

BASINGSTOKE HOTEL MARKET FACT FILE

August 2019

INTRODUCTION

The Basingstoke Hotel Market Fact File provides the latest available information on:

- The current hotel supply in Basingstoke and Basingstoke & Deane Borough;
- Recent hotel development;
- Current hotel development proposals;
- Recent hotel performance (2016-2018)
- The key markets for hotel accommodation in Basingstoke;
- Market trends;
- The prospects for growth in demand for hotel accommodation and what will drive this.

All of the data and information included in the Fact File is drawn from a survey of Basingstoke hotel managers undertaken by consultants Hotel Solutions between May and July 2019.

The Fact File focuses on the town of Basingstoke, with some references to the hotel market in the wider borough.

For further information and contacts or to discuss your requirements contact:

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BASINGSTOKE HOTEL SUPPLY

Current Hotel Supply

- Basingstoke is currently served by 11 hotels, with a total of 854 letting bedrooms. 4-star hotels account for half of this supply. The town's hotel stock otherwise comprises 3-star and budget hotels, and a supply of serviced apartments in terms of one purpose-built serviced apartment complex and the letting of residential apartments as serviced apartments through online booking platforms such as booking.com and Airbnb and local, regional and national serviced apartment operators and letting agencies.

CURRENT HOTEL SUPPLY – BASINGSTOKE – AUGUST 2019

Standard	Hotels	Rooms	% of Rooms
4 star	3	356	41.7
4 star Country House Hotel	1	72	8.4
3 star	3	162	19.0
Budget	3	224	26.2
Aparthotel/ Serviced apartment complex ¹	1	40	4.7
Total Hotels	11	854	100.0

Notes:

1. There are additionally potentially up to around 100 residential apartments that are being let out as serviced apartments, primarily to long stay corporate visitors, through online booking platforms such as booking.com, Airbnb, HomeAway and Holiday Lettings, and through a number of serviced apartment agencies, including ESA Serviced Apartments, SITU, Citybase Apartments, Basingstoke Apartment Services, Urban Stay, Flexi-Lets, Allstay Serviced Apartments, SACO and SilverDoor Apartments.
- Beyond Basingstoke there are a further six hotels and large inns, with 264 letting bedrooms, and three smaller inns, in the rural parts of the borough.

BASINGSTOKE HOTEL SUPPLY

CURRENT HOTEL SUPPLY – BASINGSTOKE & DEANE BOROUGH -AUGUST 2019

Standard	Hotels	Rooms	% of Rooms
4 star	4	456	40.8
4 star Country House Hotel	2	122	10.9
4 star Golf Hotel	1	39	3.5
Boutique Inn ¹	1	25	2.2
3 star	3	162	14.5
3 star Inn ¹	2	50	4.5
Budget	3	224	20.0
Aparthotel/ Serviced apartment complex	1	40	3.6
Total Hotels	17	1118	100.0

Notes:

1. There are three further smaller inns in Basingstoke & Deane Borough – the boutique Bourne Valley Inn (9 bedrooms) at St Mary Bourne and White Hart at Overton (12 bedrooms), and the 2-star White Hart at Whitchurch (15 bedrooms)

BASINGSTOKE HOTEL SUPPLY – AUGUST 2019

Hotel	Standard/Type	Bedrooms
Basingstoke		
Apollo	4 star	125
Audley's Wood	4 star Country House	72
Crowne Plaza	4 star	141
Hampshire Court	4 star	90
Holiday Inn	3 star	86
Red Lion	3 star	60
The Fernbank Hotel	3 star	16
Premier Inn Basingstoke Town Centre	Budget	81
Premier Inn Basingstoke West Churchill Way	Budget	99
Travelodge Basingstoke	Budget	44
Central Point by House of Fischer	Serviced Apartments	40
Beyond Basingstoke (Basingstoke & Deane Borough)		
Britannia Basingstoke Country Hotel & Spa	4 star	100
Oakley Hall	4 star Country House	50
Sandford Springs	4 star Golf Hotel	39
Wellington Arms, Stratfield Turgis	Boutique Inn	25
The Wheatsheaf Hotel, North Waltham	3 Star Inn	28
Innkeeper's Lodge Basingstoke	3 Star Inn	22

Changes in Supply 2014-2019

New Hotels

- The Premier Inn Basingstoke Town Centre opened in July 2015, with 81 bedrooms.
- The 4 star, 39-bedroom Sandford Springs golf hotel at Kingsclere opened fully in March 2014, following an initial soft opening of some bedrooms in October 2013.
- There have otherwise been no new hotel openings in Basingstoke or the wider borough in the last 5 years.

Investment in Existing Hotels

- The Hilton Basingstoke re-opened as the Crowne Plaza Basingstoke in October 2017 following a complete refurbishment under its new owners, Nine Group.
- The Premier Inn Basingstoke West Churchill Way was fully refurbished in 2017.
- Some of Basingstoke's other hotels have seen some investment in terms of bedroom refurbishment and new restaurant concepts. Other hotels have seen little recent investment.
- Oakley Hall added 32 bedrooms in 2014 and opened a new function room in 2018.
- The new owners of the Wellington Arms at Stratfield Turgis, Red Mist Leisure, completed a £2.5m refurbishment of the hotel in 2018, to reposition it as a family-friendly boutique inn.
- The former Premier Inn Basingstoke South at North Waltham has been refurbished and repositioned as the 3-star Wheatsheaf Hotel by its owners Greene King Inns.

BASINGSTOKE HOTEL SUPPLY CHANGES

Proposed Hotel Development

Hotels Under Construction

- A £20m, 153-bedroom midmarket Village Hotel is currently under construction at Basing View. Facilities will include a large, state-of-the-art gym and swimming pool, pub, restaurant, coffee shop and meeting and event facilities. The hotel is due to open in early 2020 and will create 100 new jobs.

Proposed Hotels

- There are two current proposals for new budget hotels at Basingstoke as part of the proposed redevelopment of the Chineham District Centre and the Moto Motorway Service Area proposed at Junction 6 of the M3. Further afield in the borough, planning permission has recently been granted for a small hotel at the Bishopswood Golf Course at Tadley.

BASINGSTOKE – PROPOSED NEW HOTELS

Hotel/ Site	Standard	Rooms	Details
Chineham District Centre	Budget	72	A budget hotel is proposed as part of the redevelopment of the Chineham District Centre alongside a boutique cinema, gym, restaurants and bars. The planning application, lodged in November 2018, is still pending a decision.
Proposed Moto Motorway Service Area Junction 6 M3	Budget	100	Budget hotel proposed as part of the proposed MSA. The planning application, lodged in October 2017, is still pending a decision.
Bishopswood Golf Course, Tadley	n/a	21	Planning permission granted in June 2019 for an extension to the golf course's clubhouse to incorporate a 21-bedroom hotel.

- A planning permission for a 137-bedroom on The Annexe site at Basing View lapsed in 2015. A 90-bedroom hotel was mooted as part of the redevelopment of The Camrose football stadium, however it is understood that the site is now coming forward purely as a residential development scheme.

BASINGSTOKE HOTEL SUPPLY CHANGES

Planned Development of Existing Hotels

- A number of Basingstoke's hotels are currently looking at refurbishment and possible re-branding proposals. Investment plans are currently on hold for one hotel due to the uncertain trading outlook with the opening of the Village Hotel at Basing View.
- The Premier Inn Basingstoke West Churchill Way at Basingstoke Leisure Park was granted planning permission in November 2018 for a 22-bedroom extension that would result in a net additional 20 bedrooms for the hotel.
- All of the borough's country house and golf hotels are currently looking at the possible addition of spa and leisure facilities to help them to boost their weekend occupancies. One hotel is also looking at developing its wedding facilities, and one is considering longer-term plans to perhaps add lodges as an alternative accommodation option.

BASINGSTOKE HOTEL PERFORMANCE

Occupancy, Achieved Room Rates and Revpar

- Average annual room occupancies, achieved room rates and revpar figures for Basingstoke hotels for 2016, 2017 and 2018 are summarised in the table overleaf.
- 3/4-star hotel performance in Basingstoke has been well below the national averages for UK provincial 3/4-star chain hotels for the last 3 years in terms of room occupancy, achieved room rates¹ and revpar². This is primarily due to the lack of weekend demand in Basingstoke but also a relatively weak Monday and Thursday night corporate hotel market in the town. 4-star hotels generally trade at higher achieved room rates than 3-star hotels but there is very little difference in occupancy performance by standard of hotel.
- Room occupancies are stronger for Basingstoke's budget hotels but are not as high as in other parts of Hampshire, where budget hotels are typically achieving annual room occupancies of over 80%.
- There is very little difference in revpar performance between Basingstoke's 3/4-star hotels and the town's budget hotels, due to the low room occupancies that 3/4-star hotels achieve.
- 4-star hotels in other parts of the borough trade at lower room occupancies but higher room rates.
- 3/4-star hotel performance in the town has been largely flat over the last three years. While annual room occupancies have gradually increased, achieved room rates dropped slightly in 2018 as some hotels reduced their corporate rates in the more competitive corporate market that has resulted following the closure of a number of major companies in Basingstoke, most notably Shire, which has relocated from Chineham to Reading. This is in sharp contrast to the national trend, which has seen achieved room rates for 3/4-star chain hotels increase to reach record levels in 2018. With hotel revenues static, but operating costs rising fast, annual profits have reduced for some of Basingstoke's 3/4-star hotels.
- Budget hotel occupancies in Basingstoke reduced in 2017 and 2018, while achieved room rates have steadily grown.

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1. The amount of rooms revenue (excluding food and beverage income) that hotels achieve per **occupied** room net of VAT, breakfast (if included) and discounts and commission charges.
 2. The amount of rooms revenue (excluding food and beverage income) that hotels achieve per **available** room net of VAT, breakfast (if included) and discounts and commission charges

BASINGSTOKE HOTEL PERFORMANCE

BASINGSTOKE HOTEL PERFORMANCE 2016-2018

Location/ Standard of Hotel	Average Annual Room Occupancy %			Average Annual Achieved Room Rate ⁶ £			Average Annual Revpar ⁷ £		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
UK Provincial 3/4 Star Chain Hotels¹	75.6	76.5	76.7	83.22	86.43	88.95	62.66	66.14	68.19
UK Provincial Hotels (All Standards)²	76	76	76	69	71	72	52	54	55
Basingstoke 3/4 Star Hotels ³	65.8	66.7	67.5	78.54	78.85	77.93	51.67	52.60	52.64
Basingstoke & Deane Borough 3/4 Star Hotels ⁴	64.0	64.5	65.4	78.63	79.86	79.17	50.34	51.55	51.75
Basingstoke Budget Hotels ⁵	81.2	78.6	77.4	61.92	63.07	64.50	50.29	49.59	49.95

Source: Hotel Solutions survey of Basingstoke May-July 2019

Notes

1. Source: TRI Hotstats UK Chain Hotels Market Review
2. Source: STR Global
3. Sample: Crowne Plaza, Apollo, Hampshire Court, Audley's Wood, Holiday Inn, Red Lion
4. Sample: Crowne Plaza, Apollo, Hampshire Court, Audley's Wood, Holiday Inn, Red Lion, Sandford Springs, Oakley Hall
5. Sample: Premier Inn Basingstoke West Churchill Way, Premier Inn Basingstoke Town Centre, Travelodge Basingstoke
6. The amount of rooms revenue (excluding food and beverage income) that hotels achieve per occupied room net of VAT, breakfast (if included) and discounts and commission charges.
7. The amount of rooms revenue (excluding food and beverage income) that hotels achieve per available room net of VAT, breakfast (if included) and discounts and commission charges.

PATTERNS OF DEMAND

Patterns of Demand

- 3/4-star hotel occupancies and room rates in Basingstoke peak sharply on Tuesday and Wednesday nights, when the town's 3/4-star hotels frequently trade at full occupancy and turn business away. Monday night occupancies are lower, typically 40-75%, and room rates also drop on a Monday. 3/4-star hotel occupancies and room rates are lower still on Thursday nights, and tend to be much more variable.
- Weekend occupancies and room rates are low for Basingstoke's 3/4-star hotels. Saturday nights are the strongest weekend night, when room occupancies typically run at 65-75%. Friday night occupancies are lower, typically 50-60%, and Sunday night occupancies are very low, usually no more than 30-40%. Weekend occupancies are stronger in the summer but can be very low in the winter.
- Patterns of demand for Basingstoke's budget hotels are very similar. They also achieve very high occupancies on Tuesday and Wednesday nights. Monday nights are also strong for two of the town's budget hotels, due to contractor business. Thursday night occupancies are generally lower. Weekend occupancies are stronger than for 3/4-star hotels. The town's budget hotels generally fill on Saturday nights. Friday night occupancies are not as strong, and Sunday nights are usually very quiet. Weekend occupancies are stronger in the summer.
- Trading patterns are similar for the borough's other country house and golf hotels.

MIDWEEK MARKETS

Midweek Markets

- Corporate demand from companies in Basingstoke is the key midweek market for Basingstoke's 3/4-star hotels, accounting for around 90-95% of their midweek occupancy. The corporate market in Basingstoke is largely a series of micro corporate markets, with hotels primarily catering for demand from companies on the business parks in their immediate vicinity. Basingstoke 3/4-star hotels no longer attract corporate demand from Andover companies since the opening of new hotels here, or from Hook following the closure of Virgin Media's operations here.
- There is some long-stay corporate business in Basingstoke, which now appears to be accommodated primarily by the town's serviced apartments. Only one hotel reported catering for long-stay corporate demand.
- One hotel reported attracting some demand from corporate visitors that commute up to London.
- Residential conferences are an important midweek market for the borough's country house hotels. The lack of availability and high room rates on Tuesday and Wednesday nights tends to block Basingstoke 3/4-star hotels out to this market.
- Three hotels reported attracting some midweek leisure, spa or golf break business in the summer months.
- Basingstoke 3/4-star hotels attract some displaced corporate business from Farnborough during the Farnborough Air Show, when it is held every other year. They also attract some displaced corporate business from Southampton during the Southampton Boat Show, and from Bracknell during Royal Ascot.
- Depending on their location and whether they offer on-site parking, Basingstoke's budget hotels attract a mix of local corporate demand and contractor business. Contractors tend to stay more in the hotels on the outskirts of the town that can offer free on-site parking.

WEEKEND MARKETS

Weekend Markets

- Family leisure breaks are the main weekend market for Basingstoke's branded 3 and 4-star hotels. This is primarily rate-driven business that hotels attract through advance purchase rates and discounted offers promoted through their company leisure break marketing programmes and third party websites. Legoland Windsor and Peppa Pig World/ Paulton's Park are the key visitor attractions that Basingstoke's branded hotels promote to attract families for weekend break stays.
- Basingstoke's non-branded 3 and 4-star hotels attract very little leisure break business. One attracts some demand through third party websites that promote Legoland and Paulton's Park leisure break packages.
- Two hotels that have spas attract some weekend spa break business through discounted spa break packages that they promote through the main spa break deal sites.
- Weekend breaks are a key weekend market for the borough's country house hotels that they attract because of their offer, acting very much as the destination for a weekend stay. Winchester, Bombay Sapphire and the New Forest are also draws for weekend break stays at the borough's country house hotels.
- Golf breaks are a key weekend market for the Sandford Springs Hotel.
- Weddings are the main source of weekend occupancy for the borough's country house hotels. Wedding parties are also the key weekend market for Basingstoke's independent 3 and 4-star hotels, and an important secondary weekend market for other hotels in the town.
- Events, dinners, parties and exhibitions held at The Hampshire Arena at the Hampshire Court Hotel generate weekend bedroom business for this hotel. Other hotels also generate some weekend business from tribute nights, dinner dances, Christmas parties and other functions that they hold.

WEEKEND MARKETS

- UK group tours are a further weekend market for some of Basingstoke's 3/4-star hotels. This is low-rated business that hotels largely take in the absence of other weekend demand. Key draws for group tours are Winchester, Salisbury, Legoland Windsor, Highclere Castle, Jane Austen's house and Winchester Christmas Market. Some group tours also use Basingstoke hotels as a base for going into London.
- Families visiting Basingstoke Leisure Park are the key weekend market for Basingstoke's budget hotels. Other weekend markets are people attending weddings and other family occasions, and people visiting friends and relatives. One budget hotel reported also attracting some weekend demand from families coming for Peppa Pig World at Paulton's Park.
- Events that generate weekend demand for hotels in Basingstoke are:
 - Farnborough Air Show, every other year;
 - Carfest;
 - Jalsa Salana Muslim Convention, near Alton;
 - Ice skating competitions at the Planet Ice Arena at the Basingstoke Leisure Park (for budget hotels);
 - Winchester Christmas Market (group tours).
- One town centre hotel reported attracting some demand from people coming to see shows and productions at the Haymarket and Anvil Theatres, together with some business from Hampshire's Octoberfest at Basingstoke Cricket Club.

MARKET TRENDS

Market Trends

- Corporate demand for hotel accommodation in Basingstoke has reduced in the last two years as a result of the closure of a number of major companies in the town. Thales and Shire closed its Basingstoke operations in 2017, resulting in the loss of 670 jobs. Motorola closed its Basingstoke offices in 2018. In addition, Basingstoke hotels are no longer attracting corporate business from Andover companies since the opening of new hotels here, and no longer attract corporate business from Hook following the closure of Virgin Media's offices here. The result of these trends has been a more competitive corporate hotel market in Basingstoke, with hotels having to cut corporate rates to maintain a share of local corporate demand.
- Residential conference business has reduced in 2019 for a number of Basingstoke hotels, largely due to the current Brexit uncertainty, which has resulted in a general downturn in this market across the country.
- A number of the borough's hotels reported a downturn in weddings business in 2019. One reported an increase however, and 2020 looks like being a much stronger year for weddings.
- Leisure break business has increased for three hotels and remained static for another.
- Basingstoke hotels have seen a reduction in displaced corporate demand from Farnborough and Southampton during the Farnborough Air Show and Southampton Boat Show as a result of new hotel openings in these locations.

Denied Business

- Basingstoke's 3/4-star hotels regularly fill and turn corporate business away on Tuesday and Wednesday nights, but not usually to a significant degree. Such business is currently being displaced to hotels in Winchester, Hook and Fleet. The town's 3/4-star hotels rarely deny any business on Monday or Thursday nights. Tuesday and Wednesday night denials have reduced in volume over the past two years as a result of the downturn in corporate demand that has followed the relocation away from Basingstoke of a number of major companies.
- The country house and golf hotels in other parts of the borough either occasionally or regularly deny some midweek business, again primarily on Tuesday and Wednesday nights, and sometimes on Monday nights.
- In terms of weekend denials, country house and golf hotels occasionally fill and turn business away on Saturday nights and some Friday nights in the summer, but not usually to a significant extent. Other 3 and 4-star hotels in Basingstoke rarely deny weekend business, other than when they have a major wedding, event or function on.
- Two of Basingstoke's budget hotels regularly turn away significant levels of business on Tuesday and Wednesday nights, and sometimes deny business on Monday nights. They also frequently fill and have to refuse bookings on Friday and Saturday nights, especially during the summer. The town's other budget hotel rarely denies business either during the week or at weekends.

1. Business that hotels have to turn away because they are fully booked.

FUTURE PROSPECTS

Prospects for 2019

- Basingstoke's 3/4-star hotels expect to see very little change in their trading performance in 2019. They do anticipate much of a recovery in corporate demand, and some hotels have further reduced corporate rates to remain competitive in this market. The Brexit uncertainty is affecting corporate and residential conference business. Weddings demand is down in 2019, and there is no Farnborough Air Show this year.
- Basingstoke's budget hotels also expect to see little change in their trading performance in 2019. Two hotels expect to see a slight improvement in occupancy, but no change in achieved room rates.
- Two of the borough's country house and golf hotels are projecting an increase in occupancy and room rates in 2019 as a result of growth in weddings, leisure break and golf break business.

Prospects for 2020 and Beyond

- The longer-term outlook for Basingstoke's hotel sector will depend on:
 - What happens with Brexit and the national economy, and the impact on the operations, future expansion plans and travel budgets of companies in the town;
 - The extent to which new companies are attracted to the key employment sites in Basingstoke, and particularly to Basing View;
 - Whether further companies leave Basingstoke or downsize their operations here;
 - The impact of new hotel openings.

FUTURE PROSPECTS

- In terms of the impact of new hotels:
 - The opening of the new Village Hotel at Basing View is likely to recapture the corporate demand from Basingstoke that is currently being displaced to hotels in the surrounding area, but will undoubtedly create a more competitive trading environment for Basingstoke's 3/4-star hotels in the short to medium term. While the Village Hotel may attract new weekend demand to Basingstoke as a result of its extensive leisure club and the programme of tribute nights and events that it will run, it is likely to significantly dilute the local corporate market.
 - Should the proposed budget hotels at Chineham District Centre and the proposed Moto MSA at Junction 6 of the M3 go ahead, they are also likely to further dilute the market, depending on how the Basingstoke hotel market grows and when they open.
 - New hotel supply can help to grow the market at an overall level, even if individual hotel performance dips in the short to medium-term. How quickly the market will recover to absorb the new supply will depend to a large extent on the expansion of Basingstoke's economy and the ability of key employment sites to attract major companies to Basingstoke and support the expansion of existing firms. Growth in weekend leisure demand will also be needed.
- On the positive side, there are a number of indicators of potential future growth in demand for hotel accommodation in Basingstoke:
 - In terms of headline figures, growth in employment is forecast to increase at just under 1% p.a. through to 2029, resulting in c. 13,600 new jobs, (c. 750 p.a.), the majority in office and B class uses, which should generate additional corporate demand for hotels³.

³ Source: Basingstoke Economic Needs Assessment, Peter Brett Associates, 2018/
Basingstoke & Deane Local Plan 2011-2029

FUTURE PROSPECTS

- Basing View is a key business development scheme for the town, its regeneration delivering a new central business district over a 65-acre site with grade A office space and the ability to attract additional high value jobs in both large corporate companies and small to medium- sized businesses. A digital tech cluster is being developed here with the 5G test bed, DeskLodge and SETsquared providing a strong foundation for further growth. Around 70,000 sqm of new development will be taking place here, building on 100,000 sqm of existing office space with over 100 companies including the AA, Sun Life, Kier and Shoosmiths, as well as a regional campus and training centre for Network Rail and new offices for Eli Lilly. On completion Basing View could create c. 4000 additional jobs on top of the current 4,000.
- Population forecasts for Basingstoke⁴ show a growth in population of similar levels, in the next 5 years increasing from 179,458 to 191,384, an average of 2385 p.a. (1.3% p.a.). Population growth should generate new leisure demand for hotels in terms of visits to friends and relatives, and demand related to family parties, weddings and functions.
- 2020 looks set to be a strong year for weddings.
- The Farnborough Air Show will take place in 2020.
- Major housing development will take place at Manydown, to the west of Basingstoke. It is an 880-ha site with potential for 8000 homes over the next 30 years. The initial phase of development will see 3500 new homes by 2029.
- The proposed regeneration of Basingstoke Leisure Park could also generate additional leisure-related demand for hotels, depending on the nature and mix of new facilities to be developed here. The £300m redevelopment aims to create a major new high-profile attraction alongside a unique range of leisure experiences for residents and visitors.
- The major housing, business park and leisure developments proposed above will generate demand for overnight stays in hotels from construction workers and associated professional services during their build and fit-out phases, particularly for budget hotels.

⁴ Source: Small Area Population Forecasts, Hampshire County Council

FUTURE PROSPECTS

- On a more negative note:
 - It remains to be seen how the Brexit uncertainty and any economic downturn that might ensue will affect the residential conference market for the borough's country house hotels.
 - There will be no weekend public show for the Farnborough Air Show from 2020 onwards.
 - With hotel operating costs rising more quickly than revenues for many of the district's hotels, profits are being squeezed and capital available for reinvestment is being reduced.

SOURCES OF FURTHER INFORMATION

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