include:
  - Addenbrookes – an expansion of the current 70 acre site to 140 acres to create the largest bio-medical campus in Europe. New clinical facilities will include a proposed Children's Hospital and the relocated Papworth Hospital, plus world class research facilities and laboratories. The plans include a conference centre, a hotel, staff accommodation, a private hospital and a new link to the M11. The plans are designed to establish Addenbrooke's as an international centre of excellence, bringing clinical care, teaching and research together in the Cambridge Biomedical Campus, creating at least 8000 jobs, doubling the amount of employment here.
  - The conference centre (2700 sq m) is aimed at serving the research and teaching roles of the campus; initial forecasts envisage it catering for conferences up to 150 delegates (once a month) and 50-70 delegates 2-3 times a week. Most recent proposals are for 3 conference spaces with capacities of 600, 250 and 180.
  - At this stage it is envisaged that the hotel will have 150 bedrooms and be positioned at a 4 star level.

  - Trumpington Meadows – 1200 homes (40% affordable), a school and community facilities, a 60 ha country park and play/sports facilities;
  - Clay Farm and Glebe Farm - an urban extension for 5800 people, 2300 new homes, new schools and neighbourhood facilities, as part of a new gateway to the city;
  - Bell School – 347 homes and 100 bed student accommodation for Bell Language School.

- Developments here have potential to generate corporate, research, conference, and VFR related demand as well as demand from patient families.

4.1.11 **The Station Area**

Impact – 500,000 sq ft offices, 331 houses, 2500 jobs, 2 hotels, 1250 student units

- A new gateway to Cambridge is being created through the comprehensive redevelopment of the Station Area to deliver a high density mixed use residential and commercial district around a state of the art transport interchange and new public square. The CB1 scheme being developed by Brookgate will deliver:
  - 500,00 sq ft of grade A office space;
  - 331 residential units;
  - 1250 student accommodation units for Anglia Ruskin University;
  - A 200 bed hotel, likely to be mid-scale;
  - 50,000 sq ft of retail;
  - Station Rd along with Hills Rd is becoming established as the professional quarter of the city, and an area of emerging office focus. Mills & Reeve have taken 50,000 sq ft here at Botanic House. Microsoft Research is relocating from a more out of centre location off Madingley Road; their new 85,000 sq ft offices are currently under construction as part of CB1.
- A second hotel is also proposed here.
- The station area development will generate new corporate demand for hotels.

4.1.12 **Cambridge North Eastern Fringe**

- Options for an employment-led mixed use development around Chesterton Sidings that will involve a new railway station will be tested and taken forward through the review of the Local Plan. The site takes in the sewage works which it is proposed will not now be relocated. This has the potential to generate additional corporate demand for hotels.

4.1.13 **North of Newmarket Rd and Cherry Hinton Rd (East Cambridge)**

Impact – 1900 houses

- Whilst the main Airport may not come forward for development prior to 2031, land North of Newmarket and North of Cherry Hinton could. This could include up to 1500 new homes on land north of Newmarket Rd and 400 on land north of Cherry Hinton. Hotel related demand is likely to be VFR (visits to friends and relatives).

4.1.14 **Northstowe**

Impact – 10,000 houses, 5000 jobs

- A major new town being promoted by Gallagher and the Homes & Communities Agency, to be built 5 miles NW of Cambridge between Longstanton and Oakington, with 10,000 homes supported by community and commercial facilities for an estimated population of 25,000. There will be an employment element to the development with office and high technology research and development space in a business hub linked to the town centre, and a further employment area located adjacent to the park and ride. £20m will be spent on improvements to the A14 as part of Phase 1. A hotel could form part of business hub/town centre development. VFR and corporate demand potential.

4.1.15 **Further development of Cambridge Science Park**

- This is a 152 acre site with over 100 companies and 5000 employees. Whilst mostly built-out, there are proposals to redevelop some of the phase 1 sites and intensify their use which could further increase employment numbers, and generate additional corporate demand for hotels.

4.1.16 **NIAB**

Impact – 2693 houses

- 1593 homes are to be developed on the main NIAB site, plus 1,100 additional homes at NIAB2, NW Cambridge, between Huntingdon Rd, Histon Rd and the A14. New housing developments have the potential to generate VFR demand for hotels, and stays related to functions and parties.

4.1.17 **Orchard Park**

Impact – 1100 houses

- The former Arbury Park site located to the west of Cambridge's northern fringe is a new mixed use development that fronts the A14. Development began in 2005 and much of the site is now built out. 1100 new homes on completion. Includes a 138 bedroom Travelodge Hotel a 154 bedroom Premier Inn and a new school. 6 parcels of land remain which could include some commercial use development.

4.1.18 **The Expansion of the Universities**

5420 additional students

- The University of Cambridge forecasts an increase in student numbers from 22,750 to 27,380 by 2025. Anglia Ruskin forecasts growth from 7500 students to 8290.
- This will likely drive additional visits from parents and for University open days, graduations and other events, and will potentially boost academic-related hotel stays.

4.1.19 A Conference Centre for Cambridge

- A feasibility study was undertaken in 2008[1] for a potential multi-use facility that could be used as a conference/convention centre and concert hall, similar to the Sage at Gateshead. Options included:
  - A new bespoke 600 capacity conference centre with breakout but no exhibition space, plus expansion and up-grading of the Corn Exchange
  - A multi-purpose facility with conference centre capacity of 1200, but no exhibition hall
  - A multi-purpose facility with conference capacity of 1200 and an additional flexible auditorium for exhibitions, breakout meetings, banqueting and concerts.
- Estimated costs were £40m; it is unclear how the facility would be funded. A site at Cambridge East was the preferred location, but given the delay in delivery here, would not be an option in the near future.
- Conference centres are included in the proposals for both the Southern Fringe and North West Cambridge developments.
- Clearly conferences will generate business for hotels, with most conference delegates seeking to stay in close proximity to the venue. The location of any future venue/s therefore could have an impact on preferred hotel locations.

[1] A Feasibility Study of a Large Scale arts and Cultural Facility for the Cambridge Sub-Region, Tourism UK for Cambridgeshire Horizons, March 2008

4.1.20 **A Community Stadium**

- A feasibility study was undertaken in 2008[1] to look at the options for a 10,000 seat community stadium that could provide a new home for Cambridge United alongside Cambridge City FC and Cambridge Rugby Union FC. Sites at Milton, Cambridge East and Cowley Rd were shortlisted for consideration. The likelihood of the stadium proposal happening is likely to be linked to some form of enabling development. Developers Grosvenor are now promoting a site for this use at Hauxton Rd, close to junction 11 of the M11. If developed the stadium could generate some event-related demand.

4.1.21 **Infrastructure Works**

- The major developments proposed in and around Cambridge will need to be supported and enabled by significant infrastructure works, particularly in terms of transport improvements. These could include improvement to the A14; interchange facilities at Chesterton Sidings; an improved transport hub at Cambridge station; improved cycle, pedestrian and public transport links into the city; new access roads to open sites up; and improvements to existing roads to increase capacity. This is likely to generate additional demand for hotels from contractors and construction teams. The Council has commissioned a separate Infrastructure Study and is developing its proposals for a community infrastructure levy (CIL).

[1] Cambridge Community Stadium Feasibility Study, PMP for Cambridgeshire Horizons, July 2008

4.1.22 **The Development of Cambridge Airport**

- The Marshall Group is currently in the process of developing its future plans for Cambridge Airport. At this stage they are looking at:

  - Growth in air passenger services and traffic, both business and leisure;
  - An increase in business aviation traffic;
  - Growth in light cargo, medical and equine flights (racehorses being transported to Newmarket for races and bloodstock sales);
  - The development of a pilot training centre providing training for 500-600 pilots per year.

- The growth of air traffic through the airport is likely to generate increased demand for high quality hotels in Cambridge from inbound business and leisure visitors and high net worth air passengers, together with demand for more mid-priced hotel accommodation from aircrew and pilots being trained at the airport.

4.2 Future Prospects by Market

4.2.1 **Corporate demand** for hotel accommodation in Cambridge is likely to see strong growth across the city given the projected increases in office and business park development. The strength of Cambridge in high-tech research, bio-medics, pharmaceuticals, professional services and knowledge-based businesses, as well as the national and international status of many of these companies, is a particular advantage as they are very productive for hotel demand. This demand will be linked to the development of the growth areas and major development projects, including CB1, Addenbrookes and NW Cambridge, and to the expansion and intensification of existing employment clusters at West Cambridge, Cambridge Science Park and Cambridge Business Park. This will also generate additional demand for city centre 4 star and boutique hotels, particularly from international corporate executives who want to be in the historic city centre and are willing to pay a premium for this.

4.2.2 In terms of **university-related demand**, the expansion of the city's two universities will result in an increase in hotel demand, in terms of visiting academics post graduate researchers, and parents of undergraduate students, and demand generated by open days and graduations. There is also potential for the University to increase its term time conference business through working with hotels across the city, particularly if hotels become hungrier for this business as the city's supply increases.

4.2.3 Whilst the **residential conference market** nationally is decreasing, there is some potential in Cambridge to expand this market, linked to the growth of the economy and the University – a high proportion of residential conferences currently are linked to local companies and the University. Hotels may also be able to target London for top end corporate meetings, given the fast train links, and the perceived status of Cambridge as a prestige conference destination. New conference centres at Addenbrookes and NW Cambridge and the Trinity Conference Centre/Radisson Blu facilities should enable additional residential conference business to be attracted if supported as proposed by on site hotels. They could also generate some additional hotel demand for other hotels in and around the city, although the lack of a cluster of hotels in close proximity to any one venue is a limitation, as the market ideally prefers to stay within walking distance of the venue.

4.2.4 Hotel demand related to **patients and their families at Addenbrookes** is likely to increase as the hospital expands. The re-location of Papworth Hospital to the Addenbrookes campus together with the development of a private hospital as part of The Forum will further expand this market.

4.2.5 The **contractor market** is likely to grow given the number of major development and infrastructure projects planned in and around the city. This should generate increased demand for budget, 2 star and lower grade hotels. Professionals associated with construction projects – architects, engineers and designers – could generate an element of demand for 3 and 4 star and boutique hotels.

4.2.6 There is good scope for growth in the **leisure break market** in Cambridge, particularly given the 'staycation' trend for UK residents to holiday in the UK. Cambridge has strong destination appeal which can be capitalised on. Additional promotion of the city for 2 and 3 night stays, perhaps as a base for the city and surrounding area, would help extend length of stay in this market, which currently is frequently only for a one night stay.

4.2.7 In terms of **overseas visitors**, Cambridge should be able to benefit from the forecast growth in in-bound tourism to the UK, as a leading international tourist destination. There is a particular opportunity for the city to capitalise on opportunities presented by the expanding BRIC markets (Brazil, Russia, India, China), many of whom will be first time visitors to the UK. Cambridge has sufficient international profile to be able to attract this market, alongside similar historic cities such as Oxford, Bath, York and Chester.

4.2.8 There is potential for growth in the **group tour market**. As lower-rated business, many of the hotels have been closed to this market, and there is significant frustrated demand for Cambridge. As additional hotel supply comes on stream and the city's hotel market becomes more competitive, hotels may choose to take more of this business.

4.2.9 The **weddings market** is likely to continue to grow with the increase in the city's population and student numbers. Alumni frequently return to the city and their colleges to marry.

4.2.10 Opportunities for increased hotel **demand related to the airport** include in-bound premium business and leisure travellers, looking for top quality hotels, most probably in the city centre. Planned increases in the level of business aviation will also generate additional demand for top quality city centre hotels. Aircrew demand is also likely to see growth, primarily for mid-range hotel accommodation close to the airport. The plans for a pilot training centre could also generate demand for a mid-range hotel close to the airport.

5 - FUTURE HOTEL DEVELOPMENT OPPORTUNITIES

5.1 Projected Market Potential for New Hotel Development in Cambridge to 2031

5.1.1 In order to provide an indication of the number of new hotel bedrooms that might be needed in Cambridge over the next 20 years as the city's hotel market grows, Hotel Solutions has prepared projections of possible future growth in hotel demand in and around the city at 5-yearly intervals from 2011 to 2031. These projections are based on the intelligence that we have gathered about the current demand for hotel accommodation in Cambridge and our assessment of the prospects for future growth in each of the main markets for hotel accommodation in the city.

5.1.2 We have prepared projections for the following categories and locations of hotel:

- City centre 4 star and boutique hotels
- City centre 3 star hotels
- 3/4 star hotels on the outskirts of Cambridge
- Budget hotels across Cambridge
- Serviced apartments across the city

5.1.3 The projections have been prepared using our hotel growth projections model. The methodology used by the model and the assumptions that we have used to run the model for Cambridge are described in detail at Annex 3.

5.1.9 The results of the projections in terms of the projected market potential for new hotel bedrooms for each standard of hotel in each location are summarised in the table overleaf. These figures include any pipeline hotels that are already under construction (the Travelodge on Newmarket Road), all proposed hotels and hotel extensions and in the case of budget hotels the Travelodge at Orchard Park (which opened in September 2011).

TABLE 11 - CAMBRIDGE
PROJECTED MARKET POTENTIAL FOR NEW HOTEL BEDROOMS - 2016-2031

Standard of Hotel/Location/Year	Projected New Rooms[1]		
	Low Growth	Medium Growth	High Growth
City Centre 4 Star/Boutique			
2016	146	181	207
2021	199	275	338
2026	256	385	496
2031	318	512	687
City Centre 3 Star			
2016	10	20	30
2021	33	55	79
2026	64	96	138
2031	88	144	209
3/4 Star – City Outskirts			
2016	119	140	157
2021	152	200	240
2026	188	269	339
2031	228	349	458
Budget			
2016	177	203	224
2021	218	277	326
2026	263	362	448
2031	312	460	594
Serviced Apartments			
2016	11	15	18
2021	18	25	33
2026	27	39	52
2031	33	48	65
TOTAL NEW HOTEL ROOMS[2]			
2016	463	559	636
2021	620	832	1016
2026	798	1151	1473
2031	979	1513	2013

Notes:
1. In addition to hotel bedrooms currently under construction (Travelodge, Newmarket Road), the Travelodge Orchard Park (which opened in September 2011) and all proposed hotels and hotel extensions.
2. Figures are cumulative

5.2 Hotel Development Opportunities by Category of Hotel and Location

5.2.1 Assuming that the Cambridge hotel market continues to expand in line with our projections and based on our assessment of the likely future growth in demand for hotel accommodation in Cambridge and what will drive this, our research and projections suggest the following opportunities for hotel development in Cambridge over the next 20 years:

- Scope for another 3-4 boutique hotels in the city centre, possibly including one at a 5 star level, developed through the repositioning of existing hotels and/or the conversion of suitable properties.

- Potential for a large new internationally branded luxury 4 or even 5 star hotel in the city centre. This is likely to be a longer-term opportunity if the Radisson Blu goes ahead at Cambridge Science Park.

- Potential scope in the longer term (beyond 2026) for a new 3 star hotel in the city centre. No immediate scope for a new hotel at this level in the city centre unless the current city centre 3 star hotel supply reduces as a result of the existing hotels upgrading to 4 star or boutique hotels or closing. While our research has shown strong demand for mid-priced hotel accommodation in Cambridge city centre, some of the city centre 3 star hotels are likely to get squeezed by the new budget hotels on Newmarket Road, the proposed 3 star hotel at NW Cambridge and the city centre 4 star hotels trading down during quiet periods if the 4 star hotel supply increases in the city centre and on the city outskirts. The Gonville Hotel is planning to upgrade to a 4 star level later in 2012 and the Royal Cambridge has plans for a major refurbishment, which could see the hotel taken out of the 3 star market. There could therefore be an earlier opening for a new, modern, branded 3 star hotel, possibly at the station.

- In the outer areas of Cambridge there would appear to be scope for new 3 or 4 star hotels linked to established and developing business parks and other existing and developing drivers of demand for hotel accommodation at:

    - Cambridge Science Park/Cambridge Business Park;
    - Addenbrookes;
    - West Cambridge;
    - Cambridge Airport – in the longer-term.

  Proposed 4 star hotels have already been granted planning permission at Cambridge Science Park (the Radisson Blu) and Addenbrookes and a 3 star hotel is proposed as part of the NW Cambridge scheme. Our growth projections suggest that these hotels will need to generate significant new business in terms of residential conferences, leisure business, new corporate demand and other business to ensure their viability and lessen their impact on existing hotels, particularly those in the outer areas.

- Our growth projections show no need for any further budget hotels in addition to the Travelodge Orchard Park, the Travelodge that is under construction on Newmarket Road and the Premier Inn proposed on Newmarket Road (assuming it is granted planning permission). These hotels will more than meet the requirements that we are projecting for budget hotel accommodation in Cambridge for the next 20 years, other than under the High Growth scenario in the longer term (beyond 2026)Our projections suggest that Cambridge will have an oversupply of budget hotels for some years to come. New budget hotels are likely to have a significant impact on existing budget hotels, 2 and 3 star hotels, lower grade/non-inspected hotels and guest houses and B&Bs. It seems likely that some of the existing stock at these levels, particularly the poorer quality stock, may wish to exit the accommodation market as a result. Having said this, Cambridge could still see the development of a further budget hotel, potentially at the station. Our research shows continuing strong demand for budget hotel accommodation in Cambridge city centre despite the new budget hotel supply on the city outskirts. A budget hotel operator may therefore feel that they would still be able to trade well from a new hotel at the station. Much will depend on the impact on the market of the new Travelodge and proposed Premier Inn on Newmarket Road.

- Our growth projections for serviced apartments show scope for a gradual increase in the supply of serviced apartments in Cambridge. We would anticipate the city's serviced apartment supply growing primarily through the letting of further residential apartments on a serviced basis. There might also be scope for a small purpose-built serviced apartment block of say 30-40 apartments.

- There may be scope for a 4 star aparthotel (of say around 75-80 apartments) to meet some of the projected future requirement for additional 4 star hotel accommodation and serviced apartments. An aparthotel would trade largely in the city's hotel market but also to some extent in the serviced apartment market.

6 - HOTEL DEVELOPER INTEREST PROPOSALS AND SITES

6.1 Cambridge as a Hotel Investment Location

6.1.1 Whilst testing hotel developer, operator and investor interest in Cambridge did not form part of the brief for the Cambridge Hotel Futures Study, Hotel Solutions undertook a programme of hotel developer testing work for the East of England region, which covered Cambridge, in 2008[1]. Cambridge came out of this testing with exceptionally strong credentials as the 'wannabe' destination in the region, ahead of all others by a significant margin.

6.1.2 To quote from the report:

"The strongest location by far, and on the target list of virtually all the national brand developers consulted (unless they already had representation here) was Cambridge. 30 brands were seeking to develop in Cambridge, some of these with interest from multiple franchisees (35 expressions of interest in total). The strong interest here is a function of a number of factors – awareness of significant levels of under-supply, the difficulty of securing sites and therefore long-term frustrated demand, the quality of the destination and affluence of the local population, the prestige of the University and the business this and the technology sector generates, plus the strong international tourism market all combine to make the city a winning investment location" (p9).

6.1.3 In terms of the nature of hotel represented by these hotel developers and operators, Cambridge had interest from large 4 stars, mid-market and budget brands, plus boutique offers and aparthotels. There was also interest from innovation brands, new to this country, which is a further indication of the perceived strength of the market here – with hotel companies being prepared to launch such new brand in Cambridge without the support of a wider network and awareness in the UK marketplace.

6.1.4 Clearly, the market has fallen back since 2008, both in terms of national hotel performance and the ability to raise funding for hotel schemes. A re-fresh of this testing work would give a fuller picture of the current state of play.

[1] East of England Hotel Developer Survey, 2008, East of England Tourism/EEDA

6.1.5 Nonetheless, this feedback spells out quite clearly the broad appeal the city has as a hotel investment location, and the levels of pent-up demand amongst hotel companies wanting to get representation in the city, but kept out by a number of barriers.

6.2 Barriers to Investment

6.2.1 By far the biggest obstacle to investment identified by hotel developers, investors and operators in historic cities such as Cambridge is the difficulty of securing sites, with the main problems being:

- Availability of land –a tight city centre with limited ability to develop to any significant height;
- A sensitive fabric, making conversion often difficult and expensive;
- Competition from other uses – particularly residential but also retail and office, albeit that demand has dropped back during the current downturn;
- Site values and expectations – particularly in the light of strong competition from other uses and the values these generate, which hotels often struggle to compete with;
- Timing in terms of when identified sites might come forward, particularly when they form part of areas of major change, where they might be contingent upon a major development scheme happening for associated infrastructure or delivering business for them.

6.2.2 Hotel companies are increasingly prepared to consider being part of a mixed use city centre scheme, but recognise that there a number of pitfalls in terms of:

- A lack of control over ownership, development and operation;
- The length of time they take to come to fruition;
- The difficulty of keeping the vision and commitment together that means they can fall apart at any time;
- The complexity of development;
- The fact that the hotel at a lower value often gets pushed into a less favourable/visible location within the mix, or squeezed out of the development altogether.

6.2.3 Congestion and availability of parking are recognised as difficulties for hotel developers in historic city centres, but if the market is strong enough and there is a perceived under-supply of rooms, this will not necessarily put investors off – rather most felt this was something that could be overcome, through for example shared parking with complementary users, negotiating space in public car parks, and valet parking.

6.2.4 The difficulty of securing planning, both for new hotel developments and extensions to existing hotels, is a further challenge to hotel developers. Historic cities are beautiful often timeless places that present a very sensitive environment in which to develop. Hotel developers accept that, dependent on the setting, standard hotel models are often not appropriate in these situations, and are happy to discuss design solutions that have empathy with this sort of environment. However, hotels are not high value uses compared to uses such as residential or retail, and viability is often fragile. Making them stack up can be a challenge. The burden of additional costs, in terms of design requirements, S106 agreements, travel plans, parking arrangements and BREEAM standards can easily tip a marginal hotel scheme over the edge.

6.3 Hotel Proposals – The Supply Pipeline

6.3.1 The past few years has presented a window of opportunity for hotel developers in and around Cambridge, as evidenced by the new supply that has come on stream, particularly at budget level.

6.3.2 This has occurred at least in part because of the recessionary climate that has seen residential and other commercial schemes stall, and site value expectations fall. Hotels have been one of the few types of development where there has remained some activity, and in some cases developers have looked to substitute hotel use for example for residential – particularly when evaluating the impact of affordable housing requirements. In a stronger market, it is likely these hotel schemes would have struggled to stack up. The fact that developers and investors are often looking for lease deals has worked in favour of budget hotel operators Travelodge and Premier Inn, who are two of few that have the strength of covenant for funding purposes.

6.3.3 The other significant factor for Cambridge is the growth agenda, the release of land for major development around the city, including a review of the Green Belt, and the opportunity this has presented to plan for future needs in these areas from scratch.

6.3.4 As a result, both Cambridge City Council and South Cambridgeshire District Council have seen an increase in the number of hotel-related planning applications, and the renewal of extant permissions, for sites in and around the city. The table overleaf summarises those hotel proposals with planning permission and those in relation to which planning is pending.

6.3.5 To summarise:

- There are 7 hotel schemes in and around Cambridge with planning permission with the potential to deliver just over 1100 rooms. 820 of these are within the City Council boundary;
- There are 5 hotels schemes (with a total of 341 rooms) with planning permission in the wider area surrounding Cambridge;
- A further 2 schemes in and around Cambridge (both within the City Council boundary) are currently in the planning process awaiting determination, which between them propose an additional 251 rooms;
- In addition, we are aware of pre-application discussions on a further 4 hotel proposals with the potential for a further 300-400 rooms;
- Despite this apparent large number of proposals (over 2000 rooms), it is unlikely they will all be delivered. A number are speculative or without an operator, and several have been around for some time and not come forward;
- These proposals are at different stages, with some more advanced than others.
- In the short term, Travelodge Newmarket Road is under construction (opening 2013), and the proposed Radisson Blu timetabled by the developer for a 2014 opening. These two schemes will deliver 517 rooms;
- A proposal for a 31 room extension at the Hilton Doubletree has recently been refused, but given the strength of the market for this offer and the limited opportunities to deliver quality rooms in the city centre, it may well come back in a revised form.

6 - HOTEL DEVELOPER INTEREST PROPOSALS AND SITES

TABLE 12 - HOTEL PROPOSALS – CAMBRIDGE AND SURROUNDS

NAME OF SITE	LOCATION	DEVELOPER/ OPERATOR	NO. OF ROOMS	STANDARD
WITH PLANNING				
Cambridge City & Outskirts				
Mill Lane	City centre	NK	75	NK
Newmarket Road	City edge	Travelodge	219	Budget
Red House	City edge	O'Callaghan Hotels	157	3 / 4 star
CB1	City edge	Brookgate	200	Budget
Ashley Hotel	City edge	Owner	19	Boutique
Addenbrookes	Out of centre	NK	150	4 star
Cambridge Science Park	Out of centre	Steeltower Radisson Blu	296	4 star
Sub-Total			**1116**	
Wider Surrounding Area/Beyond the City				
Cambridge Research Park	Beyond city	NK	112	NK
Meridian Golf Club	Beyond city	Owner	29	NK
Comfort Café, Fourwentways	Beyond city	NK	60	Budget
Sawston Hall	Beyond city	Owner	41	Boutique with spa
Whitefields, Great Shelford	Beyond city	Mandarin Oriental	99	5 star
Sub-Total			**341**	
Total with Planning			**1457**	
PLANNING PENDING				
Intercell site	City edge	Premier Inn	121	Budget
NW Cambridge	Out of centre	NK	130	3 star
Total Planning Pending			**251**	
COMBINED TOTAL			**1708**	

6.3.6 The hotel schemes that are linked to areas of major change – Addenbrookes, NW Cambridge and the two station area sites, also seem likely to happen (637 rooms) subject to funding; Addenbrookes and NW Cambridge may take longer to bring on stream given the complexity of the associated development schemes and their reliance on elements of these wider schemes to generate demand for the hotels.

6.3.7 In terms of location, over half (53%) of these proposals would deliver rooms out of centre or beyond the city. Only the Mill Lane site is in the city centre, which could deliver just 75 rooms (4%). Proposals on the edge of the city centre amount to 716 rooms (41%). This reflects the difficulty of securing sites for hotel development in a tight city centre with a high level of demand from competing uses.

TABLE 13: HOTEL PROPOSALS BY LOCATION

LOCATION	No. of Rooms	%
City Centre	75	4.4
Edge of Centre	716	41.9
Out of Centre	576	40.3
Beyond the City	341	13.4
TOTAL	**1708**	**100**

6.3.8 The schemes proposed beyond Cambridge are unlikely to have a significant impact on trading in the Cambridge market. They are too far out, and are primarily destination offers that would generate demand for their offer, spa, golf, as well as serving business needs more local to them.

6.4 Potential Sites for Hotel Development

6.4.1 The availability and deliverability of sites for hotel development in Cambridge has been identified as one of the key obstacles to investment by hotel developers. Any forward strategy will need to address this, and for this reason an element of sites assessment has been built into this study. The assessments have specifically focused on market potential and fit with operator requirements in each case, but where available information on planning status and suitability, likely timeframe to delivery and details of any specific site proposals have been built into the assessment framework.

6.4.2 In addition to the 14 sites (above) in the planning system on which hotel schemes are proposed, a further 27 sites - we might term them more speculative sites - were identified by stakeholders and the consultancy team during the consultation process that could offer potential for hotel development.

6.4.3 Observations on these speculative sites include:

- A small number are currently the subject of interest by developers or hotel operators, and so have live interest, and from this viewpoint are commercially sensitive;
- Three have been the subject of previous hotel applications that have been refused; their deliverability would be dependent on the ability to overcome these reasons for refusal;
- A significant proportion of these sites are prioritised for other uses, particularly residential. Some have been allocated for this use;
- A number are being considered as part of the SHLAA submissions, and so could also be prioritised for housing;
- On one or two sites there could be issues in planning terms with loss of employment or R&D land;
- Student accommodation is also a potential use on several sites;
- Green Belt is an issue for one or two of the sites.

6.4.4 In terms of location, the city centre is again under-represented, with only 11 of the 41 sites and proposals here, compared to 14 in edge of centre locations and 16 out of centre or beyond the city.

6.4.5 From the above we can infer that there are a considerable number of challenges to bringing these sites forward for hotel use, both in terms of planning priorities (most notably for housing and employment) as well as commercial deliverability, given higher value competing uses. Some positive intervention may be needed.

6.4.6 In addition to the above sites, a further option to deliver some of the potential for hotel development identified in the growth forecasts could be through the re-positioning, redevelopment and extension of existing hotels. Again, relatively few are located in the city centre itself, with a small number located around the ring road that defines the central area. These are precious sites in hotel use that offer the walk-ability to the central area so much in demand by the market. Some have looked to extend, but planning has been a real challenge for many.

6.5 Matching Demand Supply and Site Availability

6.5.1 Without more detailed information on the proposed content of all the proposed hotel schemes – and particularly the CB1 proposal and the Red House hotel scheme – it is difficult to accurately match the forecast demand at each level in the market with hotel developments that are likely to come on stream. The matching process is further complicated by the fact that a number of existing hotels are considering redevelopment, expansion and re-positioning.

6.5.2 Nonetheless, there are some key messages coming out of the analysis of growth in the market, hotel proposals and potential sites:

- The firm proposals for 4 star and boutique hotels in Cambridge city centre fall short of the forecast levels of demand, combined with which there are fewer potential sites for hotel development here than in edge of city and out of centre locations. This points to action to bring further sites and schemes forward;
- There is no immediate potential for a new 3 star hotel currently in the city centre, unless one or more of the existing 3 star hotels chooses to re-position which could open up an opportunity. Beyond 2026, however, an expanded market might support a 3 star hotel. A hotel of 3 star standard has been mooted for the Red House site;
- If all the hotel proposals for 3 and 4 star hotels on the outskirts of the city go ahead, this will more than meet the requirement identified in the forecasts. They will need to generate significant levels of additional business through supply-led growth, particularly from leisure markets, and conference centre demand - which has not been factored into our calculations;

- At budget level, the two Travelodge hotels at Orchard Park and Newmarket Road meet the medium level growth rate projections for budget hotel demand through to 2031, and will be operational in 2013. If the Premier Inn at Intercell House is also to go ahead, the market would need to expand at the high growth rate to meet this requirement. A budget level hotel could also be proposed for the station area, at CB1.

6.5.3 Whilst at an overall level, therefore, the numbers of proposed rooms and forecast demand have some fit between the medium growth rate and the high growth rate projections, the mix being delivered could be slightly at odds with this, in terms of the standard and location of hotel development and what the market is seeking.

6.5.4 In the final section of this report, we look at what can be done influence this in both the short and longer term.

6 - HOTEL DEVELOPER INTEREST PROPOSALS AND SITES

TABLE 14- CAMBRIDGE
PROJECTED MARKET REQUIREMENTS COMPARED TO PROPOSED FUTURE SUPPLY
2016 – 2031

Standard of Hotel/ Year	Projected New Rooms Required Medium Growth	Projected New Rooms Required High Growth	Firm Hotel Proposals[1]- New Rooms
City Centre 4 Star/ Boutique			
2016	181	207	Ashley – 35 Gonville – 80 Station[2] – 150 **Total New Rooms - 265**
2021	275	338	
2026	385	496	
2031	512	687	
City Centre 3 Star			
2016	20	30	Gonville -(80) Station[2] – 150 **Total New Rooms - 70**
2021	55	79	
2026	96	138	
2031	144	209	
3/4 Star – City Outskirts			
2016	140	157	Radisson Blu – 296 Addenbrookes -150 NW Cambridge -130 **Total New Rooms - 576**
2021	200	240	
2026	269	339	
2031	349	458	
Budget			
2016	203	224	Travelodge Orchard Park -138 Travelodge Newmarket Road -219 Premier Inn Intercell -120 **Total New Rooms - 477**
2021	277	326	
2026	362	448	
2031	460	594	
Serviced Apartments			
2016	15	18	
2021	25	33	
2026	39	52	
2031	48	65	
TOTALS			
2016	559	636	**Total New Rooms - 1388**
2021	832	1016	
2026	1151	1473	
2031	1513	2013	

Notes:

1. Hotel schemes with identified hotel operator interest that have planning permission granted or pending.
2. There is no firm information available on the standard of the hotels that are proposed at the station. We have assumed a 3 and a 4 star hotel, both at 150 bedrooms.

6.6. The Potential Impact of New Supply on Existing Hotels and Guest Houses

6.6.1. The above comparison between the projected market requirements for additional hotel supply in Cambridge and the currently proposed future hotel supply suggests the following in terms of the potential impact of new supply on existing hotels and guest houses in the city:

- The proposed hotels at the Station could have a short-term impact on city centre 3 and 4 star hotel occupancies if they are progressed at these levels in the market. The projections suggest however that the city centre hotel market should be able to absorb these hotels and recover relatively quickly. The Station is a secondary location for hotel development on the edge of the city centre. New hotels here are less likely to impact on the rates that city centre 4 star hotels are currently achieving although could exert some downward pressure on prices at off peak times.

- The proposed hotels on the outskirts of the city could have a significant impact on occupancies of existing 3 and 4 star hotels in these locations and some impact on city centre 3 and 4 star hotel occupancies. If all three hotels go ahead this additional supply would exceed the projected market requirements for new hotel bedrooms on the city outskirts. Much will depend on how quickly these new hotels come on stream and the extent to which they are able to generate new business, particularly in terms of residential conference demand and leisure trade. The proposed Radisson Blu should compete strongly for corporate demand from Cambridge Science Park and Cambridge Business Park, taking business from city centre 4 star hotels and 3/4 star hotels on the outskirts of the city. Our research suggests that there will continue to be strong demand for city centre hotels from corporate visitors to companies in these locations, especially overseas visitors and corporate visitors that are staying for a few days. City centre 3/4 star hotels may thus be less affected than 3/4 star hotels on the outskirts of the city.

- The new budget hotels that have recently opened in Cambridge and the additional budget hotels that are planned/ proposed on Newmarket Road are likely to have a significant impact on the occupancies of the city's existing budget hotels, 3 star hotels, 2 star/lower grade hotels and guest houses. Hotels of these standards and guest houses have already seen a drop in their occupancies since the opening of the Premier Inn and Travelodge at Orchard Park. The projections suggest that the new Travelodge on Newmarket Road and the Premier Inn that is proposed here also will open well ahead of market growth, resulting in further downward pressure on budget, 3 star, 2 star and lower grade hotel occupancies and guest house performance. Much will depend on how such affected businesses respond in terms of upgrading and repositioning, quality of service, pricing and marketing. Good quality, well located establishments are likely to be less affected. Poorer quality, less well located properties could be hit very hard. Some may decide to exit the market.

6.6.2. In order to provide an insight into the potential impact of new budget hotels on the performance of guest houses and small hotels in Cambridge, Hotel Solutions has undertaken a fair share analysis for this sector of the city's accommodation supply. This models how the average levels of room occupancy for such establishments might change under different market growth scenarios and according to the number of new budget hotel bedrooms that might open in the city. The approach and results are described in detail at Annex 4. The fair share analysis suggests that the opening of the Travelodge on Newmarket Road, the development of the proposed Premier Inn here, and any further new budget hotels that might open in the city, e.g. at the Station, will add significantly to the downward pressure on room occupancies for the city's guest house and small hotel sector that has already taken place since 2009 following the opening of the new Premier Inn and Travelodge hotels at Orchard Park. Under this scenario it seems likely that some of the city's guest houses and small hotels will seek to exit the market and cease trading. The scale of loss will depend on the level and pace of new budget hotel development in the city, how strongly the Cambridge accommodation market grows and the extent to which the city's guest houses and small hotels are able to respond to the additional competition from new budget hotels. It is likely that the better quality and well located guest houses and small hotels that have a loyal customer base will be less affected, while poorer quality, less well run and less well located establishments may well close.

7 - CAMBRIDGE HOTEL FUTURES – MOVING FORWARD

7.1 Summary of Key Findings

7.1.1 The research has shown:

- A strong hotel market in Cambridge and potential for significant levels of growth to 2031;
- Exceptional levels of performance in many of the hotels, well above national benchmark figures for hotels and a number of the city's competitor heritage destinations;
- A significant number of proposals for new hotel development, many of which have planning, and several of which look likely to come forward in the short to medium term;
- Strong levels of additional interest from hotel developers and operators not currently represented in Cambridge, over and above the firm proposals;
- Some sites that could offer potential for hotel development, but intense competition from alternative uses and high value expectations which are amongst a number of challenges to securing hotel sites in and around the city;
- A preference amongst a large part of the market to be in the city centre, but a particular paucity of sites/development opportunities here, particularly for boutique hotels and a large luxury 4 or 5 star hotel;
- Potential to cater for the growth in demand driven by major developments on the outskirts of the city by locating hotels there thus minimising the need to travel. These hotels will also need to generate significant levels of new supply-led demand;
- Firm proposals that fit loosely between medium and high growth rate forecasts for market growth through to 2031, but would deliver a mix that is out of sync with the identified potential;
- An opportunity for the city to try to manage and influence current proposals and to create a future planning framework to fit with the forecast potential and to maximise the benefit of these schemes to Cambridge.

7.2 National Planning Guidance

7.2.1 National planning guidance on the development of hotels comes in the form of the '**Good Practice Guide on Planning for Tourism',** which contains a specific appendix on tourist accommodation, dealing principally with the location of accommodation.

7.2.2 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 towns and the 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.

7.2.3 The issues surrounding tourism and hotel development were also addressed to some degree in **PPS 4**. 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, it states that Local authorities should limit the designation of sites for single or restricted use classes and promote mixed use developments in appropriate locations.

7.2.4 The associated **Practice Guidance** on need, impact and the sequential approach 'Planning for Town Centres' includes an Appendix on its application to hotels. It sets out an approach to assessing future need through gap analysis by location and standard/type of hotel, refined using performance data and forecasting techniques, to provide an evidence base against which individual hotel schemes can be assessed.

7.2.5 The **National Planning Policy Framework** was published at the time of writing this report which provides new guidance for the Planning system. Key threads of relevance to developing the hotel sector and some of the issues identified in this study include:

- Retention of the presumption in favour of sustainable development;
- A continued significant focus on supporting economic growth, also reflecting local circumstances;
- Encouragement to plan positively, meeting objectively assessed needs with flexibility to adapt to change;
- A streamlined and speedy approach to decision-making on schemes that accord with the development plan;
- Retention of requirements relating to the setting of local car parking standards, reflecting local levels of ownership, and encouragement of sustainable modes of transport;
- Policies should seek to address potential barriers to investment;

- The sequential test remains important in ensuring the vitality of town centres;
- Pro-active engagement with applicants is a key strand in positive planning and pre-application discussions encouraged;
- Joint working is expected between local authorities on cross-boundary issues, in relation to which there is a duty to co-operate;
- A 12 month transitional period to up-date plans to conform with the national framework, but a requirement to treat these policies as a material consideration when deciding on planning applications with immediate effect.

7.3 Current Local Hotel Planning Policy

7.3.1 Current policies for hotel development are contained in the 2006 **Cambridge Local Plan**. The strategy seeks to manage rather than promote tourism, but recognises the contribution that visitors have to make to the economy and character of the city as a destination. The need for an adequate supply and range of visitor accommodation is identified, as is the potential to locate hotels in mixed use schemes and in urban extensions.

6/3 Tourist Accommodation

Development which maintains, strengthens and diversifies the range of short-stay accommodation will be permitted. Provision should be made for disabled visitors. In the case of change from residential use, part of the accommodation must be retained as permanent residential accommodation.

Development will not be permitted which would result in the loss of existing short-stay tourist accommodation unless the change is to permanent residential accommodation or community facilities for which there is a need in Cambridge.

6.9 An adequate supply and range of accommodation is needed to encourage staying visitors. Hotels may be acceptable as part of mixed use development sites and in the urban extensions. The needs of disabled people should be considered in all applications for new tourist accommodation, or for alterations to existing. Accommodation with over six guest bedrooms should have at least one accessible room. Hotels or guest houses with over ten bedrooms should have between 6% and 10% of accessible rooms. These rooms should meet the Visit Britain Stars standards which the Tourist Office promotes.

6.10 The appropriate balance has to be achieved between protecting residential properties and meeting the needs of visitors. For proposals involving the loss of residential, the retention of private residential accommodation to be occupied by the proprietor will be secured by planning condition to ensure there is no loss of residential units.

6.11 Planning permission will not normally be required for the use of two rooms only of a dwelling house as guest bedrooms, the rest of their house remaining in family occupation.

7.3.2 We offer a number of observations on the current policy as it stands:

- No quantum of rooms needed is identified, nor an indication of the type and standard of hotel required;
- The policy and text refer to developments that 'strengthen and diversify' the city's hotel offer, without explaining what this means, and there is no mechanism or source of expertise in place to evaluate any hotel proposal on this criteria;
- There appears to be a presumption in favour of residential use over hotel use, with an element of any residential conversion to hotel being required to remain in residential use, and hotels being permitted to convert to residential. This could put pressure on hotels to exit the market, especially as residential values are so much higher than anything hotels can generate;
- The policy does not specifically refer to the extension of existing hotels, for additional bedrooms or facilities such as restaurants, leisure, spas and conference/function rooms, yet there has been a fair amount of interest in such development from existing hotel operators and issues in securing permission;
- Two sites were allocated for hotel use in the Plan - Mill Lane and Intercell House; neither has yet been delivered.

7.3.3 Other policies also impact upon the ability to deliver hotel development, including the protection of employment land and buildings, limiting the potential to convert office buildings for hotel use or develop hotels on business parks. The priority given to housing needs and also HMO use could also put pressure on operators to exit hotel use, especially given their higher associated value. Policies to retain residential accommodation are also restricting their conversion to hotel, including in association with existing hotels where an adjacent residential property might be a route to expansion.

7.3.4 Policies relating to transport/parking, urban design and conservation will have implications for hotel location/access, design and associated costs, potentially impacting on scheme viability.

7.3.5 In terms of the workability of current policies relating to hotel development, some difficulties and frustrations have been identified by the Planning Team:

- Having no independent evidence base against which to assess hotel applications;
- Hotel needs assessments submitted by applicants and agents many of which present contradictory evidence and which are extremely variable in quality and coverage;
- A grey area in terms of the emergence of aparthotels and serviced apartments let to the tourism market on a short stay basis, and how these should be dealt with in planning terms;
- Concern at the limited ability to influence the type of hotel delivered within a scheme, as C1 hotel use covers everything from a budget hotel to a luxury offer;
- A trend to the delivery of large hotels, likely driven by the need to offset additional site and development costs, which might not be the most appropriate scale for the sensitive historic core of Cambridge where these costs are highest.

7.3.6 The area around the Cambridge City boundary falls within **South Cambridgeshire District**. South Cambridgeshire District Council has granted permission for some major hotel schemes in the past 5 years, including the Premier Inn (154 rooms) and Travelodge (138 rooms) budget hotels at Orchard Park, and the Radisson Blu at Cambridge Science Park (296 rooms). This is very much part of the Cambridge market area; the Science Park in particular generates a lot of business for the city's hotels. The District Council's approach to hotel development has essentially been reactive, and no evidence base has been produced to identify the scale of hotel need. In many cases no needs assessment has been submitted as part of the planning applications. Cambridge City Council has been a consultee on these applications, but there does not appear to be a joined up approach to considering schemes in the light of the scale and location of hotel development needed in and around the city. In order to inform any such joined up approach, South Cambridgeshire District Council should undertake an appropriate assessment.

7.4 The Need to Plan for Hotels

7.4.1 The research has demonstrated that the Cambridge hotel market is strong and growing; there are numerous proposed hotel schemes, many already with planning permission; and there continues to be strong hotel development interest in the city. Given this scenario, why plan for hotels? Why not just leave delivery to the market?

7.4.2 There are a number of implications of adopting this sort of 'hands off' approach:

- There is no guarantee that the granted hotel proposals will be delivered. Several of those with permission have stalled for funding and other reasons, and some have been on the cards for some time;
- Leaving it to the market might well deliver hotels that don't have best fit with key sites and types of hotel that will be of greatest destination benefit;
- An undersupply of hotels will constrain the development of both business and leisure tourism:
    - Hotels are part of the basic economic and social infrastructure of a place; they are part of what makes a city a good place to do business, and as such they support future business development, which our analysis of drivers has shown will see considerable expansion in Cambridge;
    - Much of leisure tourism spend is discretionary and if the right accommodation is not available at the right price then some of this will go to other places. Different hotel products and brands can also help stimulate new demand.
    - As tourism is one of the 5 identified clusters around which the city's future growth will be focused, the sector will not be able to deliver to its full potential;
- There is always the danger that people may still visit Cambridge but stay elsewhere, adding to congestion without bringing wider economic benefits.
- An opportunity will be lost to create employment and add to economic diversity.

7.4.3 While hotel schemes have been granted permission on the outskirts of Cambridge and at Cambridge station, linked to existing and planned new drivers of demand in these locations, hotel development and investment is only slowly coming forward in the city centre, where there is a clear market demand for additional supply. Some proposals to expand and develop existing hotels in the city centre have had difficulty in securing planning permission. There is also a severe lack of available and affordable hotel sites and conversion opportunities in the city centre. There is a need therefore to look at what can be done to ensure that future planning policy is as enabling and supportive as possible to allow city centre hotel development, extension and upgrading schemes to be progressed in Cambridge.

7.4.4 A number of hotel schemes have been granted planning permission in priority locations where there are existing or planned new drivers of demand for hotel accommodation. It would seem sensible to strengthen the deliverability of the granted hotel schemes in these locations by focusing planning policy on these priority locations unless a clear case can be made for hotel schemes in other parts of the city.

7.4.5 There is also a need for future planning policy for hotel development in Cambridge to give greater clarity as to how the following issues should be addresses:

- Assessing and managing the traffic and parking impact of new hotel schemes;
- The planning status of serviced apartments;
- Whether hotel and guest house retention policies are warranted in Cambridge to resist the loss of hotels and guest houses in the city centre;
- The case for a joint approach to hotel development policy for Cambridge and its outskirts between Cambridge City Council and South Cambridgeshire District Council.

7.4.6 It is often the case that the existing hotel industry in any destination will be resistant to new supply coming on stream, particularly when hotels have been trading well; any fall back in business will understandably be of concern. However, in reality the room for manoeuvre in planning terms in stopping new hotel development, especially in city centres, is limited. Whilst the Council could turn down applications for specific sites on various planning grounds, given the scale of demand and existing status of Cambridge as a tourist destination, a policy blocking new hotel development is unlikely to be successful or appropriate. A more likely scenario is that high land values, planning constraints and competition from other uses will constrain new hotel development.

7.4.7 Planning for hotels, based upon an informed evidence base, presents an opportunity to try and manage the growth of the sector in a sustainable way, and at a level that will not impact significantly on the performance of existing supply.

7.5 A Hotel Development Strategy for Cambridge

7.5.1 This section of the report looks at a series of policy options for the development of hotels in and around Cambridge, both in terms of the further development of existing hotels and the development of new supply through conversion and new build.

7.5.2 However, we would advocate that the starting point for the future planning framework for the hotel sector should be the development of a hotel development strategy within which each of these policies play their part. This will ensure a holistic and more integrated approach to hotel development, which incorporates both a locational strategy and one that clearly identifies the quantity and quality of hotels to be developed, and the role of hotels in aiding the delivery of the wider vision for the city.

7.5.3 In preparing this quantified and qualified hotel development strategy for Cambridge, it is important that it is not used as a straight-jacket to limit or cap the development of the hotel sector. The strategic approach is about directing hotel development to locations that can best support demand drivers, and at the same time minimise traffic movements. The Cambridge Hotel Futures Study provides an indication of the scale and nature of hotel development that future market growth is likely to support in Cambridge over the next 20 years. The growth projections that were prepared as part of the study do not however include any quantification of supply-led growth that new hotels might generate because of their branding and marketing. Nor do they attempt to quantify the potential hotel demand that might be generated by the Trinity Centre and proposed conference centres at Addenbrookes and NW Cambridge if they are supported by on-site hotels. In reality therefore Cambridge may be able to support a greater level of new hotel development than the growth projections show. It is not possible at this point to anticipate all the potential options for delivering hotels that could come forward over a 20 year period. There needs therefore to be some flexibility to respond to opportunities that emerge that are 'outside the box', provided that they are evidenced and can demonstrate no negative impacts on achieving the wider strategic approach. Monitoring the demand-supply balance will be a requirement to enable an informed view to be taken on this.

7.5.4 The strategy should also seek to identify other tools that can work alongside the planning process to influence potential schemes and pro-actively target the right hotel investments to the optimum sites.

7.5.5 In refining the hotel development strategy, beyond the broad quantity and quality of hotel space required, our research identified a policy vacuum in terms of the vision for Cambridge as a visitor destination over the plan period to 2031. A clearly articulated tourism strategy that identifies target markets and their requirements would enable more detailed guidance to be given as to the 'best fit' hotel offers to meet these needs and help grow the desired markets. As an example, an aspiration to attract a younger, affluent market might point towards delivering the potential identified for boutique hotel development via cool, hip and funky brands like Bespoke, Malmaison, ABode and Hotel Indigo. The nature of some elements of the business tourism market, involving companies at the leading edge of technology developments, might point to targeting some 'tech-savvy' lifestyle brands and innovative offers new to the UK such as Aloft and Hyatt Place, and some of the budget boutique brands. As part of the forward strategy, this vacuum needs to be filled if Cambridge is to make the most of what tourism has to offer it, and to ensure that the city gets the hotel offer it deserves.

7.5.6 Any future strategy for hotel development in Cambridge should be designed to:

- Deliver a World-Class hotel offer in Cambridge city centre to match the city's credentials as a leading international centre of academic, research, technological and clinical excellence and aspirations as a leading international tourist destination.
- Meet anticipated future business and leisure tourist demand for hotel accommodation in the city:
- Achieve an environmentally acceptable and economically sustainable growth in the city's hotel supply;

7.5.7 In order to meet these objectives, the Cambridge Hotel Futures Study suggests that the priorities for further hotel development in Cambridge over the next 20 years should be to:

a) Achieve a high quality and distinctive hotel offer in Cambridge city centre in terms of national and international branded 4 star hotels, boutique hotels, good quality 3 star hotels and possibly a 5 star hotel – through the upgrading and expansion of existing hotels and the conversion of suitable properties.

b) Direct new-build hotel development to locations on the edge of the city centre and city outskirts where there are existing and/or potential future drivers of corporate and conference demand for hotel accommodation and frequent bus services into the city centre:

- The Station Area;
- Cambridge Science Park/Cambridge Business Park;
- Addenbrookes;
- NW Cambridge
- Cambridge Airport – in the longer term.

7.5.8 This broad hotel development strategy would:

- Drive up the quality of the city centre hotel offer;
- Focus new hotel development on locations where there are existing and new drivers of demand;
- Support the development of the growth areas;
- Enable existing and proposed conference centres at the Cambridge Science Park, Addenbrookes and NW Cambridge to secure conference business;
- Reduce unnecessary car traffic movements by hotel guests by providing hotel accommodation at the locations where people are doing business or attending conferences and encouraging hotel guests to use bus services to access the city centre.

7.5.9 Financially viable and environmentally acceptable new-build hotel development will be very difficult to achieve in Cambridge city centre given the lack of available and affordable sites; the competition for sites from higher value uses; and the scale that new-build hotels would need to be developed to in order to ensure their commercial viability. Budget hotel development will also be very difficult to achieve in Cambridge city centre for these reasons. This makes a different vision for the centre difficult to achieve - e.g. a family friendly and accessible city centre with affordable hotel accommodation – without a greater level of intervention. The economics of hotels and the strong competition for sites in the city centre point towards more exclusive and bespoke hotel offers here.

7.6 Support for the Expansion and Upgrading of Existing Hotels

7.6.1 The Cambridge Hotel Futures Study identifies both a need and an opportunity to encourage and support the expansion and upgrading of city centre hotels in Cambridge. The growth projections suggest market potential for further 4 star and boutique hotel provision in the city centre, while other aspects of the research suggest a possible opportunity for a city centre 5 star hotel and continuing demand for good quality mid-priced hotel accommodation in the city centre. Given the challenges of securing sites and conversion opportunities for new hotels in the city centre it would seem logical to try to meet some of these requirements through the expansion and/or upgrading or repositioning of existing hotels. This suggests a requirement for an explicit planning policy that recognises this opportunity and is sympathetic to the improvement and development of established hotels in the city centre (whilst not over-riding other plan policies). It will be for the City Council to determine how far it wishes to go in articulating a more flexible policy approach for existing city centre hotels.

7.6.2 The principle of supporting the development and improvement of existing hotels might also sensibly apply to the rest of the city.

7.7 Support for the Conversion of Suitable City Centre Properties to Hotels

7.7.1 The Cambridge Hotel Futures Study identifies market potential for a further 2-3 new boutique hotels in Cambridge city centre over the next 20 years together with possible scope for a new luxury 4 or 5 star hotel. While some of this requirement could be met through the repositioning and upgrading of existing city centre hotels, there is likely to be a requirement for further sites or conversion opportunities to fully satisfy the identified market opportunities. With no easily identifiable sites for new-build hotel development in the city centre, the conversion of suitable properties looks likely to provide the most realistic way forward for delivering the required new hotels in the city centre. There will however undoubtedly be pressure for the redevelopment of any suitable properties that may come forward from other, higher-value uses, e.g. residential, that a hotel use would not be able to compete with – although some properties may lend themselves more to conversion as boutique hotels.

7.7.2 An explicit policy that is sympathetic to the conversion of suitable city centre properties to hotels might therefore be appropriate. Another option could be to identify certain key city centre properties for conversion to hotels as a preferred or even allocated use e.g. one of the properties or sites at Mill Lane, the Guildhall or the Shire Hall. This would require further discussion to determine how desirable and achievable this would be as an option for such properties. Engagement with the Colleges as landowners will be important in moving this forward, and the potential for smaller properties for which the alternatives may be more limited, to be considered for boutique guest accommodation, as has been developed in Oxford and Bath.

7.8 Allocating the Shire Hall for a Luxury 4 or 5 Star Hotel?

7.8.1 The Cambridge Hotel Futures Study suggests that Cambridge can support a large new luxury 4 or 5 star hotel within the next 20 years even if the Radisson Blu hotel proceeds at Cambridge Science Park and a 4 star hotel is developed at the station, albeit that the opportunity may be more in the longer-term if these hotels proceed. The CB1 development may attract a 4 star hotel but probably not a deluxe 4 star property and is unlikely to be a location that would attract a 5 star hotel.

7.8.2 The only realistic site for a luxury hotel in the city centre is the Shire Hall, given its location, the attractiveness of the building, the setting and the availability of parking here. The site is likely to be equally attractive for other uses, including residential, which may command a higher value than a hotel use. There may therefore be a case for a policy that specifically articulates a desire to see the Shire Hall converted to a luxury 4 or 5 star hotel, should the County Council decide to vacate and dispose of it, possibly expressed through a Development Brief for the site or site allocation for a luxury hotel. This would clearly require further discussion with the County Council.

7.9 Assessing Hotel Planning Applications in Non-Priority Locations

7.9.1 The proposed hotel development strategy for Cambridge suggests focusing hotel development in the city on those locations where there is evidence of current shortages and/or deficiencies (in quality terms) of hotel supply or there are existing or planned new drivers of hotel demand that are well serviced by public transport i.e.:

- The city centre;
- The Station Area;
- Cambridge Science Park/Cambridge Business Park;
- Addenbrookes;
- NW Cambridge;
- Cambridge Airport – in the longer-term, if the airport expands and there is associated business park development here.

7.9.2 If this strategy is accepted, the issue then is how strictly the City Council might wish to enforce the strategy in planning policy terms and whether hotel schemes could be considered in other locations should they come forward in the future. Planning permission has already been granted (or may shortly be granted) for sufficient hotels in most of the above locations (apart from the city centre and Cambridge Airport) to meet the projected market requirements for new hotels through until 2031. It does not seem unreasonable therefore for the City Council to seek to restrict hotel development in other locations until hotels have been delivered in these priority locations, where permissions for hotels have already been granted. Any hotel schemes that may come forward in other parts of the city would thus need to be supported by a strong case and evidence base for why they need to be sited in a different location.

7.9.3 If the suggested locational strategy for hotel development in Cambridge is accepted the boundaries of the city centre will need to be more clearly defined, possibly as a City Centre Hotel Development Zone, to give developers and Development Control Officers clarity about where hotel development can be considered in the city centre.

7.10 Traffic and Parking Impact Assessment and Management

7.10.1 It must be recognised that any new hotel or hotel extension will generate additional traffic in terms of delivery and staff vehicles and guests arriving by car, taxi or company minibus. Very few hotel guests arrive on foot or by bus. Guests arriving by train or air will generally use taxis to reach their hotel. The traffic generation impact of proposed hotel schemes will thus need to be carefully considered. Where appropriate applicants may be required to provide traffic impact assessments for hotel development schemes.

7.10.2 New hotels and hotel extensions will also generate additional demand for car parking. A high proportion (typically 40-50%) of midweek guests for Cambridge city centre hotels arrive without a car (usually arriving by taxi or company minibus). A greater percentage of weekend guests (typically 80%) arrive with a car however, and require somewhere to park. This suggests that any new hotel development or extension scheme will need to demonstrate adequate provision for guest and staff parking in terms of:

- On-site parking;
- Valet parking arrangements using a nearby car park with available capacity;
- Arrangements with nearby public or private car parks that have spare capacity to accommodate guests' vehicles.

7.10.3 It does not seem unreasonable for the City Council to require a car parking plan for any new hotel scheme.

7.10.4 In such a congested city as Cambridge it is important to try to minimise hotel guest use of vehicles (private cars and taxis) during their stay and encourage use of buses and bikes to access the city centre. This is one of the key rationales behind siting new hotels on existing and planned business parks and alongside existing and planned conference centres, to lessen the need for business visitors and conference delegates to travel to and from city centre hotels during their stay. It will also be important to ensure that new hotels are well served by frequent bus services into the city centre and possibly that new hotels include some measures to encourage guests to cycle into the city centre, perhaps by implementing or subscribing to some form of cycle hire scheme. The City Council will need to decide how strongly it wishes to express such a policy and the extent to which it would wish to refuse proposed hotel schemes that are not served by bus services.

7.10.5 We understand that the County Council is preparing a Transport Strategy for Cambridge that will include looking at parking, and would suggest that the needs of the hotel sector are fed into this review.

7.11 Planning Conditions

7.11.1 If the City Council recognises the need for additional hotel supply in Cambridge and the challenges to achieving commercially viable hotel schemes in the city, it will also need to recognise the impact that overly onerous planning conditions can have on the viability of hotel projects, particularly in terms of Section 106 agreements, building design and requirements to meet BREEAM standards. While it will clearly be important to ensure that new hotel buildings blend with the historic environment of Cambridge city centre and deliver high standards of architectural design in other locations, Development Control officers need to recognise the additional cost burdens they may be placing on hotel schemes and the impact they have on commercial viability. This is not to suggest that hotel schemes should be exempt from the type of planning conditions that may be applied to other types of development, but that a reasonable approach is needed to avoid pushing otherwise desirable hotel projects to a point where they cannot be commercially progressed. Use of the Community Infrastructure Levy might be one route, through relaxation to aid scheme viability.

7.12 Planning Policy for Serviced Apartments

7.12.1 The new generation of hotel accommodation that combines an element of self-catering with some service is causing a blurring of the boundaries between uses in planning terms. In general they are intended to serve extended stay corporate demand, but may also let their units for shorter stays to business and leisure tourist markets. Extended stay hotels operate under several banners, brands and models but generally fall into one of 4 categories:

- All-suite hotels;
- Apartment hotels or aparthotels;
- Purpose-built serviced apartment blocks;
- Residential apartments let as serviced apartments by letting agencies.

7.12.2 From a planning point of view, aparthotels, all-suite hotels and purpose-built serviced apartment blocks would fall within the C1 hotel use class, whereas residential apartments that are let out as serviced apartments would fall within the C3 residential use.

7.12.3 The distinction in use class terms between aparthotel and serviced apartments appears to revolve around a number of aspects. Aparthotels offer:

- A higher level of service – cleaning, laundry, food hampers, toiletries, towels provided
- Letting on a daily short term basis, although some might require a minimum 2-3 night stay;
- Reception facilities;
- A hotel style booking system

7.12.4 If C3 residential units intended for permanent residential or second home use are subsequently let out as serviced apartments, there is no planning distinction between the uses, and planning will already have been granted without any occupancy conditions. The situation is further blurred if some units within a block are let for tourism use and others not. If a whole block becomes given over to tourism lets there may be a case for change of use. However in reality, residential apartments are often let as serviced apartments for variable periods of time dependent upon the owners' objectives. They may not therefore remain as serviced apartments on a permanent basis. Requiring a change of use may not therefore be practically possible to enforce.

7.12.5 It must also be recognised that residential apartments that are let out as serviced apartments for extended corporate stays compete as much in the residential lettings market as they do in the hotel market. Other options for companies to house their long stay visitors are to take a short hold tenancy on a residential property or possibly to buy a property as a company house or apartment.

7.12.6 In Cambridge there have been a number of cases of residential apartments moving in and out of the serviced apartment market. With minimal servicing, and minimum letting terms, i.e. not available on a daily basis, legal advice indicated their letting on a shorter term basis does not constitute a material change of use.

7.12.7 Moving forward, it would be good to give some clarity to this element of the market by having a policy for serviced apartments and aparthotels. The policy would recognise there is some limited potential for the development of aparthotels and serviced apartments and make clear that both aparthotels and purpose-built serviced apartment blocks would be treated as a hotel use class, limiting permanent occupation, and therefore retaining their use for the tourist market and extended stay leisure and business markets. Occupancy conditions could be applied as part of the planning/legal agreement.

7.12.8 If the loss of permanent residential accommodation and the under-cover creep of residential property into the hotel market are issues of strong concern to the Council, It would be possible to also have a local policy preventing without planning permission the change from permanent residential accommodation to use for short term letting, whether serviced or not, and to impose conditions on the granting of planning permission. Greater London Authority have a General Powers Act which facilitates some London Boroughs to operate policies to tackle this, though an alternative approach is to consider applying for a license to let on a short term basis, defined as less than 90 days.

7.12.9 In summary, whilst setting a policy for purpose-built units as a hotel use would appear straightforward, a policy to prevent change of use from residential to serviced apartment for short term letting would appear to be fraught with difficulty. Given that policies seeking to protect the loss of residential accommodation are already in place, combined with the complications emanating from the fact that many of the owner/agency letting agreements are temporary and may relate to only parts of buildings, a change of use policy could be hard to implement, and as legal advice has already intimated, may be difficult to enforce. On balance, the planning system might not be the best vehicle for controlling this activity; licensing could offer a more practical and less cumbersome solution, and if a chosen route forward, should be developed in association with the serviced apartment industry.

7.13 Hotel and Guest House Retention

7.13.1 The research has shown quite clearly a strong demand for many leisure and business visitors to be in the city centre, a limited number of sites identified for new hotel development in the city centre, and real challenges to bringing these sites forward. The existing hotel supply located here therefore is precious, and given the difficulty of securing other city centre sites, there is a strong argument for retaining these hotels, particularly in the face of pressure for higher value residential use.

7.13.2 One option to deliver some of the potential for hotel development identified in the growth forecasts could be through the re-positioning, redevelopment and extension of existing hotels. Indeed, a number of hotels have identified an interest in doing this, moving from 3 to 4 star, or repositioning as boutique hotels. Some of the central and inner ring road hotels have been criticised on Trip Advisor on quality and for a lack of investment. However, in many cases their general location and aspect is good, and as such they present opportunities for re-positioning that could deliver rooms at the right level in the market with walk-ability to the central area, so much in demand by the market.

7.13.3 One option for future planning policy therefore could be to introduce a policy that seeks to retain hotels in the city centre, resisting their change of use, including to residential. The definition of 'city centre' needs to be clearly articulated; some of the existing hotels with potential are located around the inner ring but on the opposite side of the road to the city centre boundary. We understand that there is also some wider debate about extending the city centre boundary that could include the station area.

7.13.4 A hotel retention policy would not be intended to present existing hotels with a stranglehold on their future development. Such policies are common in resorts, which often define a hotel zone where loss would be resisted. However, where the case can be made that the hotel is not and cannot be made viable with investment, exit can sometimes be negotiated. Guidelines would need to be developed to clearly articulate these conditions and the evidence that would be required, in terms of marketing for sale and viability calculations.

7.13.5 With the level of new budget supply coming on stream in the short term, ahead of market forecasts, and as the fair share analysis has shown, we expect that there may be some guest houses and small hotels that might seek to exit the market. Outside the core city centre/fringe zone, there might be more flexibility to permit this, and those properties that are less well-located and of poorer quality might be lost without too much detriment to the overall supply.

7.14 A Joint Approach with South Cambridgeshire

7.14.1 There is currently no joint strategy for hotel development in and around Cambridge between the two Councils, or any sort of formalised approach to consultation on hotel-related schemes, particularly on the city outskirts, where they fall into South Cambridgeshire. Clearly, hotels on the outskirts of Cambridge trade in, and have an impact on the Cambridge city centre hotel market, so it is a cross border issue. As with Cambridge City Council, South Cambridgeshire is currently commencing a review of its LDF; this process and the development of the emerging Local Plans presents an opportunity to consider putting such a joint hotel planning policy framework and strategy in place for Cambridge and its surrounds.

7.15 Monitoring Hotel Performance

7.15.1 This Hotel Futures report presents a snapshot of the market at a particular point in time. It has forecast potential growth in the hotel market to 2031 based upon the best available data, in line with growth forecasts for the Cambridge economy, University expansion and tourism. Clearly we have had to make some assumptions about which hotel schemes and sites are most likely to come on stream; the potential impacts of new supply; and the likely movement of business between the city centre and the city outskirts. The growth projections also do not factor in any additional demand that new hotels might generate themselves or the potential hotel demand that existing and proposed conference centres on the outskirts of the city might generate if they are supported by adjacent hotels. Many factors affect the hotel market, locally, nationally and globally, not all of which can be predicted.

7.15.2 Monitoring hotel performance on a regular basis, and particularly as new hotels come on stream, would be a valuable means to keeping a finger on the pulse of the market, also ensuring an up-to-date evidence base is in place against which to assess individual planning applications and needs assessments.

7.16 Optimising the Potential – Other Recommended Actions

7.16.1 The hotel development strategy for Cambridge is not just about planning for hotels, but working with many other aspects of destination development and management to fully optimise the potential of the sector and the part it can play in delivering the wider destination vision. Below we identify a series of other actions that would support this process and the potential for new hotel development in Cambridge.

a) Articulating a Vision for the City

7.16.2 Articulating a vision for Cambridge as a destination is critical to identifying the nature of the hotel offer that can best contribute to that vision. This requires a Destination Management Plan that can spell out the aspiration for what Cambridge will look like as a visitor destination in 2031 and how to get there. Central to this is the markets that the city wants to target – their requirements will help shape the nature of the hotel offer to be developed. There is a need for the City Council to work with its partners across both the public and private sectors to develop a vision for Cambridge as a visitor destination and a joined up approach to delivering Destination Management.

b) Pro-Active Targeting of Hotel Brands and Offers

7.16.3 Having identified 'best fit' hotel offers, pro-actively targeting the developers and operators of these hotel products and brands gives the city its best chance of delivering the vision, and attracting added value business. From our understanding to date of the City Council's approach and the market potential, those offers that could add value might include:

- Luxury brands e.g. Four Seasons, Waldorf Astoria
- International brands e.g. Marriott, Wyndham, Sheraton
- National boutique brands e.g. Malmaison, ABode
- Innovation and leading edge offers e.g. Hyatt Place, Aloft

7.16.4 We know that Cambridge is high on the target lists of most hotel developers and operators. An approach from a prestige city that wants to make development happen will be well-received. There is an opportunity then to engage with their professional staff, get their input into specific site opportunities, and better understand their requirements.

c) Supporting the Search for City Centre Sites

7.16.5 The availability of suitable city centre hotel sites has been identified as a major barrier to investment. We have seen that there is strong demand for 4/5 star hotels and boutique hotels in the city, and relatively few sites likely to come forward, given the challenges of strong competition for space and value. To promote the delivery of a luxury 4 or possibly 5 star hotel and additional boutique hotel offers in the city centre, the City Council may well need to intervene in one or more ways:

- Inform key landowners of the potential for boutique and luxury hotel development and encourage them to bear this potential in mind in reviewing their estates;
- The College Bursars are an important target in this respect, in terms of the land and buildings they control, much of which will be central and characterful, even quirky. Unusual buildings might convert well to boutique hotels where other uses might be more of a challenge. Smaller properties may lend themselves to conversion to boutique guest houses;
- Buildings and sites in the ownership of the City and County Council offer the additional advantage of public sector control. Both the City and County Council Estates Teams should be approached to identify potential opportunities;
- The Shire Hall offers a unique opportunity to develop a luxury, even 5 star hotel, for Cambridge, particularly given its setting. The potential to include a luxury hotel as part of the mix for the future of this site should be explored at the earliest opportunity;
- The Guildhall could also present an opportunity for hotel development such as a boutique Malmaison. Oxford City Council secured the Malmaison in the Oxford Prison buildings by allocating it for hotel development;

- Hotels can make successful upper floor uses, often requiring limited ground floor presence. Combining an upper floor hotel with a branded ground floor restaurant would be one way to get more value out of a site/development and is worthy of discussion with site owners and the developers of mixed use schemes.

d) Engaging with Hotel Developers and Site Owners

7.16.6 In addition to trying to identify additional sites in the central area, there is an opportunity to engage with hotel developers and operators in relation to schemes that already have permission but have not yet been delivered. There is a lack of clarity about the nature of the hotels to be delivered in the station area: the Red House has been associated with a 3 / 4 star hotel operation; CB1 with an operator of multiple hotel brands from budget to 4 star. There is an opportunity to approach the companies concerned, find out more about their brand proposals, and if required to try and influence these schemes in line with market potential and vision for Cambridge as a visitor destination.

e) Making Hotel Market Performance Information Available

7.16.7 Part of the influencing process, we believe, is to make quality, up-to-date market performance information available to hotel developers and operators, to help inform their decision-making on hotel opportunities. We would recommend condensing the key data into a Cambridge Hotel Market Fact File, which can be used to respond to hotel developer and operator enquiries, but could be pro-actively sent to those behind current hotel proposals as a way of engaging them in discussion with the City Council.

f) Communicating the Findings to the City's Existing Hotels

7.16.8 The city's existing hotels are a key element of the tourism offer, and a number offer potential for upgrading, re-positioning and expansion to meet the future market needs of the city. Key performance data and detail of the opportunities identified for re-positioning should be communicated to them. Ideally this would form the basis for a closer working relationship that might explore what potential there could be, particularly for key sites in the city centre and around the inner ring road. Many have had difficulties with the planning system and would welcome a more co-operative rather than confrontational approach to moving their hotel forward.

g) Communicating the Findings to Planning Teams

7.16.9 Planning Policy and Development Control Teams in both the City and South Cambridgeshire District Councils need to be made aware of the potential identified in this study. Arrangements for joint working and consultation on hotel schemes need to be put in place, under the umbrella of a joint hotel strategy for the city and its outskirts. This needs to be fed into the Issues & Options process for the development of both Local Plans. If required, a presentation to joint planning teams could be delivered.

h) Leisure Marketing

7.16.10 Cambridge is undoubtedly a very strong leisure tourist destination yet its hotels are primarily only attracting one-night leisure break stays and have spare bedroom capacity on Friday and Sunday nights as well as some Monday and Thursday nights, particularly during the winter, and during August when corporate demand reduces. There is a clear case therefore for more proactive marketing of Cambridge as a UK leisure break, overseas tourist and group tour destination. This will become even more important as the city's hotel supply increases and the Cambridge hotel market becomes more competitive on trough nights and during quieter periods.

7.16.11 There is merit therefore in the City Council coming together with the city's hotels, the Colleges, tourism-related businesses and neighbouring local authorities, to mount more proactive leisure marketing campaigns to boost demand at the times that the city's hotels and other businesses most need additional business.

7.16.12 Further research will be needed to more precisely identify which leisure markets can best deliver the sort of business that the city needs.

i) Marketing Cambridge as a Conference Destination

7.16.13 There is also a case for more proactive and co-ordinated marketing of Cambridge as a conference destination, particularly as the city's hotel supply increases and its conference venue product develops. Many of the Colleges have spare conference room capacity during term time that they may be able to fill by working more proactively with the city's hotels. Cambridge is a highly sought after conference destination. There is undoubtedly more conference business that the city can win if it wants to.

j) Assessing the Conference Market Potential

7.16.14 There could be merit in undertaking research to more clearly understand the conference market potential of Cambridge to help inform:

- The development and marketing plans for the Trinity Centre and the proposed conference centres at Addenbrookes and N W Cambridge;
- Proactive conference marketing for the city.

7.16.15 Such research should seek to identify the potential target conference markets for Cambridge; their venue and accommodation requirements; and how best to reach them through marketing communication.

7.16.16 Such research might be progressed by the City Council working in partnership with the Colleges, the Trinity Centre, the backers of the conference centres at Addenbrookes and NW Cambridge and the city's hotels. A well co-ordinated piece of research should prove more cost-effective for all parties and could be a good starting point for achieving a well planned conference product development and marketing strategy for the city.

k) Managing and Planning for Hotel Guest Traffic and Parking

7.16.17 The parking needs of guests staying at existing and potential new city centre hotels need to be considered as part of the County Council's emerging transport strategy. This will require some consultation with city centre hotels to understand where they are currently directing their guests to park if they do not have sufficient on-site parking and whether the public car parks that they are sending their guests to have the capacity to cope with demand. It will also require an assessment of the extent to which potential new city centre hotels might add to hotel guest demand for public car parks in the city centre.

7.16.18 Some hotels mentioned to us in the course of our discussions with them that there is no overnight coach parking in Cambridge. This constrains the potential for city centre hotels to cater effectively for group tour business. While few of them want to attract this market at present, some of the existing and potential new hotels in the city might want to target this market in the future in a more competitive hotel market. Addressing the requirement for overnight coach parking may therefore need to be given further consideration in the future.

7.16.19 There could be merit in developing some form of cycle hire scheme for hotel guests as a means of encouraging them not to drive or take taxis into the city centre. Cycling in and around the city could then be promoted as a key part of the Cambridge visitor experience for hotel guests.

l) Helping the Independent Hotel, Guest House and B&B Sector to Adjust to a New Market Environment

7.16.20 As the city's supply of budget and other hotels increases there may be a need for some form of intervention in terms of marketing and business management advice and training to help independent hotel, guest house and B&B owners to adjust to a more competitive market environment. Assistance with Internet and social media marketing and adapting to taking online bookings may be particularly useful.

7.17 Next Steps

7.17.1 The Hotel Futures study has identified a series of actions involving not just planning teams but action that crosses local authority departments and boundaries. Unfortunately, hotels are rarely identified within local authorities as anyone's 'responsibility'. However, in our experience, effective implementation of recommendations such as those made here will require leadership – which can be at Officer or Member level – and in addition possibly some 'champions' or 'ambassadors' to act as advocates for moving the hotel sector forwards in the city.

7.17.2 The required actions will need co-ordinating and resourcing. They cannot all be achieved at once, and in some cases there will be a natural sequence to the way that the recommendations are progressed. Ideally this requires action planning and prioritisation. We appreciate that these are difficult and unchartered waters that might require some additional hotel expertise to move forward.

7.17.3 There is clearly a process to go through to test the hotel development strategy proposed here, involving widespread consultation and debate. We would be happy to further support the City Council in the implementation process as required.

ANNEX 1

Glossary of Hotel Definitions

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GLOSSARY OF HOTEL DEFINITIONS

Budget Hotel/Lodge

A limited service hotel usually with bedrooms in a block (40-60 rooms) separate from or attached to a pub/restaurant. AA definition also refers to these products as;'travel accommodation'. They are often located on major routeways on the approaches to towns and cities, but many brand operators also locate these offers now in town and city centres, where they will tend to be larger units of 100+ rooms and may locate in mixed use schemes, above restaurants and retail, in converted office blocks, and close to railway stations. Generally they offer a good quality room with en-suite facilities and TV; some also have optional Wi-Fi, but generally they do not offer meeting rooms or other additional facilities and services.
Brand examples include Travelodge, Premier Inn, Ibis, Etap.

Upper Tier Budget

A limited service hotel that offers a higher specification room (3 star equivalent) than a budget hotel, with an integral bar/restaurant and limited meeting rooms; also sometimes a small gym/fitness room. They tend to be larger hotels of 80-120 rooms and will locate both on the approaches to towns if close to business/leisure drivers, in town/city centres, and close to major communications drivers such as airports.
Brand examples include Express by Holiday Inn, Ramada Encore, Hampton by Hilton.

3 Star

A full service hotel that offers a restaurant and bar also open to the public, usually function/conference/banqueting facilities, and often leisure. Branded offers would tend to be 120-150 rooms+, but independent hotels may be smaller in size. Will locate in city centres and out of town where there are significant drivers of demand such as business parks.
Brand examples include Village (De Vere), Courtyard by Marriott, Hilton Garden Inn, Ramada Hotel, Days Hotel, Holiday Inn.

4 Star

A full service hotel but with a higher specification and larger bedrooms than 3 star hotels, usually offering bath and shower, telephone, internet connection, and a wider range of services including full room service and porterage, and 24 hour reception. A quality restaurant, bar, a range of meeting rooms and business services, and a health and fitness centre. These tend to be large hotels, over 150 rooms, and sometimes up to 250 rooms+. Major city centres are the preferred locations.
Brand examples include Marriott, Holiday Inn Crowne Plaza, Hilton, Radisson Blu.

5 Star

A luxury, full service offer, with highly personalised service/high staffing levels, fine dining and luxury throughout the offer.
Brand examples include RF Hotels, Radisson Edwardian

Boutique Hotel

Relatively small (30-50 rooms), high quality, individual hotels that feature contemporary design and a good food offer. They are often independent hotels or part of small chains that bear the signature of their founder. However, national brands are beginning to emerge that are larger format units (100+ rooms) and compete with 3 and 4 star hotels but achieve a premium on their rate due to their style and service.
Brand examples include Malmaison, Hotel du Vin, Abode, Bespoke, Apex.

Budget Boutique

A hotel with similar qualities to a traditional boutique hotel, particularly in terms of being design-led, but pitched at the mid-market and with less emphasis on levels of service.
Brand examples include Sleeperz, Hoxton Urban Lodge.

Townhouse Hotels

Small, luxury hotels of individual and distinctive style located in cities or large towns that offer a small number of luxury rooms, high quality fittings and a high guest to staff ratio. May offer a high quality restaurant or room service equivalent.

Brand examples include Eton Townhouse Hotels.

Country House Hotels

A quality hotel, often a building of character, set in extensive grounds in a rural setting. Most are luxuriously appointed and the rooms frequently have special features often targeted at the leisure rather than the business guest. Some may have health and fitness facilities, swimming pools and spas and may be able to offer or arrange country sport activities such as clay pigeon shooting and fishing. The atmosphere of a country house hotel should be one of relaxation, comfort and style.

Golf Hotels and Resorts

Hotels attached to or developed with a golf course that can range considerably in their standard and the facilities on offer. Usually they would be at least 3 star in standard, and can be developed to 4 star and luxury standards, especially if in association with a championship course. As with country house hotels and other destination hotel offers that are more remotely located, most would usually offer, restaurants, bars, function/banqueting rooms, full leisure centres, often spas, and may also have other specialist facilities such as golf academies. Some also have shared ownership lodges in their grounds.

Brand Examples include De Vere Hotels, MacDonald Resorts, Marriott Hotels & Country Clubs.

Aparthotels, Suitehotels and Serviced Apartments

A new generation of hotel accommodation that combines an element of self-catering through the provision of a kitchen in each unit, together with hotel services, including reception, daily cleaning, linen, toiletries and a hotel-style booking system. They are generally aimed at the extended stay market, and whilst they can offer rooms from one night upwards, most request a minimum stay. Some are purpose-built units in one ownership; others are individually owned and managed by an agency. Brands such as Staybridge Suites will also provide a limited food offer e.g. buffet style breakfast.
Brand examples include Staybridge Suites, Bridge Street Worldwide, SACO.

Occupancy Rate

The percentage of all rooms sold as a proportion of all rooms available in that period.

Achieved Room Rate (ARR)

The net average amount of rooms revenue that hotels achieve per night per room let after deduction of VAT, breakfast (if included), discounts and commission charges. Hotel rooms revenue divided by the number of rooms sold.

Revpar

Revenue per available room. The net average amount of rooms revenue that hotels achieve per night per available room after deduction of VAT, breakfast (if included), discounts and commission charges

ANNEX 2

Cambridge Hotel Stock Comparisons

ANNEX 2

CAMBRIDGE HOTEL STOCK COMPARISONS

CAMBRIDGE HOTEL STOCK COMPARISONS

Prepared for:
Cambridge City Council

April 2012

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1. INTRODUCTION

The following report has been prepared for Cambridge City Council as part of the Cambridge Hotel Futures Study to compare hotel supply and development activity between Cambridge and other historic cities in England.

The comparator cities assessed are as follows:

- Bath
- Chester
- York
- Oxford
- Norwich

The comparisons cover star-rated and branded hotels and non-inspected and guest accommodation rated hotels with 10 or more bedrooms. 5 star guest accommodation businesses are also included in the analysis.

In terms of geographic coverage the comparisons have included hotels in each city (defined as city centre and edge of city centre) and on the outskirts of each city. For the purposes of the comparisons hotels in surrounding rural areas have been excluded, although it is recognised that in some cases such hotels may be part of the overall competitive hotel supply for each city.

The report is based on desk research as follows:

- A review of visitor/ accommodation guides and websites for each comparator city;
- Internet searches for information on hotel development projects;
- Telephone interviews with Tourism, Economic Development and Planning Officers in each city.

The report provides information on the following:

- The current supply of hotels in each city;
- Changes in the hotel supply in each city between 2000 and 2011 and more recently between 2006 and 2011;
- Planned hotel development projects in each city;
- Conclusions regarding possible hotel development opportunities and priorities for Cambridge.

2. CURRENT HOTEL SUPPLY

Appendix 2 provides a comparison of the current hotel supply in each comparator city by standard. Key observations from these comparisons are as follows:

- In terms of total hotel supply, Cambridge has a similar stock of hotel accommodation to Oxford and Norwich and a higher supply than Bath. It is slightly behind Chester in terms of total hotel bedrooms and some way behind York (which has the most significant hotel stock of the six cities).

- In comparison to Oxford and Norwich, Cambridge has a greater supply of hotel accommodation in the city centre/ edge of city centre compared to the city outskirts, while the hotel supply in Oxford and Norwich is more evenly split between city centre/edge of city centre locations and the city outskirts.

- Hotel accommodation is concentrated more in city centre/ edge of city centre locations in Bath, York and Chester. A lower proportion of the hotel stock for these cities is located on the city outskirts, especially in the case of Bath and York.

- Cambridge and Norwich are the only cities that do not currently have a 5 star hotel. Bath has three 5 star hotels.

- Cambridge has a similar 4 star hotel supply to Oxford and Norwich, more 4 star hotel bedrooms than Bath and a smaller stock of 4 star hotel accommodation than York and Chester. Chester has by far the most significant supply of 4 star hotel accommodation. Norwich's 4 star hotel supply is located primarily on the outskirts of the city: Norwich has only one medium-sized, independent city centre 4 star hotel.

- 4/5 star hotel brands represented in the 6 cities are as follows:
    - Crowne Plaza (Cambridge, Chester)
    - Hilton (Bath, York)
    - Doubletree by Hilton (Cambridge, Chester)
    - Marriott (York, Norwich)
    - De Vere (Cambridge, Chester, Norwich)
    - Principal (York)
    - Macdonald (Oxford, Bath, Chester)
    - Puma (Oxford, Bath)
    - Four Pillars (Oxford)
    - Menzies (Cambridge)
    - MGallery (Bath)
    - Mercure (York, Oxford, Chester, Norwich)
    - Cedar Court (York)
    - Best Western (York, Chester)

- All 6 cities have a small supply of boutique hotel accommodation, comprising a mix of small branded and independent boutique hotels. Cambridge and Oxford have the largest numbers of boutique hotel bedrooms. Norwich has only one small independent boutique hotel. The boutique hotel supply in each city is largely to be found in city centre/ edge of city centre locations. Cambridge is the only city that has a boutique hotel on its outskirts.

- Boutique hotel brands represented in the 6 cities are as follows:
    - Hotel du Vin (Cambridge, York)
    - Malmaison (Oxford)
    - ABode (Chester)

- In terms of 3 star hotel accommodation, Cambridge has a similar supply to Bath and Norwich, more 3 star hotel bedrooms than Oxford and Chester and a much smaller 3 star hotel supply than York, which has by far the most significant 3 star hotel stock of all of the cities.

- The 3 star hotel supplies of all 6 cities comprise mainly small to medium-sized independent 3 star hotels, a number operated as part of the Best Western marketing consortium.

Holiday Inn is the only 3 star hotel brand that is represented in all of the cities apart from Bath. Norwich has 3 Holiday Inns. 3 star hotel brands represented in the 6 cities are as follows:

- Holiday Inn (Cambridge, Oxford, Chester, Norwich, York);
- Park Inn (York)
- Novotel (York)
- Best Western (Cambridge, Oxford, Bath, York, Norwich, Chester)
- Forestdale (Cambridge, Bath)
- Mercure (Oxford)

- In terms of 2 star and lower grade hotels Cambridge has a similar supply to Chester, more 2 star/lower grade hotel bedrooms than Oxford, Bath and Norwich, and a much lower supply than York, which has a significant stock of hotel accommodation at this level.

- Bath has eight 5 star guest accommodation operations, including a number of boutique establishments. Cambridge has no guest accommodation operations of this standard. The other 4 cities each have one 5 star guest accommodation business.

- All 6 cities have one Holiday Inn Express upper-tier budget hotel of varying sizes.

- With regard to budget hotel provision, Cambridge has a similar total supply to Chester, more budget hotel bedrooms than Oxford and Bath, and significantly fewer budget hotel bedrooms than York and Norwich. Bath has a very limited supply of budget hotels. York, Chester and Norwich have much greater city centre supplies of budget hotel bedrooms than Cambridge, Oxford and Bath. Budget hotel provision in Cambridge and Oxford is concentrated more on the city outskirts. There are no budget hotels in Oxford city centre/ edge of city centre locations.

- Premier Inn and Travelodge are represented in all 6 cities. The only other budget hotel brands represented in the cities are Ibis (York), Comfort Inn (Chester) and Innkeeper's Lodge (Chester, Norwich).

- Cambridge has the highest number of serviced apartment operations of all of the cities. There do not appear to be any serviced apartment operations in Chester and Norwich, although there are a number of independently let serviced apartments in these cities. Bath is the only city with a purpose-built serviced apartment complex.

3. CHANGES IN HOTEL SUPPLY

Appendices 3, 4 and 5 provide information on hotel development and supply growth in each of the comparator cities between 2006 and 2012 in terms of new hotel openings, major hotel extensions and the repositioning, rebranding and refurbishment of hotels. Key observations from these appendices are as follows:

- All 6 cities have seen an increase in hotel supply between 2006 and 2012. Cambridge and Chester have seen the most significant growth in hotel supply, followed by York. The hotel supplies of Norwich and Oxford have grown to a lesser extent, while there has been little overall growth in hotel provision in Bath, although a number of changes in terms of the repositioning of existing hotels.

- Key trends in hotel development in the cities since 2006 have been the development of budget and boutique hotels. Serviced apartment operations have also developed in some cities.

- Cambridge, Chester, York and Norwich have seen significant growth in budget hotel provision since 2006, with new Premier Inn and Travelodge hotels opening in each of these cities, either as new-build hotels or through the repositioning of existing 3 star and upper-tier budget hotels. Cambridge and Chester have seen the most significant percentage increases in budget hotel provision between 2006 and 2012. Travelodge has opened a second hotel in Bath through the repositioning of a former 4 star hotel. In Oxford there have only been two budget hotel bedroom extensions. No new budget hotels have opened in Oxford.

- Cambridge, Oxford, Bath, York and Chester have all seen the opening of new boutique hotels in the last 5 years in terms of new-build boutique hotels, the conversion of suitable properties to boutique hotels and the repositioning of existing hotels as boutique offers. These have been primarily independent boutique hotel developments. In terms of boutique hotel chains, Hotel du Vin has opened in Cambridge and ABode has opened in Chester.

- Serviced apartment operations have developed most strongly in Cambridge. Bath has also seen the opening of a purpose-built serviced apartment block.

- Another key trend has been the development of 5 star hotel provision. Oxford, Bath and York have seen the development of 5 star hotel accommodation, with the opening of a new 5 star hotel in York, the upgrading of 4 star hotels in Oxford and Bath and an extension to one of the 5 star hotels in Bath.

- The 4 star hotel supply has increased in Cambridge, York and Chester through the upgrading of existing 3 star hotels and the expansion of an existing 4 star hotel in Chester. The 4 tar hotel stock has reduced in Oxford and Bath as a result of the upgrading of hotels to 5 stars. No new 4 star hotels have opened in any of the cities between 2006 and 2012.

- All of the cities apart from Oxford have seen a reduction in 3 star hotel provision as a result of the upgrading of hotels to 4 stars.

- Cambridge and Bath have seen a reduction in their supplies of 2 star/lower grade hotels as a result of upgrading. New 2 star/ lower grade hotels have opened in Oxford and York.

- York has seen the repositioning of two upper-tier budget hotels to budget hotels.

4. PLANNED HOTEL DEVELOPMENT

Appendix 6 provides details of planned hotel development in each of the comparator cities. This shows the following:

- There are proposals for new hotels in all 6 cities and plans for the expansion and/or repositioning of existing hotels in each city. New hotels are proposed at 3, 4 and 5 star, boutique and budget levels.

- Cambridge has the highest number of proposed new hotel bedrooms (1,292). If all of the proposed hotels proceed they will result in a 62% increase in the Cambridge hotel supply and Cambridge would overtake Chester to have the second highest number of hotel bedrooms after York. New hotels are proposed in Cambridge at 3 and 4 star, boutique and budget levels. A 219 –bedroom Travelodge is currently under construction on Newmarket Road on the edge of the city centre.

- York is also set to see a significant increase in its hotel stock, with 1,005 new hotel bedrooms proposed and 8 new hotels, including two 4 star hotels, a 3 star Hilton Garden Inn, a Hotel Indigo branded boutique hotel and a Hampton by Hilton upper-tier budget hotel.

- There are proposals for an additional 657 hotel bedrooms in Bath, which would result in a 41% growth in the city's hotel supply if they are all developed. 4 new hotels are proposed in Bath city centre, including a 5 star spa hotel, a 4 star hotel and a Premier Inn budget hotel. There are also plans to reposition an existing 3 star hotel as a mid market boutique hotel.

- Fewer new hotel bedrooms are currently proposed in Chester, Oxford and Norwich. A new, small boutique hotel will open in Chester in June 2012. There are also proposals for an Ibis budget hotel and a 3/4 star hotel in the city centre and a 150-bedroom hotel at Chester Zoo. In Oxford there are plans for two new boutique hotels in the city centre and a Travelodge budget hotel on the outskirts of the city. Two existing hotels also have plans to add bedrooms. A hotel and conference centre has also been mooted as part of the regeneration of the West End area of the city centre. In Norwich there are proposals for a 3 star Hilton Garden Inn, a 150-bedroom 4 star hotel as part of the city's St James Place office development, a 3 star Bannatyne hotel on the outskirts of the city and a 47-bedroom aparthotel in the city centre.

5. CONCLUSIONS – CAMBRIDGE HOTEL DEVELOPMENT PRIORITIES

The comparisons with the current hotel supply and recent hotel development activity in the other historic cities suggest the following as possible priorities for new hotel development in Cambridge, to ensure that the city's hotel offer remains competitive with that of other historic cities in England; to take full advantage of current trends in hotel development in the UK; and to contribute to the continued development of Cambridge as a leading international heritage destination. The suggested priorities for Cambridge to consider are as follows:

- The development of a 5 star/ luxury hotel. Oxford, Bath, York and Chester all have 5 star hotels. Bath has three 5 star hotels and a fourth is planned for the city. Cambridge stands out as the only major heritage city in England that does not have a 5 star hotel.

- A new city centre 4 star hotel, ideally an international 4 star brand. Cambridge lags slightly behind York and Chester with only two international 4 star hotels compared to three in each of these cities. Marriott is represented in York and Norwich and could be a good brand for Cambridge. A Radisson Blu is proposed on the outskirts of Cambridge at the Science Park. There are no proposals currently for this brand in any of the other comparator cities.

- Further boutique hotel development, both in terms of independent boutique hotels and national boutique hotel brands such as Malmaison (represented in Oxford), ABode (represented in Chester) and Hotel Indigo (planned for York). While Cambridge is currently leading the field with Oxford in terms of boutique hotel provision, further boutique hotels are planned in Oxford, York, Bath and Chester.

- There could be scope for a branded 3 star hotel in Cambridge. Hilton Garden Inn 3 star hotels are proposed for York and Norwich. As an international brand this could be a good brand for Cambridge.

- The development of 5 star and boutique guest accommodation operations. Cambridge is currently the only city without a 5 star guest accommodation establishment. Bath has 8 such establishments.

CAMBRIDGE HOTEL STOCK COMPARISONS - APPENDICES

APPENDIX 1

HOTEL LISTINGS FOR EACH COMPARATOR CITIES

APPENDIX 1

CAMBRIDGE – CURRENT HOTEL SUPPLY – APRIL 2012

Hotel	Standard	No Rooms	Brand
City			
Crowne Plaza	4 star	198	Crowne Plaza
De Vere University Arms	4 star	119	De Vere
Doubletree by Hilton	4 Star	122	Doubletree by Hilton
Hotel du Vin	Boutique	41	Hotel du Vin
The Varsity	Boutique	48	
Arundel House	3 star	103	
Gonville	3 star	80	Best Western
Lensfield	3 star	30	
Regent	3 star	22	
Royal Cambridge	3 star	57	Forestdale
Ashley	2 star	16	
Centennial	2 star	39	
Fenners	n/a	22	
Hamilton Lodge	3 star GA	32	
Helen	n/a	18	
Sorrento	n/a	22	
Travelodge Cambridge Central	Budget	120	Travelodge
Cityroomz	Budget	24	
City Stay Apartments	Serviced Apts	32	
Nobleo Apartments	Serviced Apts	8	
Quest Apartments	Serviced Apts	24	
Your Space Apartments	Serviced Apts	65	
City Outskirts			
Menzies Cambridge	4 star	136	Menzies
Felix	Boutique(AA 2 Rosettes)	52	
Holiday Inn Cambridge	3 star	161	Holiday Inn
Cambridge Quy Mill	3 star (AA 1 Rosette)	50	Best Western
Holiday Inn Express	Upper-tier Budget	100	Holiday Inn
Cambridge	n/a	35	Express
Lovell Lodge	Budget	154	
Premier Inn Cambridge A14	Budget	20	Premier Inn
J32	Budget	138	Premier Inn
Premier Inn Cambridge North			Travelodge
Travelodge Cambridge	Budget	20	
Orchard Park			Travelodge
Travelodge Cambridge			
Lolworth			

BATH – CURRENT HOTEL SUPPLY – APRIL 2012

Hotel	Standard	No Rooms	Brand
City			
Bath Spa	5 star (AA 2 Rosettes)	129	Macdonald
Royal Crescent	5 star (AA 3 Rosettes/RAC Blue Ribbon)	45	
Bath Priory	5 star (AA 3 Rosettes/RAC Gold Ribbon)	31	Brownsword Hotels
Hilton Bath City	4 star	173	Hilton
Francis	4 star	98	MGallery
Milsoms	Boutique	9	
The Halcyon	Boutique	21	
The Queensbury	Boutique	29	
Best Western Abbey	3 star	62	Best Western
Dukes	3 star	17	
Harington's	3 star	13	
Lansdowne Grove	3 star	55	Shearings
Parade Park	3 star	38	
Pratt's	3 star	46	Forestdale
The Royal	3 star	35	
Carfax	2 star	31	
Redcar	2 star	41	
Wentworth House	2 star	19	
Bath Paradise House	5 star GA	11	
Cheriton House	5 star GA	13	
Dorian House	5 star GA Boutique	11	
One Nine Three	5 star GA Boutique	8	
Tasburgh House	5 star GA	12	
The Ayrlington	5 star GA (VB Gold Award)	16	
The Windsor	5 star GA	13	
Villa Magdala	5 star GA (VB Gold Award)	20	
Holiday Inn Express Bath	Upper-tier Budget	126	Holiday Inn Express
Travelodge Bath Waterside	Budget	125	Travelodge
Travelodge Bath Central	Budget	66	Travelodge
SACO Bath	Serviced Apartments	43	SACO
City Outskirts			
Combe Grove Manor	4 star (AA 1 Rosette)	42	Puma
Bailbrook House, Batheaston	3 star	78	
Best Western Limpley Stoke	3 star	67	Best Western
Cliffe	3 star	11	Best Western
The Old Mill, Batheaston	3 star	35	

CHESTER – CURRENT HOTEL SUPPLY – APRIL 2012

Hotel	Standard	No Rooms	Brand
City			
The Chester Grosvenor	5 star (AA 5 Red Star/ AA 3 Rosettes/ RAC Blue Ribbon /VB Gold Award)	80	Small Luxury Hotels of the World/ Pride of Britain
Crowne Plaza Chester	4 star	160	Crowne Plaza
Best Western Premier Queen	4 star	218	Best Western
Macdonald New Blossoms	4 star	67	Macdonald
ABode Chester	Boutique	85	ABode
Green Bough	Boutique	15	
Mill	3 star	129	
Westminster	3 star	75	Best Western
Alton Lodge	3 star	21	
Lloyd's of Chester	3 star	17	
Belgrave	2 star	34	
Brookside	2 star	23	
Curzon	2 star	16	
Dene	2 star	48	
Eaton	2 star	16	
Hotel Roma	2 star	28	
Stafford	2 star	25	
Bawn Lodge	n/a	15	
Chester Court	3 star GA	20	
Dragonfly	5 star GA Boutique	6	
Holiday Inn Express Chester Racecourse	Upper-tier Budget	97	Holiday Inn Express
Comfort Inn Chester	Budget	31	Comfort Inn
Premier Inn Chester City Centre	Budget	120	Premier Inn
Premier Inn Chester Central North	Budget	31	Premier Inn
Travelodge Chester Central	Budget	60	Travelodge
Travelodge Chester Central Delamere St	Budget	160	Travelodge

City Outskirts			
Crabwall Manor	4 star (AA 4 Red Star)	48	
Doubletree by Hilton Chester	4 star	140	Doubletree by Hilton
Grosvenor Pulford	4 star	73	
Mercure Chester West	4 star	126	
Mollington Banastre	4 star	63	Mercure
Rowton Hall	4 star (AA 1 Rosette/VB Silver Award)	38	
Holiday Inn Chester South	3 star	143	Holiday Inn
Innkeeper's Lodge Chester South East	Budget	14	Innkeeper's Lodge
Premier Inn Chester Central South East	Budget	94	Premier Inn
Travelodge Chester Warrington Road	Budget	35	Travelodge

YORK – CURRENT HOTEL SUPPLY – APRIL 2012

Hotel	Standard	No Rooms	Brand
City			
Cedar Court Grand	5 star	107	Cedar Court
Hilton	4 star	130	Hilton
York Marriott	4 star	151	Marriott
Royal York	4 star	167	Principal
The Grange	4 star (AA 3 Red Star/ 2 Rosettes/ RAC Blue Ribbon VB Gold Award)	36	
Best Western Plus Dean Court	4 star (AA 2 Rosettes/ VB Silver Award)	37	Best Western
Grays Court	Boutique	7	
Hotel Du Vin York	Boutique	44	Hotel Du Vin
Marmadukes	Boutique	14	
Churchill	3 star	32	
Park Inn York	3 star	200	Park Inn
Holiday Inn	3 star	142	Holiday Inn
Best Western Kilima	3 star	26	Best Western
Minster	3 star	35	
Best Western Monkbar	3 star	99	Best Western
Novotel York Centre	3 star	124	Novotel
Mount Royale	3 star (AA 1 Rosette)	24	
Hotel 53	3 star	100	
Elmbank	3 star	63	
Hedley House	3 star	29	
Alhambra Court	2 star	24	
Coach House	2 star	11	
Holgate Hill	2 star	18	
Hotel Noir	2 star	28	
Lady Anne Middleton's	2 star	54	
Knavesmire	2 star	20	
Newington	2 star	44	
The Queens	2 star	78	
Wheatlands Lodge	2 star	60	
Beechwood Close	n/a	14	
Blue Bridge	n/a	18	
Jorvik	n/a	22	
Bishops	5 star GA	13	
City Lets	Serviced Apts	35	
Ibis	Budget	85	Ibis
Premier Inn York City Centre (Blossom Street North)	Budget	102	Premier Inn
Premier Inn York City Centre (Blossom Street South)	Budget	91	Premier Inn
Travelodge York Central	Budget	93	Travelodge
Travelodge York Micklegate	Budget	104	Travelodge

City Outskirts			
Middlethorpe Hall	4 star (AA 4 Red Star/ 2 Rosettes RAC Gold Ribbon)	29	Relais & Chateaux
Mercure Fairfield Manor	4 star	89	Mercure
York Pavilion	3 star (AA 2 Rosettes)	57	Best Western
Holiday Inn Express York East	Upper Tier Budget	49	Holiday Inn Express
Premier Inn York North	Budget	49	Premier Inn
Premier Inn York North West	Budget	64	Premier Inn
Travelodge York Hull Road	Budget	40	Travelodge

OXFORD – CURRENT HOTEL SUPPLY – APRIL 2012

Hotel	Standard	No Rooms	Brand
City			
Macdonald Randolph	5 star	151	Macdonald
Oxford Spires Four Pillars	4 star	160	Four Pillars
Old Parsonage	4 star	30	
Cotswold Lodge	4 star (AA 1 Rosette)	49	
Old Bank	Boutique (AA 1 Rosette)	42	
Ethos	Boutique	12	
Malmaison	Boutique	94	Malmaison
The Bocardo	Boutique	10	
Mercure Eastgate	3 star	63	Mercure
Royal Oxford	3 star	26	
Best Western Linton Lodge	3 star	70	Best Western
Balkan Lodge	2 star	13	
Bath Place	2 star	20	
River	2 star	20	
Tree	2 star	9	
Victoria	2 star	22	
Burlington House	5 star GA	11	
Remont	4 star GA	25	
Noa Residence	Svcd Apts	12	
Oxford Short Lets	Svcd Apts	92	
City Outskirts			
The Oxford	4 star	168	Puma
Oxford Thames Four Pillars	4 star	62	Four Pillars
Hawkwell House	3 star	66	Bespoke
Holiday Inn Oxford	3 star	154	Holiday Inn
Westwood Country	3 star	20	
Holiday Inn Express Kassam Stadium	Upper-Tier Budget	162	Holiday Inn Express
Premier Inn Oxford	Budget	143	Premier Inn
Travelodge Oxford Peartree	Budget	197	Travelodge

NORWICH – CURRENT HOTEL SUPPLY – APRIL 2012

Hotel	Standard	No Rooms	Brand
Town			
Maids Head	4 star	84	
St Giles House	Boutique	23	
Holiday Inn Norwich City	3 star	150	Holiday Inn
Best Western George	3 star	43	Best Western
Best Western Annesley House	3 star	26	Best Western
Georgian House	3 star	30	
Oaklands	3 star	49	
Stracey	3 star	20	
Lansdowne	2 star	37	
38 St Giles	5 star GA	7	
Premier Inn Norwich City Centre (Duke Street)	Budget	117	Premier Inn
Premier Inn Norwich Nelson City Centre	Budget	159	Premier Inn
Travelodge Norwich Central	Budget	104	Travelodge
Travelodge Norwich Central Riverside	Budget	81	Travelodge
City Outskirts			
Sprowston Manor	4 star	94	Marriott
De Vere Dunston Hall	4 star	166	De Vere
Mercure Norwich	4 star	107	Mercure
Holiday Inn Norwich North	4 star	121	Holiday Inn
Holiday Inn Norwich, Ipswich Road	3 star	119	Holiday Inn
The Brook	3 star	80	
The Old Rectory, Crostwick	3 star	16	
The Old Rectory, Thorpe St Andrews	2 star (AA 2 Red stars)	8	
Holiday Inn Express Norwich	Upper Tier Budget	78	Holiday Inn Express
Innkeeper's Lodge Norwich	Budget	10	Innkeeper's Lodge
Premier Inn Norwich Centre South	Budget	92	Premier Inn
Premier Inn Norwich Airport	Budget	64	Premier Inn
Premier Inn Norwich (Showground/A47)	Budget	62	Premier Inn
Travelodge Norwich Cringleford	Budget	62	Travelodge

APPENDIX 2

HOTEL STOCK COMPARISONS BY STANDARD

Standard	Cambridge		Oxford		Bath		York		Chester		Norwich	
	Estabs	Rooms	Estabs	Rooms	Estabs	Rooms	Estabs	Rooms	Estabs	Rooms	Estabs	Rooms
City												
5 star			1	151	3	205	1	107	1	80		
4 star	3	439	3	239	2	271	5	521	3	445	1	84
Boutique	2	89	4	158	3	59	3	65	2	100	1	23
3 star	5	292	3	159	7	266	11	874	4	242	6	318
2 star	6	149	6	109	3	91	12	391	9	205	1	37
5 star GA			1	11	8	104	1	13	1	6	1	7
Upper-tier Budget					1	126			1	97		
Budget	2	144			2	191	5	475	5	402	4	461
Serviced Apartments	4	129	2	104	1	43	1	35				
Total City	**22**	**1242**	**20**	**931**	**30**	**1356**	**39**	**2481**	**26**	**1577**	**14**	**930**
City Outskirts												
5 star												
4 star	1	136	2	230	1	42	2	118	6	488	4	488
Boutique	1	52										
3 star	2	211	3	240	4	191	1	57	1	143	3	215
2 star	1	35									1	8
Upper-tier Budget	1	100	1	162			1	49			1	78
Budget	4	332	2	340			3	153	3	143	5	290
Serviced Apartments	1	7										
Total City Outskirts	**11**	**873**	**8**	**972**	**5**	**233**	**7**	**377**	**10**	**774**	**14**	**1079**
Total												
5 star			1	151	3	205	1	107	1	80		
4 star	4	575	5	469	3	313	7	639	9	933	5	572
Boutique	3	141	4	158	3	59	3	65	2	100	1	23
3 star	7	503	6	399	11	457	12	931	5	385	9	533
2 star	7	184	6	109	3	91	12	391	9	205	2	45
5 star GA			1	11	8	104	1	13	1	6	1	7
Upper-tier Budget	1	100	1	162	1	126	1	49	1	97	1	78
Budget	6	476	2	340	2	191	8	781	8	545	9	751
Serviced Apartments	5	136	2	104	1	43	1	35				
TOTAL	**33**	**2115**	**28**	**1903**	**35**	**1589**	**46**	**2858**	**36**	**2351**	**28**	**2009**

APPENDIX 3

CHANGES IN HOTEL SUPPLY 2006-2012

APPENDIX 3

CHANGES IN HOTEL SUPPLY 2006-2012

CAMBRIDGE			
New Hotels			
Hotel	**Standard**	**Rooms**	**Year Opened**
Travelodge Cambridge Orchard Park	Budget	138	2011
The Varsity	Boutique	48	2010
Nobleo Apartments	Serviced Apts	8	2009 est.
Premier Inn Cambridge A14 J32	Budget	154	2009
City Stay	Serviced Apts	29	2008
Hotel du Vin	Boutique	41	2007
Premier Inn Cambridge North	Budget	20	2007
Quest Apartments	Serviced Apts	26	2006
Cityroomz	Budget	26	2006
Hotel Extensions			
Hotel	**Standard**	**Additional Rooms**	**Additional Facilities**
No major hotel extensions 2006-2012			
Rebranding, Repositioning and Refurbishment of Hotels			
The Cambridge Garden House was rebranded as a Doubletree by Hilton in 2008			
The Arundel House upgraded to 3 star (from 2 star) in 2008			
The Cambridgeshire Moat House was purchased by Menzies Hotels in 2006 and upgraded to 4 star			

BATH			
New Hotels			
Hotel	**Standard**	**Rooms**	**Year Opened**
SACO Bath	Svcd Aprtmnts	43	2007
Hotel Extensions			
Hotel	**Standard**	**Additional Rooms**	**Year Opened**
Hilton Bath City	4 star	11	2010
Bath Spa	5 star	21	2007
Rebranding, Repositioning and Refurbishment of Hotels			
The Bath Priory has been upgraded to 5 stars (from 4 stars)			
The Royal Crescent was acquired by London & Regional Property in 2012, following the liquidation of Von Essen Hotels			
The Hilton Bath City underwent a major refurbishment programme in 2011.			
George's Hotel was redeveloped as The Halcyon boutique hotel in 2010, with 21 bedrooms.			
The 4 star Menzies Waterside was acquired by Travelodge in 2008 and was rebranded as the Travelodge Bath Waterside			
The Francis was acquired by Accor (from Macdonald Hotels) in 2006. Initially rebranded as a Mercure 3 star hotel, the hotel has been repositioned as an MGallery 4 star hotel in 2012, following a £6 million refurbishment.			
The 3 star Lansdowne Grove has been sold to Shearings – formerly Marston Hotels			
Leighton House has been repositioned as the One Three Nine boutique guest house			

CHESTER			
New Hotels			
Hotel	**Standard**	**Rooms**	**Year Opened**
ABode Chester	Boutique	85	2010
Travelodge Chester Central Delamere Street	Budget	160	2010
Premier Inn Chester City Centre	Budget	120	2009
Travelodge Chester Central	Budget	60	2008
Hotel Extensions			
Hotel	**Standard**	**Additional Rooms**	**Year Opened**
Queen	4 star	87	2009
Doubletree by Hilton	4 star	43	2009
Premier Inn Chester Central (South East)	Budget	24	2008
Rebranding, Repositioning and Refurbishment of Hotels			
The Ramada Chester was rebranded as the Mercure Chester East in 2011			
The Innkeeper's Lodge Chester North East was rebranded as the Travelodge Chester Warrington Road in 2009			
The Hoole Hall Hotel was rebranded as a 4 star Doubletree by Hilton in 2009 – previously a 3 star hotel			
The Moat House has been rebranded as a Crowne Plaza			
The Macdonald New Blossoms has undergone a significant refurbishment programme, upgrading the hotel to 4 star			

YORK			
New Hotels			
Hotel	**Standard**	**Rooms**	**Year Opened**
Grays Court	Boutique	7	2011
Cedar Court Grand	5 star	107	2010
Premier Inn York City Centre (Blossom Street South)	Budget	91	2010
Hotel Noir	2 star	28	2008
Hotel du Vin	Boutique	44	2007
Marmadukes	Boutique	14	2006
Hotel Extensions			
Hotel	**Standard**	**Additional Rooms**	**Year Opened**
The Grange	4 star	6	2008
Churchill	3 star	18	2007
Premier Inn York North West	Budget	20	2007
Rebranding, Repositioning and Refurbishment of Hotels			
Ramada Fairfield Manor rebranded as the Mercure Fairfield Manor in 2011			
Ramada Encore rebranded as the Travelodge York Central Mickelgate in 2010			
The Grange was upgraded to 4 star (from 3 star)in 2008			
The Dean Court was upgraded to 4 star (from 3 star) in 2008			
The Novotel was refurbished in 2008.			
The Express by Holiday Inn York Clifton was acquired by Premier Inn in 2008 and has been rebranded as the Premier Inn York North.			
The York Moat House was sold to Rezidor in 2007 and rebranded as a Park Inn (3 star). The hotel was fully refurbished in 2008.			

OXFORD			
New Hotels			
Hotel	**Standard**	**Rooms**	**Year Opened**
The Bocardo	Boutique	10	2012
Ethos	Boutique	12	2008
Remont	4 star GA	25	2006
Hotel Extensions			
Hotel	**Standard**	**Additional Rooms**	**Year Opened**
Oxford Spires Four Pillars	4 star	45	2007
Hawkwell House	3 star	10	2007
Premier Inn	Budget	23	2006
Travelodge	Budget	47	2006
Rebranding, Repositioning and Refurbishment of Hotels			
The Oxford has been taken over by Puma Hotels in 2012 – previously Barcelo Hotels			
The Randolph was upgraded to 5 star in 2007 (previously 4 star)			
The 3 star Eastgate has been acquired by Accor (from Macdonald) and rebranded as a Mercure hotel			
Hawkwell House has been purchased by Bespoke Hotels (from Furlong Hotels)			

NORWICH			
New Hotels			
Hotel	**Standard**	**Rooms**	**Year Opened**
Travelodge Norwich Central Riverside	Budget	81	2009
Holiday Inn Norwich City	3 star	150	2007
Hotel	**Standard**	**Additional Rooms**	**Additional Facilities**
No major hotel extensions 2006-2012			
Rebranding, Repositioning and Refurbishment of Hotels			
The Ramada Norwich was rebranded as the Mercure Norwich in 2011			
The Georgian House Hotel underwent a major modernisation and refurbishment programme in 2007			
The 3 star Nelson Hotel was converted to a Premier Inn in 2006			

APPENDIX 4

HOTEL DEVELOPMENT 2006 – 2012

APPENDIX 4

HOTEL DEVELOPMENT 2006-2012

Hotel	Standard	Rooms
Cambridge		
Hotel du Vin	Boutique	41
The Varsity	Boutique	48
Menzies Cambridge (upgrading of Moat House)	4 star	136
(Cambridgeshire Moat House)	(3 star)	(136)
Arundel House (upgrading to 3 star)	3 star	103
(Arundel House)	(2 star)	(103)
Travelodge Cambridge Orchard Park	Budget	138
Premier Inn Cambridge A14 J32	Budget	154
Premier Inn Cambridge North (Girton)	Budget	20
Cityroomz	Budget	26
Quest Apartments	Serviced Apts	24
City Stay Apartments	Serviced Apts	32
Nobleo Apartments	Serviced Apts	8
Bath		
Bath Spa (extension)	5 star	21
Bath Priory (upgrading to 5 star)	5 star	31
(Bath Priory)	(4 star)	(31)
Menzies Waterside	4 star	(112)
Hilton Bath City (extension)	4 star	11
Francis MGallery (upgrading to 4 star)	4 star	98
(Francis Mercure)	(3 star)	(95)
The Halcyon (repositioning of George's Hotel)	Boutique	21
(George's)	(2 star)	(18)
Travelodge Bath Waterside	Budget	124
SACO Bath	Serviced Apts	43
Chester		
Queen (extension)	4 star	87
Doubletree by Hilton (rebranding/extension of Hoole Hall)	4 star	140
Hoole Hall (rebranding to Doubletree by Hilton)	(3 star)	(97)
Macdonald New Blossoms (upgrading to 4 star)	4 star	67
(Macdonald New Blossoms)	(3 star)	(67)
ABode	Boutique	85
Premier Inn Chester City Centre	Budget	120
Premier Inn Chester Central South East (extension)	Budget	24
Travelodge Chester Central	Budget	60
Travelodge Chester Central Delamere Street	Budget	160

York		
Cedar Court Grand	5 star	107
The Grange (upgraded to 4 star + extended)	4 star	36
(The Grange)	(3 star)	(30)
Dean Court (upgraded to 4 star)	4 star	37
(Dean Court)	(3 star)	(37)
Hotel du Vin	Boutique	44
Marmadukes	Boutique	14
Grays Court	Boutique	7
Churchill (extension)	3 star	18
Hotel Noir	2 star	28
Premier Inn York North (rebranded from Express by Holiday Inn York Clifton)	Budget	49
(Express by Holiday Inn York Clifton)	(Upper-tier Budget)	(49)
Travelodge York Central Micklegate (rebranded from Ramada Encore)	Budget	104
(Ramada Encore)	(Upper-tier Budget)	(104)
Premier Inn York City Centre (Blossom Street South)	Budget	91
Premier Inn York North West(extension)	Budget	20
Oxford		
The Randolph (upgraded to 5 star)	5 star	151
(The Randolph)	(4 star)	(151)
Oxford Spires Four Pillars (extension)	4 star	45
Ethos	Boutique	12
The Bocardo	Boutique	10
Hawkwell House (extension)	3 star	10
Remont	4 star GA	25
Travelodge (extension)	Budget	47
Premier Inn (extension)	Budget	23
Norwich		
Holiday Inn Norwich City	3 star	150
(Nelson – converted to a Premier Inn)	(3 star)	(159)
Premier Inn Norwich Nelson City Centre	Budget	159
Travelodge Norwich Central Riverside	Budget	81

APPENDIX 5

HOTEL GROWTH 2006-2012

APPENDIX 5

CHESTER HOTEL STOCK COMPARISONS – HOTEL GROWTH 2006-2012 – HERITAGE DESTINATIONS

Standard	Cambridge			Oxford			Bath			York			Chester			Norwich		
	New Hotels	New Rooms	% Growth (Rooms)	New Hotels	New Rooms	% Growth (Rooms)	New Hotels	New Rooms	% Growth (Rooms)	New Hotels	New Rooms	% Growth (Rooms)	New Hotels	New Rooms	% Growth (Rooms)	New Hotels	New Rooms	% Growth (Rooms
5 star				1	151	*	1	52	34.0	1	107	*						
4 star	1	136	31.0	(1)	(106)	(18.4)	(2)	(34)	(9.8)	2	73	12.9	2	294	46.0			
3 star		(33)	(6.2)		10	2.5		(95)	(17.2)	(2)	(49)	(5.0)	(2)	(164)	(29.9)		(9)	(1.7)
Boutique	2	89	171.2	2	22	16.2	1	21	55.2	3	65	*	1	85	566.7			
Upper-tier Budget										(2)	(153)	(75.7)						
Budget	4	338	244.9		70	25.9	1	125	189.4	3	264	51.1	3	364	201.1	2	240	47.0
2 star	(1)	(103)	(36.0)	1	25	29.8	(1)	(18)	(16.5)	1	28	7.7						
Serviced Aprtmnts	3	64	88.9				1	43	*									
Total	**10**	**491**	**30.2**	**3**	**172**	**9.9**	**1**	**94**	**6.3**	**6**	**335**	**13.3**	**4**	**579**	**32.7**	**2**	**231**	**13.0**

Notes:

* No hotels of this standard existed in the city before 2006.

Figures in brackets ( ) show a decrease in supply

Figures for new hotels and new rooms are net figures taking account of new hotel openings and rebrandings/ upgradings

Growth rates are calculated on the basis of the total hotel supply for each city (in city centre/edge of city centre and city outskirts locations)

APPENDIX 6

PLANNED HOTEL DEVELOPMENT

APPENDIX 6 - PLANNED HOTEL DEVELOPMENT – AS AT APRIL 2012

LOCATION/SITE	PLANNED HOTEL/S	STANDARD	NEW ROOMS	STATUS
Cambridge				
Gonville Hotel, city centre	Refurbishment and upgrading to 4 star	4 star		Underway – due to be completed in 2012
Eastern Gate, Newmarket Road	Travelodge	Budget	219	Under construction – due to open 2013
Cambridge Station redevelopment – CB1 + Red House sites	2 hotels proposed	Likely to be a 3 star and 4 star hotel – one hotel could possibly be a budget hotel	357	Planning permission has been granted for two hotels as part of the redevelopment of a 26 acre site around Cambridge station that will also include offices, apartments, retail and leisure uses and a major new transport interchange.
Intercell House, Newmarket Road	Premier Inn	Budget	121	Planning application pending
Ashley Hotel, Chesterton Road	Redevelopment as a town house hotel	Boutique	19	Planning permission granted for a redevelopment of the hotel
Cambridge Science Park	Radisson Blu	4 star	296	Planning permission granted for the redevelopment of the Trinity Centre to include a new hotel
Addenbrookes	Proposed hotel	4 star	150	Planning permission granted for a hotel as part of the expansion of the Addenbrookes site and development of the new Cambridge Biomedical Campus
N W Cambridge	Proposed hotel	3 star	130	Planning application pending for a hotel as part of a new university and research quarter
Total Planned New Hotel Rooms – Cambridge			**1292**	

LOCATION/SITE	PLANNED HOTEL/S	STANDARD	ROOMS	STATUS
Bath				
Beau Street, City Centre	The Gainsborough YTL Hotels	5 star spa hotel	98	Due to open in 2014
James Street West	Kingsmead House	4 star	177	Planning permission approved for the demolition of the 1960s office building and replacement with a 4 star hotel with conference facilities
Green Park Road	Green Park House	n/a	190	Planning permission approved for conversion to a hotel
James Street West	Premier Inn	Budget	107	Planning permission granted at appeal
	Abbey Hotel	Mid market Boutique		New owners plan to redevelop this 3 star hotel as a mid-market boutique hotel
Batheaston	Bailbrook House	Luxury	61	Planning permission granted October 2008 for the development of the site into a luxury hotel with 139 bedrooms, a spa, two fine dining restaurants, bars, lounges and conference facilities.
Queen Square	Francis MGallery	4 star	24	Proposal for a 21 bedroom extension and conversion of a meeting room to 3 bedrooms
Total Planned New Hotel Rooms - Bath			**657**	

LOCATION/SITE	PLANNED HOTEL/S	STANDARD	ROOMS	STATUS
Chester				
City centre	Oddfellows	Boutique	18	New boutique hotel due to open June 2012
Boughton Retail Centre		3/4 star	120	Hotel planned as part of the redevelopment of the Boughton Retail Centre alongside a Waitrose supermarket and offices
Grosvenor Park Road	Ibis	Budget	87	Planning permission granted Jan 2008
Chester Zoo		n/a	150	Hotel included as part of the planned expansion of Chester Zoo
Total Planned New Hotel Rooms - Chester			**375**	

LOCATION/SITE	PLANNED HOTEL/S	STANDARD	ROOMS	STATUS
York				
Terry's Chocolate Factory	Plans for 2 hotels	4 star Budget	150 100	Plans have been put forward by developers Grantside for up to 2 hotels as part of the redevelopment of the former Terry's Chocolate factory. Planning permission granted in 2010. Remedial site works and demolition of the factory started in March 2012
Barbican Centre	Hilton Garden Inn	3 star	165	Hotel proposed as part of the redevelopment of the Barbican Centre site by Broadhall.
Proposed new sports stadium for York City Football Club and York Knights Rugby League Football Club	Possible hotel to be included as part of the stadium development	4 star	120	Hotel is being considered as an option as part of the stadium development
St Leonard's Place		Boutique	80	Property currently being marketed for conversion to a boutique hotel
Walmgate	Hotel Indigo	Boutique	102	Hotel planned by Sojourn Hotels. Due to open in 2013
Toft Green	Hampton by Hilton	Upper-tier Budget	120	Hotel proposed by Avantis Hotels
Layerthorpe City centre		n/a	124	Hotel proposed by Tiger Developments.
	Novotel	4 star	44	Planned bedroom extension and upgrade to 4 star
Total Planned New Hotel Rooms – York			**1005**	

LOCATION/SITE	PLANNED HOTEL/S	STANDARD	ROOMS	STATUS
Oxford				
St Michael's Street	Vanburgh House	Boutique	22	Planned conversion to boutique hotel by Sojourn Hotels
George Street		Boutique	43	Proposed conversion of empty offices to a boutique hotel.
Abingdon Road	Travelodge	Budget	83	Proposed hotel on the former Motor World site
Iffley	Hawkwell House	3 star	11	Proposed conversion of a laundry and conference room to hotel bedrooms
Cowley	Grehan House	Budget	32	Proposed hotel
Sandford	Oxford Thames Four Pillars	4 star	38	Proposed bedroom extension
Oxpens, West End		4 star	150	A hotel and conference centre has been mooted as part of the regeneration of the West End area of Oxford. There is no firm proposal at present however.
Total Planned New Hotel Rooms - Oxford			**379**	

LOCATION/SITE	PLANNED HOTEL/S	STANDARD	ROOMS	STATUS
Norwich				
St Ann's Wharf	Hilton Garden Inn	3 star	125	Hotel proposed as part of City Living Developments' St Ann's Wharf mixed-use scheme
St James' Place		4 star	150	Hotel proposed as part of the St James' Place office scheme alongside a Green's health & fitness club
Thorpe St Andrews	Bannatyne Hotel	3 star	50	Hotel proposed adjacent to the Bannatyne health club
Faith's Lane		Aparthotel	47	Planning permission granted in 2008 for an aparthotel. An application to renew the permission is currently pending
Total Planned New Hotel Rooms – Norwich			**372**	

ANNEX 3

Cambridge Hotel Market Growth Projections – Methodology & Assumptions

ANNEX 3

CAMBRIDGE HOTEL MARKET GROWTH PROJECTIONS

METHODOLODY & ASSUMPTIONS

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1. Methodology

In order to provide an indication of the number of new hotel bedrooms that might be needed in
Cambridge over the next 20 years as the city's hotel market grows, Hotel Solutions has prepared projections of possible future growth in hotel demand in and around the city at 5-yearly intervals from 2011 to 2031. These projections are based on the intelligence that we have gathered about the current demand for hotel accommodation in Cambridge and our assessment of the prospects for future growth in each of the main markets for hotel accommodation in the city. The projections assume that hotel market growth will be unconstrained by site availability and planning policy.

We have prepared projections for the following categories and locations of hotel:

- City centre 4 star and boutique hotels
- City centre 3 star hotels
- 3/4 star hotels on the outskirts of Cambridge
- Budget hotels across Cambridge
- Serviced apartments across the city

The projections use our estimates of 2011 business and leisure roomnight demand at each level in the market as their baseline. We have then applied assumed Low, Medium and High growth rates to our baseline business and leisure roomnight figures, based on the latest employment forecasts for Cambridge, the projected increase in student numbers at Cambridge and Anglia Ruskin Universities, national forecasts for domestic and inbound tourism and population growth forecasts for Cambridge.

In preparing the projections we have made the following assumptions regarding denied and lost business for hotels at the 3 and 4 star level:

- The business that city centre 4 star and boutique hotels are currently denying will be balanced out against business that such hotels will lose to any new 4 star hotels that are developed on the outskirts of Cambridge. The projections for city centre 4 star and boutique hotels do not therefore factor in the current levels of business that they are denying.
- City centre 3 star hotels will lose 25% of their current business to the new budget hotels on Newmarket Road, any new 3 star hotels that are developed on the outskirts of the city and city centre 4 star hotels trading down at quiet times. The projections for city centre 3 star hotels thus factor in this level of lost business.
- New 3 and 4 star hotels on the outskirts of the city will take 20% of corporate business from city centre 3 and 4 star and boutique hotels. The projections for 3/4 star hotels on the city outskirts thus factor in these additional corporate roomnights.

Our projections for budget hotels have factored in estimated levels of business that the city's existing budget hotels were denying in 2011, based on the information that we obtained through our interviews with budget hotel managers.

We have assumed that future growth in demand for serviced apartments will be primarily from the long stay corporate market. We have thus only applied the business growth rates to serviced apartments.

The growth projections do not include any quantification of supply-led growth that new hotels might generate because of their branding and marketing. Nor do they attempt to quantify the potential hotel demand that might be generated by the Trinity Centre and proposed conference centres at Addenbrookes and NW Cambridge if they are supported by on-site hotels, as we did not have access to any projections for these conferences centres to allow us to do this in a meaningful way. The projections do not take account of the proposal for a major conference centre in Cambridge as this project is not currently being actively progressed.

Having calculated the potential future roomnight figures for each category and location of hotel we have then worked out the number of hotel bedrooms that the future roomnight demand would support assuming that all hotels achieve an average annual room occupancy of 70%. These are levels of occupancy that would support new hotel development and allow existing hotels to continue to trade well. Comparing these figures to the baseline supply in 2011 we have then calculated the number of additional bedrooms that might be needed to meet market growth for each category of hotel in each location.

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 and should be reviewed at regular intervals. 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 2026and 2031 should thus be treated with caution.

2. Assumed Growth Rates

2.1. Business and University Demand

Employment forecasts provide an indicator of local business development and new companies coming into an area. They provide the most suitable indicator of potential growth in the volume of business demand for hotel accommodation therefore.

The currently available forecasts for employment in Cambridge for the period 2011 to 2031 put jobs growth at between 9,160 new jobs (under a low forecast) to up to 22,100 new jobs. Against a 2011 baseline of 102,720 jobs this would put the average annual growth in employment in Cambridge at between 0.45% and 1.08%. Cambridge City Council is considering employment growth options of 10,000, 15,000 and 20,000 new jobs to 2031 for the Local Plan Review, which would fall within these employment growth parameters. The types of new company that are likely to be attracted to Cambridge (national and international high tech, research, pharmaceutical and biomedical companies) should be productive in terms of generating demand for hotel accommodation. There could also be growth in the corporate residential conference market in Cambridge as the national and local economy recovers and expands. It is reasonable therefore to assume that growth in business demand for hotel accommodation in Cambridge will be at a higher rate that employment growth.

The projected increases in student numbers at Cambridge and Anglia Ruskin Universities provide an indication of the potential growth in university-related demand for hotel accommodation in Cambridge. Student numbers at the two universities are forecast to grow by 17.9% between 2011 and 2031, equivalent to an average annual growth rate of 0.9%.

Taking account of these factors we have assumed the following average annual growth rates for business and university-related demand for hotel accommodation in Cambridge between 2011 and 2031.

CAMBRIDGE HOTEL MARKET GROWTH PROJECTIONS

ASSUMED GROWTH RATES FOR BUSINESS & UNIVERSITY DEMAND

Growth Scenario	Assumed Average Annual Growth Rate 2011-2031 %
Low	1
Medium	1.5
High	2

2.2. Leisure Demand

The Cambridge Hotel Futures Study identified the key sources of leisure demand for Cambridge hotels as UK leisure break visitors, overseas tourists and group tours i.e. tourist markets. Wedding parties are a secondary leisure market for the city's hotels. People visiting friends and relatives are an important leisure market for budget hotels.

Research undertaken by Deloitte and Oxford Economics in 2010[1] projected a GVA growth rate for the UK visitor economy of 3.5% per annum between 2010 and 2020, with expenditure by inbound overseas tourists growing by 4.4% per annum. As one of the UK's leading tourist destinations it is not unreasonable to assume that Cambridge should not be able to achieve at least these levels of growth in leisure tourist demand. Having said that, the lack of promotion of the city in the tourism marketplace could result in Cambridge not achieving its full potential at as a leisure tourist destination. The Cambridge Hotel Futures Study showed that the city only attracts one-night leisure break stays. Recent research for Visit England[2] showed Cambridge as having relatively low levels of awareness across the UK, other than in London and the East of England.

Future growth in demand from wedding parties and people visiting friends and relatives is most likely to be related to population growth. The latest population forecasts for Cambridge produced by Cambridgeshire County Council show a growth in the city's population of 29,700 between 2011 and 2031, based on a planned increase of 14,000 new homes. This equates to an increase of 24.5% and an average annual growth rate of 1.22%. Cambridge City Council is however considering growth targets of up to 21,000 new homes and possibly even up to 25,000 new homes. These targets (if adopted and achieved) would result in average annual population growth rates of 1.8% and 2.2%.

[1] The Economic Contribution of the Visitor Economy: UK and the Nations, Deloitte/Oxford Economics, June 2010
[2] Trends, Motivations and Destinations, Visit England, February 2012

Taking account of these factors we have assumed the following average annual growth rates for leisure demand for hotel accommodation in Cambridge between 2011 and 2031.

CAMBRIDGE HOTEL MARKET GROWTH PROJECTIONS

ASSUMED GROWTH RATES FOR LEISURE DEMAND

Growth Scenario	Assumed Average Annual Growth Rate 2011-2031 %
Low	2
Medium	3.5
High	4.5

ANNEX 4

Cambridge Hotel Futures – Fair Share Analysis

ANNEX 4

CAMBRIDGE HOTEL FUTURES – FAIR SHARE ANALYSIS

THE IMPACT OF NEW BUDGET HOTELS ON GUEST HOUSE AND SMALL HOTEL OCCUPANCIES – FAIR SHARE ANALYSIS 2013-2027

1. INTRODUCTION

In order to provide an insight into the potential impact of new budget hotels on the performance of guest houses and small hotels in Cambridge, Hotel Solutions has undertaken a fair share analysis to model how the average levels of room occupancy for this sector of the city's accommodation supply might change under different market growth scenarios and according to the number of new budget hotel bedrooms that might open in the city. This is of course a highly hypothetical approach, based on assumptions, which may or may not be entirely accurate. The limitations of the approach must therefore be recognised and the results should be treated with caution and as indicative only.

The fair share analysis does not model the potential impact of new budget hotels on room rates for guest houses and small hotels in the city. There is no way of doing this with any degree of accuracy. In other cities where significant new budget hotel supply has opened guest house and small hotel owners have often dropped their room rates to try to maintain their occupancy levels. This could happen in Cambridge also.

2. METHODOLOGY & ASSUMPTIONS

2.1. Methodology

In order to run the fair share analysis we have first calculated an estimate of baseline 2012 roomnight demand for Cambridge guest houses and small hotels based on our audit of the supply of these forms of accommodation in the city and the occupancy data that we were able to obtain from guest houses and small hotels in Cambridge. To this figure we have applied assumed market growth rates under Low, Medium and High Growth scenarios to calculate potential future roomnight demand for guest house and small hotel accommodation in Cambridge for each year for the next 15 years (through to 2027). We have used the same growth rates that we used for the hotel demand projections for the city to ensure a consistent approach. Finally, we have calculated future average annual room occupancies for the city's guest house and small hotel sector under 4 scenarios for future growth in budget hotel provision in the city, making assumptions about the levels of new business that new budget hotels might bring and the extent to which they would also compete with the city's existing budget and 3 star hotels as well as its guest houses and small hotels.

2.2. Assumptions

We have made the following assumptions as the basis for running the fair share analysis:

Base Supply of Guest Houses and Small Hotels in Cambridge

Our audit of the current supply of guest houses, B&Bs and small hotels in Cambridge identified a total of 591 bedrooms in these types of accommodation in the city. We have used this figure as the base supply of guest houses and small hotels for the fair share analysis.

Baseline Roomnight Demand

We have assumed an average annual room occupancy figure for the Cambridge guest house and small hotel sector of 55% in 2012, based on the occupancy data that we were able to obtain from guest houses and small hotels in the city. This represents a significant reduction in the levels of occupancy that the city's guest houses and small hotels were achieving in 2009 and 2010. Such establishments were typically achieving average annual room occupancies of 65-75% in 2009 and 60-65% in 2010. Occupancies reduced substantially in 2011 as a result of the new budget hotel supply in and around Cambridge and are unlikely to increase much in 2012.

Denied Business

We have assumed that the city's guest houses and small hotels will not deny any business in 2012 other than during graduations.

Market Growth Rates

We have applied the following growth rates, in line with the growth rates used for the hotel demand projections for the city:

CAMBRIDGE GUEST HOUSES & SMALL HOTELS – FAIR SHARE ANALYSIS 2013-2027
ASSUMED GROWTH RATES

Type of Demand	Average Annual Growth Rate %		
	Low Growth Scenario	Medium Growth Scenario	High Growth Scenario
Business and University Demand	1	1.5	2
Leisure Demand	2	3.5	4.5

Additional Budget Hotel Supply

The fair share analysis models the impact of the following additional budget hotel supply coming on stream in 2013 and 2014:

- The Travelodge opening on Newmarket Road in 2013 – 219 bedrooms
- The proposed Premier Inn opening on Newmarket Road in 2014 (assuming it gets planning permission) – 121 bedrooms
- A further 100-bedroom budget hotel opening in the city in 2014 (possibly at the Station)
- A 200-bedroom budget hotel opening in the city in 2014 (assuming a larger budget hotel at the Station).

We have assumed that all new hotels would generate entirely new business to the city equivalent to 20 percentage points of occupancy. We have assumed that all new hotels will compete equally with the city's existing budget and 3 star hotels and its guest houses and small hotels

3. RESULTS

The results of the fair share analysis are summarised in the table overleaf.

The Impact of New Budget Hotels on Cambridge Guest Houses and Small Hotels
Fair Share Analysis 2013-2027

Number of New Budget Hotel Rooms	Average Annual Fair Share Room Occupancy for Guest Houses and Small Hotels %															
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Low Growth Scenario																
219 (2013)	55.0	49.2	49.9	50.7	51.4	52.2	53.0	53.8	54.6	55.4	56.3	57.1	58.0	58.9	59.8	60.7
340 (2014)	55.0	49.2	46.6	47.3	48.0	48.7	49.5	50.2	51.0	51.8	52.5	53.3	54.1	55.0	55.8	56.7
440 (2014)	55.0	49.2	44.2	44.8	45.5	46.2	46.9	47.6	48.3	49.1	49.8	50.6	51.3	52.1	52.9	53.7
540 (2014)	55.0	49.2	42.0	42.6	43.2	43.9	44.6	45.2	45.9	46.6	47.3	48.1	48.8	49.5	50.3	51.1
Medium Growth Scenario																
219 (2013)	55.0	49.6	50.9	52.1	53.5	54.9	56.3	57.7	59.2	60.7	62.2	63.9	65.6	67.3	69.0	70.9
340 (2014)	55.0	49.6	47.5	48.7	49.9	51.2	52.5	53.9	55.2	56.7	58.0	59.6	61.2	62.8	64.5	66.2
440 (2014)	55.0	49.6	45.0	46.2	47.3	48.5	49.8	51.1	52.4	53.7	55.0	56.5	58.0	59.5	61.1	62.7
540 (2014)	55.0	49.6	42.8	43.9	45.0	46.1	47.3	48.5	49.8	51.1	52.3	53.7	55.1	56.6	58.1	59.62
High Growth Scenario																
219 (2013)	55.0	50.0	51.7	53.3	55.1	56.9	58.8	60.8	62.8	64.9	67.1	69.4	71.8	74.3	76.8	79.5
340 (2014)	55.0	50.0	48.2	49.8	51.4	53.1	54.9	56.7	58.6	60.6	62.7	64.8	67.0	69.3	71.7	74.2
440 (2014)	55.0	50.0	45.7	47.2	48.8	50.4	52.0	53.8	55.5	57.5	59.4	61.4	63.5	65.7	68.0	70.3
540 (2014)	55.0	50.0	43.4	44.9	46.3	47.9	49.5	51.1	52.8	54.6	56.5	58.4	60.4	62.4	64.6	66.8

CONCLUSIONS

The fair share analysis suggests that the currently planned and possible further new budget hotel provision in Cambridge is likely to have a detrimental impact on guest house and small hotel occupancies in the city, depending on:

- The number of new budget hotel bedrooms that open in the city and how quickly they come on stream;
- How strongly the Cambridge serviced accommodation market grows;
- How guest house and small hotel owners respond to the new competition from budget hotels in terms of their investment, pricing, market positioning, service level and marketing strategies;
- How the guest house and small hotel supply changes in the city.

The fair share analysis suggests that the opening of the Travelodge on Newmarket Road in 2013 could result in a 5-6 percentage point drop in room occupancy for the city's guest house and small hotel sector, with room occupancies for the sector unlikely to recover to their 2012 levels for 5-10 years, depending on how strongly the Cambridge accommodation market grows, and unlikely to return to 2009 levels for at least 10-15 years, assuming no further budget hotel openings in the city other than the Travelodge.

If the proposed Premier Inn on Newmarket Road is granted planning permission and opens in 2014, the fair share analysis suggests that it could result in a further 2-3 percentage point reduction in guest house and small hotel room occupancies in the city (on top of the reduction caused by the Newmarket Road Travelodge), with guest house and small hotel occupancies not returning to their 2012 levels for at least 6-12 years and only getting back to their 2009 levels by 2026 if the Cambridge accommodation market grows strongly (at the High Growth rates).

Should a further 100 or 200 budget hotel bedrooms open in Cambridge in 2014 (e.g. at the Station), the fair share analysis suggests a further 2.5-5 percentage point drop in average annual room occupancies for the city's guest houses and small hotels, which could fall as low as 42-43%, 12-13 percentage points below their 2012 levels and 23-28 percentage points below their 2009 levels. With these numbers of additional budget hotel bedrooms in the city, guest house and small hotel room occupancies would be unlikely to return to their 2012 levels before 2022 under the High Growth scenario and would not return to their 2012 levels for at least the next 15 years under the Low Growth scenario.

The fair share analysis suggests that the opening of the Travelodge on Newmarket Road and any further new budget hotels will add significantly to the downward pressure on room occupancies for the city's guest house and small hotel sector that has already taken place since 2009 following the opening of the new Premier Inn and Travelodge hotels at Orchard Park. Under this scenario it seems likely that some of the city's guest houses and small hotels will seek to exit the market and cease trading. The scale of loss will depend on the level and pace of new budget hotel development in the city, how strongly the Cambridge accommodation market grows and the extent to which the city's guest houses and small hotels are able to respond to the additional competition from new budget hotels. It is likely that the better quality and well located guest houses and small hotels that have a loyal customer base will be less affected, while poorer quality, less well run and less well located establishments may well close. Whilst not built into the model, a reduction in the supply of guest houses and small hotels in the city could result in improved occupancies for the remaining establishments.