

BRIGHTON & HOVE HOTEL FUTURES

An Assessment of Hotel Supply, Performance and Development Potential

Final Report

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VisitBrighton
and
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EXECUTIVE SUMMARY

Introduction

- The Brighton & Hove Hotel Futures Study has been commissioned by VisitBrighton, with funding support from Tourism South East, to provide up-to-date information on hotel and guest accommodation performance and development potential in Brighton & Hove. This information is required to inform the planning policies for hotels and guesthouses that will be included in the new Local Development Framework for the city, and to provide a base of evidence for determining hotel and guest accommodation development and change of use applications.
- The study provides a detailed assessment of:
 - The current and potential future demand for hotel and guesthouse accommodation in the city, taking account of the potential impact of the planned major development projects;
 - The capacity of the city for new hotel development;
 - The potential impact of new hotels on the existing stock of hotels and guesthouses in the city.
- The Study has involved the following modules of research:
 - a review of national hotel performance and development trends;
 - an audit of the existing supply of hotel and guest accommodation in the city and assessment of recent and planned future changes to the city's serviced accommodation supply in terms of closures and planned hotel developments;
 - interviews with hotel managers within the city to assess recent and current hotel performance;
 - a review of relevant policy documents and research reports;
 - consultations with key officers in VisitBrighton, Brighton & Hove City Council and the Brighton & Hove Hotels Association;

- an assessment of factors that could influence future demand for hotel and guest accommodation in the city, including the impact on demand of the planned major development projects;
- the preparation of demand forecasts to identify how the hotel market in the city might grow through to 2026 and the levels of new hotel development that such growth might potentially support;
- consultation with a sample of hotel developers, both those that have recently secured sites in the city and those that are seeking representation here;
- a review of potential hotel development locations in the city.

Trends in the UK Hotel Market

- The UK hotel industry has steadily recovered in the last 3 years following a difficult trading period between 2001 and 2003 due to the impact of major events and crises, including the Foot & Mouth epidemic, 9/11, the Iraq War and the SARS scare. Provincial hotel performance has been more stable than for the UK as a whole, the latter being affected by London hotel performance, which has been more significantly influenced by international events. Provincial hotel occupancies have been relatively stable over the past 5 years, and in 2006 were 70.1%. Achieved room rates grew only slightly between 2001 and 2003 but have risen sharply in the last 3 years to reach record levels of £69.24 in 2006.
- Both established and new hotel brands have continued to expand in the UK. The budget hotel sector has grown strongly, with continued expansion by Premier Travel Inn, Travelodge and Express by Holiday Inn, and the emergence of new budget hotel brands. In the 3/4 star market small boutique and town house hotel chains, such as Hotel du Vin and Malmaison have rapidly expanded. The development of large branded 3 and 4 star hotels has been focused primarily in major city centres.

Current and Planned Hotel Supply

- Our research has identified a total of 160 hotels and guest accommodation establishments in Brighton & Hove with a total of 4,293 letting bedrooms.

Current Hotel and Guesthouse Supply – Brighton & Hove – by Standard September 2006

Standard	Estabs	Rooms	% of Rooms
Hotels			
5 star	1	200	4.7
4 star	11	1,128	26.3
3 star	12	1,000	23.3
Budget	3	271	6.3
Total Hotels	27	2,599	60.5
Guest Accommodation			
5 diamond/star	1	11	0.2
4 diamond/star	41	503	11.7
3 diamond/star	42	610	14.2
2 diamond/star	6	87	2.0
Non-assessed	43	483	11.3
Total Guest Accommodation	133	1,694	39.5
Total Supply	160	4,293	100.0

- Brighton & Hove has a significant stock of hotel and guesthouse accommodation across all standards and sizes. The city's hotel stock comprises mainly 3 and 4 star hotels. Brighton is one of the few UK destinations outside London to have a 5 star hotel. The city has few branded budget hotels and no upper-tier budget hotels. The city has a large stock of small, mainly 3 and 4 diamond/star guest accommodation establishments, many using the term hotel in their trading name. The vast majority of hotels and guesthouses are quality assured. The standard of some of the non-assessed properties appears to be relatively low.
- The bulk of the city's serviced accommodation supply is in Brighton. Hove has a much smaller supply of hotels and guesthouses. The supply in Brighton is concentrated in certain key streets and squares. The seafront and streets and squares running immediately off it account for the majority of Brighton's current supply of hotel and guest accommodation. There is relatively little accommodation outside the city centre. Hotels and guesthouses are more widely spread in Hove, with no concentrations of establishments.

- The most significant change in the city's hotel and guest accommodation supply in recent years has been the rapid expansion of the boutique sector, with the opening of two new boutique hotels (Hotel du Vin and the Alias Seattle) and the upgrading and repositioning of a growing number of existing hotels and guesthouses as boutique accommodation offers. There has been relatively little loss of hotels and guesthouses to residential and HMO use. Losses have been more significant in Hove than Brighton. The Grand Ocean at Saltdean has been the most significant hotel to close. This hotel was a long way out of the city in an isolated location, however.
- Six new hotels are currently under construction or proposed for the city. They will significantly add to the city's stock of hotels and serviced accommodation if they all go ahead.

Brighton & Hove – Potential New Hotels

Hotel/ Site Name	Location	Standard	Rooms	Current Status
Myhotel	Jubilee Street	4 star boutique	80	On site
Royal York Buildings	Old Steine	4 star boutique	51	On site
Jury's Inn	Brighton Station site	3 star	234	Planning permission approved April 2006
Radisson SAS	Brighton Station site	4 star	196	Planning permission refused April 2005 – appeal lodged
Ibis	Queen's Road	Budget	147	Planning application currently under consideration
Brighton Centre Hotel	Brighton Centre	4 star	315	Being considered as part of the redevelopment of the Brighton Centre

If all of these hotels go ahead they would result in a net increase of almost 900 hotel rooms, representing a 35% increase in the city's hotel supply, and a 21% increase in the total supply of serviced accommodation in the city.

Current Hotel Demand

- Estimated occupancy and achieved room rate figures for the city's hotel and guest accommodation sector are summarised in the tables below.

Brighton & Hove Hotel and Guest Accommodation¹ Occupancy 2004-2006

Standard	Average Annual Room Occupancy %		
	2004	2005	2006 ²
Hotels			
4/5 Star ³	68	69	70
3 Star	69	70	71
Brighton & Hove 3/4 Star ³	68	69	70
Provincial UK 3/4 Star Chain Hotels ⁴	71	70	72 ⁶
4 Star Boutique	77	79	77
Budget	n/a	n/a	77
Guest Accommodation			
4 Diamond/Star	63	61	63
2/3 Diamond/ Star	n/a	n/a	64 ⁷

Brighton & Hove Hotel and Guest Accommodation¹ Achieved Room Rates 2004-2006

Standard	Average Annual Achieved Room Rate £		
	2004	2005	2006 ²
Hotels			
4 Star ^{3/4}	72.25	73.18	76.60
3 Star	52.89	56.00	56.07
Brighton & Hove 3/4 Star ⁴	63.23	65.19	67.11
Provincial UK 3/4 Star Chain Hotels ⁵	63.72	66.95	69.75 ⁶
4 Star Boutique	97.58	104.97	106.89
Budget	n/a	n/a	n/a
Guest Accommodation			
4 Diamond/Star	n/a	n/a	59.35 ⁷
2/3 Diamond/ Star	n/a	n/a	n/a

Notes:

- Sample of participating establishments give at Appendix 1
- Based on projected figures provided by hotel managers
- Excluding boutique hotels
- The De Vere Grand has not been included in the sample for the achieved room rate calculations. As a 5 star hotel it achieves room rates that are considerably above those of 4 star hotels in the city. The inclusion of its figures in a 4/5 star achieved room rate figure would give a distorted picture of 4 star hotel performance in the city
- Source: TRI Hotstats UK Chain Hotels Market Review
- Year to date as at September 2006
- Small sample – view result with caution

- 3/4/5 star hotel occupancies in Brighton & Hove are broadly on a par with the national average for provincial UK 3/4 star chain hotels. Achieved room rates for 3/4 star hotels in the city are slightly below the national average, however. As a 5 star hotel the De Vere Grand achieves much higher room rates than the city's 4 star hotels.
- The newly opened boutique hotels in the city have rapidly established themselves in the marketplace and are already achieving high occupancies and room rates.
- Budget hotel occupancies are higher than those achieved by the city's 3 and 4 star hotels, but lower than those achieved by budget hotels in other cities in the South East, such as Portsmouth and Southampton.
- Occupancies achieved by guest accommodation establishments are generally lower than those achieved by hotels and vary significantly between establishments. Boutique guest accommodation establishments generally achieve higher occupancies (in line with those achieved by 3 and 4 star hotels) and can achieve room rates above those of some of the city's 4 star hotels.
- Hotel and guest accommodation occupancies and achieved room rates have been broadly static in the city over the last 3 years. Occupancies are understood to have declined significantly since 2000 as a result of the loss of aircrew business from Gatwick (for some 4 star hotels) following 9/11 and the loss of major conferences from the Brighton Centre.
- Weekend demand is very strong in Brighton & Hove, with all hotels and guest accommodation establishments consistently filling and turning away significant levels of business on Friday and Saturday nights for most of the year. Weekend breaks are the main source of weekend business for 3, 4 and 5 star hotels, boutique hotels and 4 diamond/star guest accommodation establishments. Brighton & Hove has a particular niche in the gay and lesbian leisure break market. Budget hotels, 2/3 diamond guest accommodation establishments and some 3 star hotels cater primarily for stag and hen parties and clubbers at the weekend.

- Weekday occupancies are much lower, particularly for guest accommodation establishments. Hotels and guest accommodation establishments rarely deny business during the week other than when major conferences are being held in the city, or during the peak summer months.
- Midweek demand for most 3 and 4 star hotels is a fairly even mix of business from the corporate, city conference, residential conference, leisure break and group tour markets. Residential conferences are the key weekday market for the De Vere Grand, Hilton Brighton Metropole and the city's larger boutique hotels. Midweek breaks are the key weekday market for the city's smaller boutique hotels and 4 diamond/star guest accommodation establishments. Group tours are an important midweek market for three 3 star hotels, with one of them catering primarily for this market during the week. Contractors working on construction projects in the city are the primary weekday market for 2/3 diamond guest accommodation establishments and a key midweek market for budget hotels.
- The corporate market is relatively weak in Brighton & Hove, with few major companies in the city that generate significant demand for hotel accommodation.
- Conferences held at the Brighton Centre generated business for the city's hotels and guest accommodation establishments for only 4-6 weeks in 2006. This should increase from 2007 onwards, however. Establishments located closest to the Brighton Centre benefit the most (as delegates usually want to stay as close as possible to the Centre). Large conferences held at the De Vere Grand and Hilton Brighton Metropole also generate overspill business for nearby hotels and guest accommodation establishments for around a further 4-6 weeks.
- The most significant change in the Brighton hotel and guest accommodation market has been the decline in Brighton Centre conference and exhibition business. Many hotels and guest accommodation establishments have however been able to build new business from other markets, in particular the leisure break and residential conference markets, to offset the loss of city conference business to at least some extent. Midweek leisure break business is usually on discounted rates. A number of hotels and guesthouses have successfully built this business through Internet marketing.

- Most hotels and guest accommodation establishments are optimistic about their prospects for 2007 and 2008 due to the projected recovery in the city conference market as a result of VisitBrighton's increased efforts to market the city to the associations meetings market.

Future Market Prospects

- Our research suggests the following future prospects for the City's hotel and guest accommodation market:
 - Modest growth in the corporate market; although the Experian economic forecasts for the city show relatively slow growth in employment, Brighton's role as a diamond for growth; the expansion plans of key employers in the city; the Council's targeting of sectors that are productive for hotel demand; and the planned new office developments indicate that growth in corporate demand for hotel and guest accommodation could exceed these forecasts;
 - Increasing demand, particularly for budget-priced accommodation, from contractors resulting from the large number of major development projects underway and proposed;
 - Good potential for growth in demand from city conferences, given the active marketing programme of VisitBrighton and the Brighton Centre conference sales team, benefiting hotels closest to the Brighton Centre most. The redevelopment of the Brighton Centre will eventually result in even greater growth in demand from this market;
 - Potential for further growth in residential conference demand for 4 star hotels with good facilities that are targeting this market;
 - Continued growth in both weekend and mid-week leisure break demand, particularly as the major projects proposed such as the Arena, the i360 observation tower and the Gehry buildings add to the offer and create new reasons to visit and stay;

- With a historic and cultural product of appeal to overseas markets, Brighton should benefit from the projected increase in inbound visits forecast for the UK;
 - A reduction in group tour business as demand increases from higher spending markets;
 - The stag and hen party and clubbers markets are likely to remain strong for those hotels prepared to take this business;
 - Slow growth in the weddings and functions market in line with forecasts for growth in the city's population.
- There are currently a dozen major regeneration projects proposed and underway in Brighton that are key to the city delivering sustainable growth in its economy, population and tourism industry over the next 20 years. These include:
 - Redevelopment of the Brighton Centre;
 - Brunswick and Explore Living residential and retail schemes at Brighton Marina;
 - International Arena development at Black Rock;
 - The i360 observation tower at West Pier;
 - Jubilee Street development including Myhotel;
 - Development of the New England Quarter mixed use scheme including two new hotels, offices, residential and retail;
 - Municipal market development at Circus Street for mixed use;
 - Sports centre development on the King Alfred Leisure Centre site at Hove along with residential towers designed by internationally renowned architect Gehry;
 - Shoreham Harbour mixed use regeneration scheme;
 - Office and employment development at Patcham Court Farm A23/A27;
 - Redevelopment of Preston Barracks for an employment-led mixed use scheme;
 - Community stadium development at Falmer.

All these schemes have a role to play in delivering growth and in developing Brighton's image and profile as a national and international city in which to live, to invest and to visit. From a tourism perspective, and more particularly in terms of the generation of overnight visits, the redevelopment of the Brighton Centre will make the most significant contribution by far to creating additional midweek hotel demand in the future. The i360 observation tower and the International Arena are also seen as key projects to help secure further growth in the city's hotel market.

Opportunities for New Hotel Development

- Growth projections have been prepared to provide an indication of the number of new 3 and 4 star hotel bedrooms that might be needed in Brighton and Hove to 2011, 2016 and 2026. Given the strength of the weekend market in Brighton and the relatively weaker midweek market, the projections have been based on midweek market performance and assume the need for all hotels to achieve midweek occupancies of at least 65%. Low, medium and high rate growth forecasts have been applied to each of the mid-week markets under two future scenarios – with the current Brighton Centre continuing to operate and given improved marketing of the city to the associations meetings market, and with a new Brighton Centre (assumed to have achieved a stabilised trading pattern by 2016). The projections show potential for the following numbers of new 3 and 4 star hotel rooms over the next 5, 10 and 20 years:

BRIGHTON & HOVE
PROJECTED FUTURE REQUIREMENTS FOR 3 AND 4 STAR HOTEL DEVELOPMENT
2011-2026¹

Scenario 1 – Current Brighton Centre

Standard of Hotels/Year	Projected New Rooms Required		
	Low Growth	Medium Growth	High Growth
4 Star			
2011	199	266	333
2016	239	341	448
2026 ¹	328	519	738
3 Star			
2011	90	120	152
2016	107	148	193
2026 ¹	110	172	237

Scenario 2 – Proposed new Brighton Centre

Standard of Hotels/Year	Projected New Rooms Required		
	Low Growth	Medium Growth	High Growth
4 Star			
2016	537	602	672
2026 ¹	626	779	962
3 Star			
2016	270	275	280
2026 ¹	309	346	386

Notes:

1. It is very difficult to project change over a 20-year period. The projections for 2026 should be treated with caution, therefore. It is unlikely that growth in demand will be sustained at the assumed growth rates over such a long period.

- The projections and the other findings of the Hotel Futures Study suggest the following opportunities by type of hotel:
 - Potential for an existing 4 star hotel to up-grade to a **5 star**;
 - Potential for a further 239-448 **4 star** rooms by 2016 with the current Brighton Centre (depending on how quickly markets grow and assuming effective marketing of the city for association conferences) and 537-672 new 4 star rooms with the proposed new Brighton Centre. The currently planned 4 star and boutique hotels would largely meet these requirements under the medium and high growth scenarios, but could exceed them if only low growth occurs. These figures do not take account of the potential for growth in the boutique hotel market, however. Our projections suggest, however, that there is no need for a further 4 star hotel in the city for the next 10 years over and above those already planned, other than possibly further **boutique hotels**, given the strong performance of these types of hotel in the city and their potential to develop new residential conference and leisure break business.
 - Our longer term projections suggest potential for further 4 star hotels in the city by 2026, although clearly it is impossible to accurately predict market growth this far ahead.
 - There could also be potential for a 4 star suite hotel or serviced apartments in the city; these products are new to the UK and Brighton is likely to have appeal for such products which would add diversity to the city's accommodation offer;
 - Potential for existing 4 star hotels to up-grade and add new facilities including leisure clubs, conference facilities and possibly casinos;

- o Potential for a further 107-193 **3 star** rooms by 2016 with the current Brighton Centre and 270-280 new 3 star rooms with the proposed new Brighton Centre. The Jury's Inn will significantly exceed the requirement for additional 3 star rooms with the current Brighton Centre (depending on how strongly markets grow) and together with the planned expansion of some existing 3 star hotels would largely meet the requirements for new 3 star rooms with the proposed new Brighton Centre. This suggests that there is no need for a further 3 star hotel in the city in the next 10 years in addition to the Jury's Inn and that this hotel could result in an oversupply at this end of the market during midweek periods, at least in the short term.

- o Our longer term projections show possible potential for an additional 3 star hotel by 2026 if the Brighton Centre is redeveloped, but otherwise no clear potential for a further 3 star hotel.

- o The strength of demand for **budget** hotels particularly at the weekend and from the construction industry suggests potential for further budget hotel development in and around the city. The planned Ibis will help meet this need but there is known interest from other budget, upper-tier budget (e.g. Express by Holiday Inn) and emerging boutique budget operators (e.g. Big Sleep);

- o There is scope for further 2 and 3 diamond accommodation establishments to up-grade to 4 diamond/star and boutique guest accommodation.

Future Policy Direction

- Current policies for the protection of existing tourist accommodation and the development of new hotels in Brighton and Hove appear to have worked reasonably well. With the exception of one large resort hotel on the edge of the city, losses of hotels and guest accommodation have been small; the City Council does not receive large numbers of applications from hotels for change of use; and new hotel development has happened with further development proposed.
- On the down side, the loss of accommodation to HMO use is impacting negatively on the operating environment of other hotels and guest accommodation; new hotel development is increasingly (though not exclusively) happening outside the Core Area; and site availability and value are major obstacles to hotel developers securing sites especially in central Brighton.
- There appears to be strong interest from hotel companies in developing in Brighton, but securing sites is the key challenge. Most were having to consider mixed-use schemes but often this is not their preferred option. Central Brighton and the seafront were the preferred locations for most operators, but other hubs of activity like the marina and arterial routes into the city were also target locations.
- Future policy direction in relation to hotels should focus on:
 - Introducing greater flexibility so that policies can be more responsive to prevailing factors over time;
 - Directing new hotel development to the city centre but not within any defined Core Area, and recognising the challenges of securing central sites accepting the principle of hotel use at other hubs and generators of demand and along main arterial routes serving these nodes;
 - Pro-actively directing hotel development to key sites – including employment sites - in the central area, either through the site allocation process and/or Development Briefs, particularly where the Council has site ownership;

- o Continuing to protect existing hotel and guest accommodation unless non-viability can be demonstrated, but recognising that with a net increase in hotel stock of up to 1,000 rooms in the next 5-10 years some poorer quality, less well-located establishments may need to exit;
- o A Core Area could have a role to play in protecting existing hotel clusters, though it could be significantly reduced to focus on a shorter stretch of seafront and a north-south stretch taking in the station to the seafront and the parallel A23. The advantage of a Core Area delineation is it gives a clear and visible sign that can be translated on the ground that the City Council means business, and other resorts clearly feel zoning has stopped potential applicants pursuing change of use applications;
- o The alternative would be to drop the delineation of a Core Area and rely on evidence presented on a case-by-case basis. This will undoubtedly result in challenges, given the strength of the market for residential in Brighton. We are aware that other leading edge local authorities like Bournemouth are considering dropping their Core Zone policies, but they have very sophisticated procedures in place to deal with change of use applications. Without either tool the Council would be very exposed;
- o Tightening up of policy and procedure in relation to change of use of hotels, which may or not involve an SPD. A transparent definition of evidence sought in relation to marketing for sale and demonstration of non-viability is required together with a structure and expertise in place with industry understanding to provide capacity to assess and challenge submitted evidence;

- Restricting HMO uses in areas where there are key accommodation clusters, and encouraging conversion to residential where HMO use has been established in these areas. This could form part of a Core Area policy for the protection of existing hotels, or if not adopted could apply purely to HMO policy. Key streets include:

- The seafront (Kings Rd, Grand Junction Rd, Marine Parade to Bedford St)
- Regency Square
- New Steine
- Madeira Place
- Upper and Lower Rock Gardens
- Charlotte St
- Russell Sq
- Oriental Place

Active monitoring is required to prevent future certificates of lawfulness being applied for.

- Policy support to encourage the up-grading of existing accommodation, including the addition of facilities such as spas, health clubs and casinos.
- Active monitoring of demand and supply to enable policy interpretation to take account of changing forces on the market will be key to future implementation of the new policy framework. Systems will need to be put in place to deliver this.

1. INTRODUCTION

1.1 Background to the Study

Brighton & Hove is one of the UK's top business and leisure tourism destinations with a well-developed hotel and guesthouse sector. A number of major development projects are currently proposed for the city that will add significantly to both its business and leisure tourism offer, potentially generating increased demand for hotel and guest house accommodation in the city. At the same time, there are proposals currently for at least 6 new hotels that would result in a net increase of almost 900 new rooms to the city's hotel stock.

Brighton & Hove City Council is currently in the process of developing the new Local Development Framework planning policy document for the city to replace the current Brighton & Hove Local Plan that was adopted in July 2005. This will include policies relating to the development of new hotels and guesthouses and the retention of existing hotel and guesthouse businesses. The current Local Plan identifies a Hotel Core Zone as the preferred location for new hotels in the city and within which the loss of existing hotels and guesthouses to alternative uses will be resisted. Initial consultations with hoteliers and representatives of the tourism industry highlighted a need to investigate whether this current policy represents the most appropriate approach for promoting new hotel development and safeguarding the existing accommodation stock in the city.

With funding support from Tourism South East, VisitBrighton has thus commissioned Hotel Solutions to undertake research to provide a robust evidence base of the current and potential future demand for hotel and guesthouse accommodation in the city (taking account of the potential impact of the major development projects); the capacity for new hotel development; and the potential impact of new hotels on the existing stock of hotels and guesthouses in the city. The study findings will be used to inform the new planning policies for hotels and guesthouses that will be included in the Local Development Framework (including consideration of the need to retain or redefine the current Hotel Core Zone) and to provide a base of evidence for determining hotel development and change of use applications.

1.2 Objectives of the Study

The objectives of the study are as follows:

- To provide a robust and up-to-date assessment of the current and potential future supply of, and demand for, hotel and guest accommodation in Brighton & Hove;
- To identify existing and potential future gaps in the city's hotel supply;
- To establish the levels of new hotel development of different categories that Brighton & Hove might potentially support during the LDF plan period, taking account of the potential impact on accommodation demand of the various major development schemes;
- To identify broad locations for new hotel development in the city;
- To assess the potential impact of new hotels on existing hotels and guesthouses, and evaluate the need to continue to have policies in place to resist the loss of existing stock;
- To evaluate the Hotel Core Area and associated planning policies for hotels in the current Local Plan in light of the findings of these assessments, and make recommendations on future planning policies for hotels and guesthouses to be included in the new Local Development Framework.

1.3 Study Methodology

The study methodology has involved the following modules of research:

- An initial **commissioning meeting** with the client group to set the scene for the study, agree the objectives, and gather relevant documentation and contacts.
- A **review of national hotel performance and development trends**.
- **Stakeholder consultations** with the relevant officers of VisitBrighton and Brighton & Hove City Council (Planning, Development Control, Major Projects, and Economic Development), the Brighton Centre and the Brighton & Hove Hotels Association.

- A **review of relevant policy and research documents** including the current Local Plan; LDF consultation papers and reports of consultation meetings; regional planning policy documents; the Department for Communities and Local Government's Good Practice Guide on Planning for Tourism; the Brighton & Hove Employment Land Study; the Tourism, Economic Development and Community Strategies for the city; the SPG's and impact studies for the major development sites; and the hotel occupancy data collated by VisitBrighton.
- An **audit of the existing supply** of hotels and guesthouses in the city, assessing provision by standard, size, location and the representation of national hotel brands. This has included both assessed and non-assessed establishments and identifies recent changes in supply in terms of new openings, extensions and upgradings, and closures. The audit has been based on information provided by VisitBrighton cross-checked with Tourism South East's known accommodation stock records for Brighton & Hove and our own Internet searches and site visits to the city. Where discrepancies have been identified establishments have been contacted by telephone to check information.
- A **review of planned and proposed new hotels**.
- **Interviews with the managers and owners of existing hotels and guesthouses** in the city to gather information on current, recent and projected future performance in terms of occupancy, achieved room rate, market mix, market trends and denied business. A total of 50 establishments were interviewed (listed at Appendix 1) including all of the star-rated and branded hotels in the city and a cross section of the guest accommodation establishments.
- The preparation of **forecasts of future growth in hotel demand** by standard of hotel to 2016, using the performance data gathered as a baseline and applying business and leisure growth forecasts taking account of the potential impact of the major development schemes on the demand for hotel accommodation. These forecasts have then been used to calculate the number of new hotel rooms of each standard that may be needed in the city in the next 10 years should the envisaged growth in hotel demand be achieved and the development schemes come to fruition.
- Telephone **consultations with a sample of hotel developers and operators**, both those that have recently secured sites in the city, and others who are actively seeking representation here. The consultations probed their interest by location within the city,

their site requirements, their view of the market, the obstacles faced, and their view of the planning framework, both in terms of policy and process.

- **Site visits** to review the current locations of existing hotels and guesthouses in the city and to identify and assess potential locations for new hotel development.

These modules of research have then been drawn together into a series of conclusions and recommendations regarding:

- The market potential for further hotel development in the city, including estimates of the number of new hotel bedrooms of different standards that the city is likely to be able to support in the next 10 years.
- Broad locations suitable for the development of new hotels in the city;
- Recommendations regarding appropriate policies for the protection and retention of the city's existing stock of hotels and guesthouses.

2. THE UK HOTEL SECTOR

2.1 National Demand Trends

Other than in seaside resorts and rural locations, demand for hotels is principally driven by business tourism, with leisure tourism filling rooms at weekends and during holiday periods often at discounted rates. The peaks and troughs of the economy together with events in the national and international tourism marketplace therefore impact directly on the hotel sector.

At the end of 2000, the UK hotel industry found itself on a 20 year high, with average annual room occupancies stable at 73% since 1996¹, and achieved room rates² steadily increasing year on year. 2001 saw some dramatic events affecting tourism and the economy worldwide, in the form of 9/11 and the Foot and Mouth epidemic. During 2002 the market remained nervous and performance of the hotel industry fragile, with the UK economy, its place in the global economy, and the drop in the numbers of high spending overseas visitors being key factors. As a result occupancies and achieved room rates dropped back. The war on Iraq in 2003 provided a setback to recovery, particularly in London, which is more susceptible to international events. The downturn in the financial services sector has also hit the capital and other financial centres badly in 2003. With weakening corporate demand the UK hotel market became markedly more competitive and rate aggressive. Occupancies and achieved room rates dropped back as a result.

The UK hotel industry has recovered well in the last 3 years, however, with a steady improvement in occupancy and strong growth in achieved room rates. Since 2003 achieved room rates for UK 3/4 star chain hotels have increased by 17.5% to reach a record level of £80.61¹ by September 2006.

Provincial hotels generally operate at slightly lower occupancy and considerably reduced achieved room rates to the UK average, the latter being inflated by the inclusion of London. At an overall level, provincial hotel occupancies have been more stable over the past 5 years. Achieved room rates were stable between 2001 and 2003 at around £62, but have increased strongly in 2004 and further still in 2005 and 2006, reaching a record high of £69.75¹ as at September 2006.

¹ Source: TRI Hotstats UK Chain Hotels Market Review

² The net amount of rooms income that hotels achieve room let, after deduction of VAT, breakfast, discounts and commission charges

UK Hotel Performance 1990-2006

Year	Occupancy %		Achieved Room Rate £	
	UK	London	UK	London
1990	65.5	75.0	49.57	74.54
1991	58.8	63.7	51.79	81.62
1992	57.7	63.0	46.57	82.36
1993	61.4	69.4	45.93	82.92
1994	65.0	75.9	47.43	81.52
1995	69.6	81.9	50.17	88.57
1996	72.6	83.8	55.01	98.10
1997	74.3	83.4	63.41	105.33
1998	72.7	80.4	64.51	108.76
1999	72.7	80.5	65.19	107.96
2000	73.7	82.6	68.78	91.82
2001	71.8	75.6	70.05	89.80
2002	72.2	77.7	68.38	82.77
2003	71.7	77.1	67.86	82.11
2004	73.5	80.9	70.87	88.07
2005	72.5	77.1	76.45	94.96
2006 YTD ¹	75.5	82.6	80.61	99.31

Comparative Hotel Performance by Location – Occupancy

	Occupancy						
	%						
	2000	2001	2002	2003	2004	2005	2006YTD ¹
Provincial hotels	70.6	70.4	70.2	69.8	70.8	70.4	71.7
UK	73.7	71.8	72.2	71.1	73.5	72.5	75.5
London	82.6	75.6	77.7	77.1	80.9	77.1	82.6

Comparative Performance by Location – Average Room Rate

	Average Room Rate						
	£						
	2000	2001	2002	2003	2004	2005	2006YTD ¹
Provincial hotels	59.23	62.12	62.50	62.16	63.72	66.95	69.75
UK	68.78	70.05	68.38	67.86	70.87	76.45	80.61
London	91.82	89.80	82.77	82.11	88.07	94.96	99.31

Source: TRI HotStats UK Chain Hotels Market Review

Notes

1. As at September 2006

2.2 National Supply Trends

2004 and 2005 saw a great deal of activity in the ownership, management and development of UK hotels. A key trend has been the move by many UK hotel companies to sell off their hotel property assets to property and investment companies and then lease them back, or manage them under contract for the new owners in sale-and-leaseback and sale-and-management contract deals. UK hotel operators have also disposed of non-core hotels, or sold hotels in order to return capital to shareholders. All of this has resulted in significant hotel property sales activity and changes in the ownership of hotels.

Some of the key deals of 2004 and 2005 were as follows:

- The acquisition in 2004 of Hotel du Vin by Malmaison owner MWB.
- The 2004 purchase of Premier Lodge by Whitbread, and subsequent merging with its Travel Inn estate to form Premier Travel Inn, now the UK's largest budget hotel operator.
- Whitbread disposed of its 11 Courtyard by Marriott properties in 2004 to Kew Green Hotels;
- Travelodge sold 135 hotels to the newly-formed Prestbury Hotels and leased them back;
- Le Meridien disposed of its UK hotels outside London.
- Dawnay Shore Hotels, the hotel group established by Dawnay, Day and Shore, acquired the Paramount Hotel Group in 2004, and subsequently purchased 3 hotels from Hanover International to operate under the Paramount brand. The company has recently purchased a further three hotels from the Furlong Group, which will form the basis of a signature group of hotels within the Paramount chain.
- In 2005, Whitbread has sold its UK Marriott Hotels arm to Marriott International, in order to concentrate on the development of Premier Travel Inn.
- As part of its strategy to focus on branding, franchising and managing hotels, Intercontinental Hotels Group (IHG) sold most of its UK hotel portfolio (73 hotels) to the UK-based LRG consortium, on a sale-and-management contract basis. LRG has subsequently put 11 of the hotels on the market.
- IHG has also signed a franchise agreement with Queens Moat Houses for 16 Moat House hotels to be operated under the Holiday Inn and Crowne Plaza brands.

- In March 2005 the Hilton Group sold 11 of its UK hotels to Stardon, a joint venture between Starwood Capital and Chardon Hotels. Stardon has subsequently signed a franchise agreement with IHG to operate 5 of the hotels under the Holiday Inn brand
- The Hilton Group also sold 15 UK Hilton hotels to The Managed Hotels Unit Trust in a sale-and-management contract deal.
- Property company Jefferson Hotels has acquired 9 Moat House hotels from Queens Moat Houses to be rebranded as Park Inns through a deal with Rezidor SAS.
- Morethanhotels, which owns and operates 9 Express by Holiday Inn hotels in the UK, acquired the Foremost Hotels group and its 3 Express by Holiday Inns, together with the lease for the Express by Holiday Inn Bradford City from Gallagher Developments.
- BDL Hotels has sold its entire portfolio of Express by Holiday Inns to Somerston Hotels, another Express by Holiday Inn franchisee.
- Swallow Hotels & Inns has rapidly expanded in 2005 with the acquisition of 25 Scottish hotels from the North British Trust Group and 8 hotels from Corus.
- Corus has continued to rationalise its UK hotel portfolio.
- Butterfly Hotels has signed a franchise agreement with Ramada for its 4 hotels in East Anglia.

These trends have continued in 2006. Key deals and hotel sales to date have included the following:

- Macdonald Hotels is seeking to raise around £200 million to invest in new hotel projects through a sale and manage-back deal covering around 20 hotels.
- Luxury hotel group Von Essen Hotels has purchased Luxury Family Hotels' four hotels.
- MWB is understood to have acquired De Vere Hotels.
- Whitbread has acquired seven Holiday Inns from LRG Acquisition that it has rebranded as Premier Travel Inns.
- Dubai International Capital is poised to acquire Travelodge from its current owners, private equity firm Permira.
- London & Edinburgh Swallow Group, which includes Swallow Hotels has been sold to Flodrive Group after going into administration in mid-September.
- Piccadilly Hotels, a joint venture partnership between Iranian entrepreneur Robert Tchenguiz's R20 investment company and property investor aAim, have purchased the 4 star Menzies Hotels chain from Nikko Principal Investments for £180m.

The budget or limited service hotel sector continues to see the fastest rate of expansion, with a continuing trend towards differentiation in the sector. There are now 5 visible tiers of budget provision, ranging from hostels (St Christopher Inns, Globetrotter Inns, Euro Hostels and Smart City Hostels) and 'super economy' brands (Formule 1, Easyhotel and Etap), to budget brands like Travelodge, Premier Travel Inn, Sleep Inn and Days Inn and 'upper-tier' budget brands such as Express by Holiday Inn, Ramada Encore and Tulip Inn. At the upper end of the spectrum 'budget boutiques' that combine high design with limited service, such as Dakota, Big Sleep, Yotel and Nite Nite are starting to develop.

New product development by the key national and international brand operators in the UK is summarised in the table overleaf. The active players to watch include:

- The continued expansion of the main budget brands (Premier Travel Inn, Travelodge and Express by Holiday Inn).
- The expansion of new budget hotel brands such as Days Inn and Sleep Inn, and upper-tier budget brands, including Tulip Inn and Ramada Encore.
- New entrants to the budget sector include Easyhotel (part of the Easyjet Group), which opened its first in London in 2005; French hotel group Accor's Etap budget brand, which opened its first UK hotel in Birmingham in 2005; the recently launched Yotel budget boutique brand that is looking for sites in the UK; the new Dakota budget boutique brand founded by Ken McCulloch of Malmaison fame, which opened its first hotel in Nottingham in 2004; the new boutique budget concept Nite Nite which opened its first hotel in Birmingham in 2006; and the Big Sleep budget boutique brand that has recently announced expansion plans with a new hotel under development in Cheltenham to add to the existing Cardiff Big Sleep.
- Continued development of the boutique and town house hotel sector, with further expansion by Malmaison, Hotel du Vin, Alias and Myhotel and the development of newly established boutique hotel companies such as Apex, Bespoke, Abode, Niche, Finesse, Le Monde and Milsoms, together with the development of one-off boutique hotels by independent hoteliers.
- A number of 4 star operators are also active, including Macdonald, Park Plaza, Marston, Marriott, City Inns, Ramada and Radisson SAS, all of whom are seeking to expand their UK representation. There is also the possible development of Cendant's Wingate 4 star brand in the UK.
- There could be renewed activity in terms of the development of golf hotels and resorts. Macdonald has recently opened new golf resort in Peebles in Scotland and Whitchurch in Shropshire, while De Vere has opened a new golf resort in Scotland.

- There will be further openings in the 3 star market from operators such as Jury's Inn, Village (part of the De Vere Group), Novotel, Park Inn, Courtyard by Marriott, Future Inns and Holiday Inn. Village has particularly ambitious expansion plans, with a target of opening 5 new hotels per year by 2009/10.
- Leisure operators look likely to continue to diversify into hotels, with for example the development of hotels at theme parks (e.g. Alton Towers, Drayton Manor and Blackpool Pleasure Beach), football stadia (e.g. the De Vere Whites hotel at Bolton's Reebok stadium) and racecourses (e.g. the Express by Holiday Inn at Chester Racecourse).
- There could be further development in the serviced apartment sector with the expansion of new serviced apartment operators The Chambers and Base2Stay. The UK may also begin to see the development of suite hotels, such as the US Country Inns & Suites, Residence Inn and Staybridge Suites brands.
- Other niche hotel products, including adult only hotels (Warner's Just for Adults), family hotels (Luxury Family Hotels) and luxury hostels (Smart City Hostels) may also develop further.

Minimising risk is key to hotel investment decision-making, and there is understandably a lot more interest in budget and limited service development than in full service 4 star development – the former represent investments of £2-4 million, the latter £15-45 million. Whether companies expand by owning and developing their properties or via lease, joint venture and/or management contract also affects the pace of development. The availability of affordable sites is also becoming a major issue for budget hotel operators, especially in London and the South East where hotels are unable to compete for sites with residential developments.

Recent, current and planned hotel development by UK hotel companies is summarised in the table overleaf.

UK HOTEL DEVELOPMENT ACTIVITY

HOTEL COMPANY	HOTEL OPENINGS					
	2003	2004	2005	2006	2007	2008
ABODE (Boutique)			Glasgow Exeter	Canterbury Devon		
ALIAS (Boutique)	Manchester Brighton					
APEX (Boutique)	Dundee		London			
ASTON (3 star)				Dumfries	Neath	
BASE2STAY (Boutique Serviced Apartments)				London		
BESPOKE (Boutique)			Slough	St Austell		
BEWLEY'S (3 star)	Leeds					
BIG SLEEP (Boutique Budget)				Cheltenham	Exeter	
BONNINGTON (4/5 star)						London
CAMPANILE (Budget)	Glasgow Leicester			Northampton		
CITY INN (4 Star)	London - Westminster				Manchester	
COLUMBUS (5 Star)					Brooklands, Surrey	
COURTYARD BY MARRIOTT (3 Star)					Gatwick	
CROWNE PLAZA (4 Star)	Marlow					

Brighton & Hove Hotel Futures

HOTEL COMPANY	2003	2004	2005	2006	2007	2008
DAKOTA (Boutique Budget)		Nottingham		Glasgow	Edinburgh	Farnborough
DAYS HOTELS (Upper-Tier Budget)		Birmingham Manchester	Derby Luton			
DAYS SERVICED APARTMENTS (Srvcd Aprtments)	Nottingham					
DAYS INN (Budget)	Dundee Derby Telford Belfast Ruislip	Sedgemoor Warwick Gretna Green Birmingham Clacton-on-Sea Leicester Stansted	Haverhill Nuneaton		Winchester	
DE VERE (4/5 star)			Loch Lomond (Golf Resort)			
EASYHOTEL (Budget)			London			
ETAP (Budget)				Birmingham	Glasgow Leeds Southampton	
EURO HOSTELS (Hostels)					Newcastle	
EXPRESS BY HOLIDAY INN (Upper-Tier Budget)	Chester Portsmouth Nottingham Northampton London x2 Droitwich Swindon	Preston Bedford Edinburgh Newport Hemel Hempstead Croydon Stevenage	London Swiss Cottage London Finchley Stansted Warrington Newcastle	Leicester Cardiff Airport London Earls Court London Golders Green London Newbury Park Leeds Doncaster Dunfermline Witney Lakes	Redditch	
FOUR SEASONS (5 Star)			Basingstoke			

Brighton & Hove Hotel Futures

HOTEL COMPANY	2003	2004	2005	2006	2007	2008
FUTURE INNS (3 Star)		Cardiff		Plymouth		Bristol
GLOBETROTTER INNS (Hostel)	Edinburgh London					
HILTON (4 Star)		Newcastle		Manchester London Canary Wharf London Tower Bridge		Reading
HOLIDAY INN (3 Star)		Bristol Airport	London Brentford	Norwich Aberdeen Manchester		
HOTEL DU VIN (Boutique)	Harrogate	Henley-on-Thames			York Cambridge Glasgow	
HYATT (5 Star)						London - Battersea
IBIS (Budget)	Carlisle	Leeds	London	Bristol Aberdeen Reading York		
JURY'S INN (3 Star)	Croydon Newcastle Glasgow	Leeds London Heathrow	Southampton Nottingham	Milton Keynes	Brighton Plymouth Liverpool	
KEMPINSKI (5 Star)					London	
LE MONDE (Boutique)				Edinburgh		
MACDONALD (4 Star)		Peebles (golf resort) Cardiff	Sheffield	Whitchurch, Shropshire (golf resort)	Manchester Bristol	
MALMAISON (Boutique)	London	Belfast	Oxford	Liverpool	Reading	

Brighton & Hove Hotel Futures

HOTEL COMPANY	2003	2004	2005	2006	2007	2008
MARRIOTT (4 Star)		London Canary Wharf		Leicester		
MARSTON (4 Star)			Cambridge	Nottingham		
MENZIES (4 Star)					Leeds	
MILLENNIUM & COPTHORNE (4 Star)					Sheffield	Southampton
MILSOMS (Boutique)			Poole			
MYHOTEL (Boutique)					Brighton	
NICHE (Boutique)		Newcastle	Cardiff			
NITE NITE (Budget)				Birmingham		
NOVOTEL (4 Star)		Bristol Edinburgh London Excel	Cardiff London - Greenwich	Reading	Edinburgh London - Paddington	
PARK INN (3 Star)		Heathrow	Dundalk, N Ireland			
PARK PLAZA (4 Star)	Leeds Cardiff	Belfast	London			London

Brighton & Hove Hotel Futures

HOTEL COMPANY	2003	2004	2005	2006	2007	2008
PREMIER TRAVEL INN (Budget)	Blackburn Bridgwater Bristol (Bradley Stoke) Bury Evesham Horley Lancaster Liverpool (City Centre) London Excel Heathrow Norwich Airport Oldham (Central) Taunton (Central) Wembley	Perth Durham Birmingham- M6 Toll Manchester Southport	Borehamwood Dunfermline Merton Norwich Swansea Swindon Watford Bradford Gloucester Grantham Harwich	Reading Hemel Hempstead Andover Carrickfergus Petersfield Eastbourne North London- Hammersmith North Shields Frome Hinckley Tonbridge	Belfast East Midlands Airport	
QUALITY (3 Star)			Manchester			
RADISSON EDWARDIAN (5 Star)	London		Manchester London Syon Park			
RADISSON SAS (4 Star)	Glasgow	Liverpool Stansted Airport		Birmingham	Durham	Bristol Brighton

Brighton & Hove Hotel Futures

HOTEL COMPANY	2003	2004	2005	2006	2007	2008
RAMADA (4 Star)			Crewe	Coventry		
RAMADA PLAZA (4 Star)				Wrexham		
RAMADA ENCORE (Upper-tier Budget)		London Swansea		Milton Keynes		Birmingham NEC
ST CHRISTOPHER'S INNS (Hostel)	Brighton Bath					
SLEEP INN (Budget)	Leeds		Tewkesbury	Derby Shrewsbury		
SMART CITY HOSTELS (Hostels)				Edinburgh		
STAYBRIDGE SUITES (Suite Hotel)				London South Bank Brentford		
THE CHAMBERS (Srvcd Aprtments)			Leeds	Leeds		

Brighton & Hove Hotel Futures

HOTEL COMPANY	2003	2004	2005	2006	2007	2008
TRAVELODGE (Budget)	Cheltenham Leeds East Perth Plymouth Royston	Wolverhampton Leamington Spa Cambridge London x3 Romford Barrow-in-Furness Leatherhead Leeds/Bradford Airport Harrogate Harlow Leicester Livingston Southend-on-Sea Buckingham Bedford Glenrothes Berwick-upon-Tweed	Bournemouth Manchester Manchester SportCity Guildford Inverness Scunthorpe Tolworth Worcester Bury Crewe Dunfermline Gateshead London City Airport Mansfield Norwich Newport St Austell Shrewsbury Swindon Nottingham Hastings Dundee Aberdeen Airport Pembroke Dock Ashton-under-Lyne	Ayr Barnstaple Birmingham - Fort Dunlop Birmingham - Maypole Blackpool Bristol Caterham Cockermouth Croydon Feltham Glastonbury Hatfield Hayle Hereford Holyhead London Holborn Manchester- Trafford Park Margate Peterborough Paignton Romford Sheffield Stansted Stockport Watford	London City	

Brighton & Hove Hotel Futures

HOTEL COMPANY	2003	2004	2005	2006	2007	2008
TULIP INN (Upper-tier Budget)	Glasgow	Gateshead Portsmouth	Castleford		Belfast Stoke Sheffield Chippenham Bournemouth Manchester Airport	
VILLAGE (3 Star)		Maidstone Walsall	Bournemouth	Hull	Swansea	Farnborough Leeds South Elstree Manchester- Ashton Moss Solihull
YOTEL (Boutique Budget)				Gatwick Heathrow	London	

Source: Hotel Solutions – UK Hotel Development Monitor

3. BRIGHTON & HOVE HOTEL AND GUEST HOUSE SUPPLY

3.1 Current Supply

Our research has identified a total of 160 hotels and guest accommodation establishments in Brighton & Hove with a total of 4,293 letting bedrooms. These establishments are listed at Appendix 2.

3.1.1 Analysis by Standard

An analysis of the city's current hotel and guest accommodation supply by standard provides the following breakdown:

**Current Hotel and Guesthouse Supply – Brighton & Hove – by Standard
September 2006**

Standard	Estabs	Rooms	% of Rooms
Hotels			
5 star	1	200	4.7
4 star	11	1,128	26.3
3 star	12	1,000	23.3
Budget	3	271	6.3
Total Hotels	27	2,599	60.5
Guest Accommodation			
5 diamond/star	1	11	0.2
4 diamond/star	41	503	11.7
3 diamond/star	42	610	14.2
2 diamond/star	6	87	2.0
Non-assessed	43	483	11.3
Total Guest Accommodation	133	1,694	39.5
Total Supply	160	4,293	100.0

Key observations on the analysis of the current hotel and guest accommodation supply by standard are as follows:

- The city has a good spread of serviced accommodation across the range of different standards of hotel and guest accommodation.
- Brighton & Hove is one of the few UK destinations outside London to have a 5 star hotel (the De Vere Grand).

- Hotels account for just over 60% of the city's serviced accommodation supply. These comprise mainly 3 and 4 star hotels.
- The city has very few budget hotels and no upper-tier budget hotels (brands such as Express by Holiday Inn, Tulip Inn, Ramada Encore).
- Brighton & Hove has an expanding supply of 4 star boutique¹ hotels (Hotel du Vin, Drakes, Alias Seattle, Lansdowne Place, Hotel Una, Royal Pavilion Townhouse).
- The city has a significant number of smaller guest accommodation establishments many of which trade using the word 'hotel' in their business name². These are primarily 3 and 4 diamond/ star establishments. The city has only one 5-diamond guest accommodation establishment (Claremont House in Hove).
- Brighton has a growing number of guest accommodation establishments that promote themselves as boutique¹ hotels and guesthouses (Blanch House, Brightonwave, FiveHotel, Hotel Nineteen, Hotel Pelirrocco, Neo Hotel, New Steine Hotel, Paskins Town House, Sea Spray, The White House and Maison Mascara).
- Brighton & Hove has relatively few non-assessed hotels and guest accommodation establishments. Many (although not all) of these establishments appear to be of a relatively low standard.

¹ The term 'boutique' is used to describe hotels and guest accommodation establishments that are furnished in a contemporary and stylish way, sometimes with themed rooms, and that offer very high standards of personalised service and food.

² This situation will change in the future as guest accommodation establishments will no longer be able to use the term 'hotel' in their trading name under the new national grading scheme for serviced accommodation.

3.1.2 Analysis by Size

An analysis of the city's current hotel and guest accommodation supply by size of establishment provides the following breakdown:

Current Hotel and Guesthouse Supply – Brighton & Hove – by Size September 2006

Size of Establishment (No. of Rooms)	Estabs	Rooms	% of Rooms
201+	2	542	12.6
151-200	4	697	16.2
101-150	3	394	9.2
51-100	11	849	19.8
31-50	10	365	8.5
21-30	13	291	6.8
11-20	42	614	14.3
<10	75	541	12.6
Total Supply	160	4,293	100.0

Key observations on the analysis of the current hotel and guest accommodation supply by size are as follows:

- The city has a good mix of hotels and guesthouses of all sizes.
- The current supply is dominated by 9 large hotels, which account for some 38% of the total number of serviced accommodation rooms in the city.
- The city has a significant supply of small hotels and guest accommodation establishments. Almost three quarters of establishments have fewer than 20 bedrooms. They account for only a quarter of the total number of serviced accommodation rooms in the city, however.

3.1.3 Analysis by Location

A detailed analysis of the city's current hotel and guest accommodation supply by location is provided at Appendix 3. This is summarised in the table below:

**Current Hotel and Guesthouse Supply – Brighton & Hove – by Location
September 2006**

Location	Estabs	Rooms	% of Rooms
Brighton			
King's Road/ Grd Jctn Rd	18	1,932	45.0
New Steine	15	229	5.3
Regency Square	14	219	5.1
Marine Parade	8	194	4.5
Upper Rock Gardens	12	99	2.3
Charlotte Street	7	88	2.1
Madeira Place	9	79	1.8
Lower Rock Gardens	5	58	1.4
Russell Square	6	57	1.3
Oriental Place	4	54	1.3
St George's Terrace	4	36	0.8
Broad Street	4	30	0.7
Atlingworth Street	3	29	0.7
Other City Centre	18	422	9.8
City Outskirts	9	182	4.2
Brighton Marina	1	71	1.7
Total Brighton	137	3,779	88.0
Hove			
Total Hove	23	514	12.0
Total Supply	160	4,293	100.0

Key observations on the analysis of the current hotel and guest accommodation supply by location are as follows:

- The bulk (88%) of the city's serviced accommodation supply is in Brighton: Hove has a much smaller supply of hotel and guest accommodation.
- The supply in Brighton is concentrated in certain key streets and squares.
- Seafront locations (King's Road, Grand Junction Road and Marine Parade) account for almost half of the city's hotel and guest accommodation stock.

- Other key locations in Brighton, particularly for small hotels and guest accommodation establishments, are Regency Square, New Steine, Upper Rock Gardens, Charlotte Street and Madeira Place.
- Secondary locations in Brighton are Lower Rock Gardens, Broad Street, Atlingworth Street, St George's Terrace, Russell Square and Oriental Place.
- St George's Terrace is the only street with a number of guesthouses that is outside the current Hotel Core Zone.
- The guesthouses in Russell Square appear to be of a relatively low standard.
- There is very little hotel and guest house accommodation outside the city centre, although two of the city's budget hotels (the Innkeeper's Lodge and Travelodge) are located on the A23 coming into the city.
- There is only one hotel (the Alias Seattle) at Brighton Marina.
- There are no concentrations of hotels and guesthouses in Hove: establishments are spread across this part of the city.

3.1.4 Representation of National Hotel Brands

Twelve national hotel brands are currently represented in Brighton & Hove accounting for 75% of the city's stock of hotel accommodation:

Brighton & Hove – Representation of National Hotel Brands

Hotel Brand	Hotel
4/5 Star	
De Vere	De Vere Grand
Hilton	Hilton Brighton Metropole
Thistle	Brighton Thistle
Holiday Inn	Holiday Inn Brighton Seafront
Paramount	Old Ship
Boutique	
Hotel du Vin	Hotel du Vin
Alias	Alias Seattle
3 Star	
Ramada Jarvis	Ramada Brighton
Best Western	Best Western Brighton Best Western Princes Marine
Quality	Quality
Britannia	Royal Albion
Budget	
Innkeeper's Lodge	Innkeeper's Lodge Brighton
Premier Travel Inn	Premier Travel Inn Brighton City Centre
Travelodge	Travelodge Brighton

Four hotels in Brighton are operated by the Vienna Group, which also operates hotels in London and Birmingham.

Key observations regarding the representation of national hotel brands in Brighton & Hove are as follows:

- Most of the major 4 star brands are already represented in Brighton. Key 4 star brands not currently represented are Marriott, Macdonald, Radisson SAS and Novotel. Radisson SAS has plans currently for a hotel at the Brighton Station site, however.
- The two leading UK budget brands (Premier Travel Inn and Travelodge) are represented in Brighton & Hove. Other expanding budget chains such as Sleep Inn, Ibis and Etap are not represented currently, although Accor has plans for an Ibis hotel on Queen's Road.
- As already identified upper-tier budget brands (e.g. Express by Holiday Inn, Tulip Inn and Ramada Encore) are not currently represented in the city.

3.2 Recent Changes in Hotel Supply³

3.2.1. New Hotels and Guesthouses

Two new hotels have opened in Brighton in the last 5 years, both of them boutique operations:

New Hotels in Brighton & Hove – 2001-2006

Hotel	Standard	Rooms	Location	Year Opened
Alias Seattle	4 star Boutique	71	Brighton Marina	2003
Hotel du Vin	4 Star Boutique	37	Ship Street	2004

The Regency Lansdowne Guest House in Hove opened in 2001.

3.2.2 Extensions

The following hotels have expanded in the last 5 years:

- The Courtlands Hotel in Hove added 15 bedrooms in 2001.
- The King's Hotel has added 6 bedrooms.
- Brightonwave added 2 bedrooms in 2005.

³ Based on information provided from the planning register provided by Brighton & Hove City Council Planning Department and information gathered by Hotel Solutions through the interviews with hotel managers

3.2.3. Refurbishments and Upgradings

A significant trend in the last 5 years has been the purchase and subsequent upgrading and repositioning of many smaller hotels and guesthouses, usually as boutique establishments. Our research has identified the following establishments that have undergone such transformations in recent years:

Establishment	Location	Grading	Rooms	Former Name
Drakes	Marine Parade	4 star boutique (Hotel)	20	Amalfi Hotel
Lansdowne Place	Lansdowne Place, Hove	4 star boutique ¹ (Hotel)	85	The Dudley
Hotel Una	Regency Square	4 star boutique ¹ (Hotel)	24	Portland House Hotel
Blanch House	Atlingworth Street	4 diamond boutique	12	Kimberley Hotel
FiveHotel	New Steine	4 diamond boutique	10	Aegean Hotel
Brightonwave	Madeira Place	4 diamond boutique	8	Dudley House Hotel
Amherst	Lower Rock Gardens	4 diamond boutique	10	Amherst Hotel
The Kelvin	Madeira Place	4 star boutique	9	Kelvin Guest House
The White House	Bedford Street	4 diamond boutique	10	The White House Hotel
Hamptons	New Steine	3 diamond	13	Allendale Hotel
Griffin Hotel	Madeira Place	3 diamond	11	Madeira Guest House
Legends ²	Marine Parade	4 star ³	33	New Europe Hotel
Esteban	Upper Rock Gdns	4 diamond	12	Amblescliff Hotel
The Townhouse ²	New Steine	4 star ³	8	Starrs Hotel
One Broad Street	Broad Street	3 star ³	7	Harveys Guest House
Seafield House	Seafield Road, Hove	4 star ¹	12	Hotel Seafield
Grapevine Hotel	Middle Street	n/a	27	Brighton Backpackers

Notes:

2. Awaiting inspection – assumed grading
3. Opens October 2006
4. Currently being refurbished – assumed grading

The following hotels have also undergone (or are undergoing) major refurbishment programmes:

- Hilton Brighton Metropole - £7.6 million refurbishment;
- Holiday Inn Brighton Seafront – rebranded as a Holiday Inn in 2005 (formerly Hilton West Pier) – currently undergoing a major bedroom refurbishment;
- Queen’s Hotel - £1.5 million refurbishment;
- Best Western Brighton – refurbished since taken over by the Vienna Group in 2005;
- Ramada Brighton – part way through a major bedroom refurbishment;
- Amsterdam – major refurbishment 2005;
- Sea Spray – purchased the adjacent Fyfield House Hotel in 2005 and completely refurbished as new boutique rooms;
- New Madeira – upgraded 4 bedrooms to boutique standard;
- Cecil House – refurbished 2005;
- Cross Street Guest House, Hove – currently being upgraded;
- The Diana House Guest House in St George’s Terrace is currently undergoing a major refurbishment and upgrading programme. Its name will change once the refurbishment is complete.

3.2.4. Closures

Our research has identified the following hotel and guesthouse closures in Brighton & Hove in the last 5 years:

Brighton & Hove Hotel and Guesthouse Closures 2001-2006

Establishment Name	Location	No. Rooms	Reason for Closure
Grand Ocean Hotel	Saltdean	345	Residential redevelopment
St Catherine's Lodge	Hove	49	Temporary use as DHSS hostel
Excelsior Hotel	Hove	n/a	Conversion to flats
Sackville Hotel	Hove	45	Collapsed during redevelopment – expected to be rebuilt as a hotel
Acropolis Hotel	Burlington Street	27	Conversion to flats following fire
West Pier Hotel	Regency Square	n/a	Conversion to HMO
Adelphi Court	Regency Square	n/a	Conversion to HMO
Braemar Guest House	Rottingdean	n/a	Conversion to 2 dwelling units
Squirrels Hotel	Montpelier Road	n/a	Conversion to flats
12 Devonshire Place	Devonshire Place	n/a	Conversion to HMO
6 Sillwood Place	Sillwood Place	n/a	Conversion to residential

Our research has also identified the following hotels and guesthouses which no longer appear to be trading, or may be operating as HMOs:

Brighton & Hove – Hotels and Guesthouses Not Currently Trading

Establishment Name	Location	No. Rooms	Comments
Seaholme	Seafeld Rd, Hove	12	Appears to be operating as an HMO despite refusal of planning permission
Milton Hotel	81 St Aubyns, Hove	n/a	Operating as an HMO – retrospective change of use currently under consideration
Bedford Sands Hotel	Bedford Square	n/a	Currently being converted for what appears to be HMO or residential use
St Mabyn's Guest House	9 Broad Street	n/a	Appears to be operating as an HMO
Shalamar Hotel	Broad Street	n/a	Not operating currently
The Wardley	10 Summerhill Avenue, Hove	24	Operating as a hostel for homeless people
Dolphin Guest House	9 Charles Street	8	Does not appear to be trading as a guest house – may be operating as an HMO
Shirley Guest House	20 St George's Terrace	9	Not operating currently

3.3 Planned Development of Existing Hotels

Our research has identified the following plans and proposals for the expansion and/or development of existing hotels and guesthouses in the city:

- The De Vere Grand has plans for a major bedroom and ground floor refurbishment;
- The Thistle has plans for a major refurbishment programme and possible rebranding as a 5 star Guoman Hotel;
- The Old Ship Hotel has planning permission for an additional 30 bedrooms;
- Further refurbishment of the Holiday Inn is planned;
- The Belgrave is planning a major refurbishment programme and the development of a further 23 bedrooms;
- Further refurbishment work is planned for the Queen's Hotel;
- The Ramada Brighton will continue its refurbishment programme;
- The King's and Best Western Brighton are considering plans to add further floors of bedrooms;
- The Ascott House may upgrade to boutique standard;
- The New Madeira is planning to convert more of its bedrooms to boutique standard;
- The Amsterdam Hotel has planning permission for an additional 2 bedrooms.

3.4 Potential New Hotels

There are plans currently for at least 5 new hotels in Brighton:

Brighton & Hove – Planned New Hotels

Hotel/ Site Name	Location	Standard	Rooms	Current Status
Myhotel	Jubilee Street	4 star boutique	80	On site
Royal York Buildings	Old Steine	4 star boutique	51	On site
Jury's Inn	Brighton Station site	3 star	234	Planning permission approved April 2006
Radisson SAS	Brighton Station site	4 star	196	Planning permission refused April 2005 – appeal lodged
Ibis	Queen's Road	Budget	147	Planning application currently under consideration

A new 315-bedroom 4 star hotel is being discussed as part of the proposed Brighton Centre redevelopment scheme.

If all of these hotels go ahead they would result in a net increase of almost 900 hotel rooms, representing a 35% increase in the city's hotel supply, and a 21% increase in the total supply of serviced accommodation in the city.

In addition to the planned new hotels, planning permission has also been give to convert a rest home at 31 Vallance Gardens in Hove to a 14 bedroom guesthouse.

3.5. Summary of Key Points

- Brighton & Hove has a significant stock of hotel and guesthouse accommodation across all standards and sizes. The city's hotel stock comprises mainly 3 and 4 star hotels. It has few branded budget hotels and no upper-tier budget hotels. The city has a large stock of small, mainly 3 and 4 diamond/star guest accommodation establishments, many using the term hotel in their trading name. The vast majority of hotels and guesthouses are quality assured. The standard of some of the non-assessed properties appears to be relatively low.
- The bulk of the city's serviced accommodation supply is in Brighton. Hove has a much smaller supply of hotels and guesthouses. The supply in Brighton is concentrated in certain key streets and squares. The seafront and streets and squares running immediately off it account for the majority of Brighton's current supply of hotel and guest accommodation. There is relatively little accommodation outside the city centre. Hotels and guesthouses are more widely spread in Hove, with no concentrations of establishments.
- The most significant change in the city's hotel and guest accommodation supply in recent years has been the rapid expansion of the boutique sector, with the opening of two new boutique hotels (Hotel du Vin and the Alias Seattle) and the upgrading and repositioning of a growing number of existing hotels and guesthouses as boutique accommodation offers. There has been relatively little loss of hotels and guesthouses to residential and HMO. Losses have been more significant in Hove than Brighton. The Grand Ocean at Saltdean has been the most significant hotel to close. This hotel was a long way out of the city in an isolated location, however.
- Six new hotels are currently under construction or proposed for the city. They will significantly add to the city's stock of hotels and serviced accommodation if they all go ahead.

4. CURRENT DEMAND

4.1 Occupancy

On the basis of our research, we estimate average annual room occupancies for hotels and guest accommodation establishments in Brighton & Hove as follows for 2004 to 2006:

**Brighton & Hove Hotel and Guest Accommodation¹
Occupancy 2004-2006**

Standard	Average Annual Room Occupancy %		
	2004	2005	2006 ²
Hotels			
4/5 Star ³	68	69	70
3 Star	69	70	71
Brighton & Hove 3/4 Star ³	68	69	70
Provincial UK 3/4 Star Chain Hotels ⁴	71	70	72 ⁵
4 Star Boutique	77	79	77
Budget	n/a	n/a	77
Guest Accommodation			
4 Diamond/Star	63	61	63
2/3 Diamond/ Star	n/a	n/a	64 ⁶

Notes:

1. Sample of participating establishments give at Appendix 1
2. Based on projected figures provided by hotel managers
3. Excluding boutique hotels
4. Source: TRI Hotstats UK Chain Hotels Market Review
5. Year to date as at September 2006
6. Small sample – view result with caution

- 3/4/5 star hotel occupancies in Brighton & Hove have been broadly on a par with the national average for provincial 3/4 star chain hotels in the UK for the last 3 years.
- There is very little difference in average annual room occupancy performance between 3, 4 and 5 star hotels in the city. 4/5 star hotels achieve very similar occupancies. Occupancies vary significantly between 3 star hotels, however, ranging from 58% to 84% in 2006. Hove 3 star hotels generally appear to achieve lower occupancies than Brighton 3 star hotels. One Brighton 3 star hotel that focuses on group tour and stag and hen party business achieves very high occupancy levels.

- 4 star boutique hotels achieve very high occupancies. Some established boutique hotels in the city centre are achieving average annual room occupancies in excess of 90%.
- Budget hotel occupancies in the city are well above the 3/4 star averages, but not as high as budget hotel performance in other city centres in the South East, such as Southampton and Portsmouth, where average annual budget hotel occupancies are running at well over 80%.
- Average annual room occupancies vary significantly between 4 diamond/star guest accommodation establishments, ranging between 34% and 75% in 2006. Boutique establishments are generally achieving higher occupancy levels, typically around 70-75%.
- Occupancies also vary significantly between 2/3 diamond establishments, with a range in projected average annual occupancies for such establishments of 40-75% in 2006.
- Some operators of guest accommodation establishments are not particularly seeking to increase their occupancy levels as they are satisfied with the amount of business they are achieving.
- Brighton & Hove hotel and guest accommodation occupancies have been relatively stable over the last 3 years. They are understood to have declined significantly since 2000, however, as a result of the loss of aircrew business from Gatwick (for some 4 star hotels) following 9/11, and the loss of major conferences from the Brighton Centre. Many hotels and guest accommodation establishments have however been able to build new business from other markets, in particular the leisure break and residential conference markets, to offset the loss of city conference business.
- A number of establishments have improved their occupancy levels in 2006 through increased marketing, particularly into the leisure break market through Internet marketing. Newly opened boutique hotels and guest accommodation establishments have seen a significant improvement in occupancy performance following their upgrading. Some established boutique guest accommodation establishments reported a slight drop in occupancy in 2006 however, due to the increase in the supply of such accommodation in the city.

4.2. Achieved Room Rates

On the basis of our research, we estimate average annual achieved room rates⁴ for hotels and guest accommodation establishments in Brighton & Hove as follows for 2004 to 2006:

**Brighton & Hove Hotel and Guest Accommodation¹
Achieved Room Rates 2004-2006**

Standard	Average Annual Achieved Room Rate £		
	2004	2005	2006 ²
Hotels			
4 Star ^{3/4}	72.25	73.18	76.60
3 Star	52.89	56.00	56.07
Brighton & Hove 3/4 Star ⁴	63.23	65.19	67.11
Provincial UK 3/4 Star Chain Hotels ⁵	63.72	66.95	69.75 ⁶
4 Star Boutique	97.58	104.97	106.89
Budget	n/a	n/a	n/a
Guest Accommodation			
4 Diamond/Star	n/a	n/a	59.35 ⁷
2/3 Diamond/ Star	n/a	n/a	n/a

Notes:

1. Sample of participating establishments give at Appendix 1
 2. Based on projected figures provided by hotel managers
 3. The De Vere Grand has not been included in the sample for the achieved room rate calculations. As a 5 star hotel it achieves room rates that are considerably above those of 4 star hotels in the city. The inclusion of its figures in a 4/5 star achieved room rate figure would give a distorted picture of 4 star hotel performance in the city
 4. Excluding boutique hotels
 5. Source: TRI Hotstats UK Chain Hotels Market Review
 6. Year to date as at September 2006
 7. Small sample – view result with caution
- 3/4 star hotel achieved room rates in Brighton & Hove are slightly below the national average for provincial UK 3/4 star chain hotels.
 - 4 star achieved room rates vary significantly between hotels, ranging between £67 and £81 in 2006.

⁴ The net amount of rooms revenue that hotels and guest accommodation establishments achieve per room occupied after deduction of VAT, breakfast and any other meals included in the price, commission charges and discounts.

- Average room rates achieved by the De Vere Grand are significantly above those achieved by the city's 4 star hotels.
- 3 star achieved room rates vary even more widely, ranging between £46 and £75 in 2006. Hove 3 star hotels appear to be achieving lower room rates than Brighton 3 star hotels. 3 star hotels that cater significantly for group tour business during the week achieve comparatively lower room rates than other 3 star hotels in the city.
- Boutique hotels achieve very high room rates, with some of the established boutique hotels in the city centre achieving room rates in excess of £125.
- Average room rates achieved by 4 diamond/star guest accommodation establishments vary significantly, ranging from £44 to £84 in 2006. A number of boutique guest accommodation establishments are achieving higher average room rates than some of the city's 4 star hotels (although clearly they have far fewer rooms to fill).
- Room rates achieved by the city's 2/3 diamond guest accommodation establishments are thought to be relatively low.
- Average room rates have been static for 3 star hotels and some 4 star hotels in 2006, due primarily to the loss of city conferences, especially the Labour Party Conference, which generated significant rack rate business for the city's hotels. Some 3 and 4 star hotels have increased their average room rates in 2006 however, through better yield management and in some cases new strategies to focus more on rate than occupancy.

4.3. Room Revpar

On the basis of our research, we estimate average annual room revpar⁵ results for hotels in Brighton & Hove as follows for 2004 to 2006:

Brighton & Hove Hotels¹ – Room Revpar 2004-2006

Standard	Average Annual Room Revpar £		
	2004	2005	2006 ²
Hotels			
4 Star ^{3/4}	48.46	50.09	53.46
3 Star	36.26	38.90	39.56
Brighton & Hove 3/4 Star ⁴	42.85	44.95	47.07
Provincial UK 3/4 Star Chain Hotels ⁵	45.11	47.13	48.88 ⁶
4 Star Boutique	75.00	83.15	82.64
Budget	n/a	n/a	n/a

Notes:

1. Sample of participating establishments give at Appendix 1
 2. Based on projected figures provided by hotel managers
 3. The De Vere Grand has not been included in the sample for the room revpar calculations. As a 5 star hotel it achieves room revpars considerably above those of 4 star hotels in the city. The inclusion of its figures in a 4/5 star room revpar figure would give a distorted picture of 4 star hotel performance in the city
 4. Excluding boutique hotels
 5. Source: TRI Hotstats UK Chain Hotels Market Review
 6. Year to date as at August 2006
- Room revpar for Brighton & Hove 3/4 star hotels is slightly below the national average for provincial UK 3/4 star chain hotels.
 - 4 star boutique hotels and the De Vere Grand achieve much higher room revpar figures than the city's other 4 star hotels.

⁵ The net amount of rooms revenue that hotels achieve per available room

4.4. Weekday/ Weekend Occupancy

Our estimates of average weekday and weekend occupancies for the city's hotel and guest accommodation sectors are as follows:

**Brighton & Hove Hotel and Guest Accommodation
Weekday/ Weekend Occupancies – 2006**

Standard	Average Room Occupancy %			
	Mon-Thurs	Friday	Saturday	Sunday
Hotels				
4/5 Star	66	76	96	54
3 Star	66	80	96	48
4 Star Boutique	76	94	98	53
Budget	74	95	98	51
Guest Accommodation				
4 Diamond/ Star	49	91	97	43
2/3 Diamond/Star	59	88	94	40

- All hotels and guest accommodation establishments in the city achieve very high Friday and Saturday night occupancies. Saturday nights are particularly strong, with hotels and guesthouses in the city usually filling and turning business away throughout the year.
- 3/4/5 star hotels achieve slightly lower Friday occupancies. Budget hotels achieve strong occupancies on both Friday and Saturday nights. Most guest accommodation establishments achieve high Friday and Saturday night occupancies as they operate a minimum 2 night stay policy at weekends, which they are generally able to achieve other than during some winter months.
- Hotels tend to achieve higher weekday occupancies than guest accommodation establishments as they are able to attract a broader range of markets, including residential conferences and group tours. Boutique and budget hotels achieve higher midweek occupancies than 3, 4 and 5 star hotels. Some guest accommodation establishments achieve very low weekday occupancies. Others have been successful in attracting midweek leisure break business to boost weekday occupancies.
- The majority of hotels and guesthouses, other than some boutique hotels, achieve low Sunday night occupancies.

4.5. Seasonality

- All hotels and guesthouses in the city usually fill on Saturday nights throughout the year, other than possibly in late December and early January.
- Friday occupancies are a little weaker in the winter months, when it can be difficult for hotels and guesthouses to achieve their minimum 2 night stay policy for weekend bookings.
- Weekday occupancies are much more seasonal. They are reasonably strong for hotels between April and September, peaking in July and August, although at lower rates for some hotels during these months. Most hotels also achieve good weekday occupancies during conference weeks in February, March, October and November. Midweek occupancies are generally low for hotels between November and February, and very low in December and January.
- Weekday occupancies are more seasonal for guest accommodation establishments, which only consistently achieve good weekday occupancies between June and September. Midweek occupancies are very low for most guest accommodation establishments between October and April, other than when there are major conferences at the Brighton Centre. Some guest accommodation establishments attract virtually no midweek business in the winter months. A number close in January. Some 2/3 diamond establishments are able to achieve good midweek occupancies throughout the year from the contractors market, however.

4.6. Market Mix

4.6.1. Weekday Market Mix

Our estimates of the weekday market mix for Brighton & Hove's hotel and guest accommodation sector are as follows for 2006:

Brighton & Hove Hotel and Guest Accommodation Sector Weekday Market Mix – 2006

Standard	Market Mix %						
	Corporate	Contractors	City Conferences	Residential Conferences	Leisure Breaks	Group Tours	Other
Hotels							
4/5 Star	20		14	40	16	9	1
3 Star	19		18	12	19	29	3
4 Star Boutique	23		2	48	27		
Budget ¹	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Guest Accommodation							
4 Diamond/Star	35		11		46		8
2/3 Dmond/Star ¹	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes:

- We were unable to obtain market mix data from sufficient budget hotels and 2/3 diamond/star guest accommodation establishments to publish market mix estimates for these categories of accommodation.
 - Residential conferences are the most significant weekday market for the De Vere Grand and the Hilton Brighton Metropole. Both hotels cater for very large conferences, which also generate overspill business for nearby hotels.
 - The weekday market mix for the city's other 4 star hotels is a broadly even mix of business from the corporate market, city conferences, residential conferences and midweek leisure breaks. Most 4 star hotels also take some overseas group tour business to help boost midweek occupancies.
 - Midweek breaks are the main market for the city's two smaller 4 star boutique hotels. They also attract corporate business midweek. Residential conferences are the primary source of weekday business for the city's two larger 4 star boutique hotels.

- The weekday market mix for the city's 3 star hotels is a fairly even mix of business from the corporate, city conference, residential conference, leisure break and group tour markets. One 3 star hotels caters primarily for group tours during the week, however.
- Midweek breaks are the main market for the city's 4 diamond/star guest accommodation establishments. They also attract midweek business from Brighton's universities, contractors working on construction projects in the city, independent business visitors, city conferences and overseas tourists.
- Contractors are the primary source of weekday business for many 2/3 diamond/star guest accommodation establishments and a key source of weekday business for budget hotels. Other weekday markets for these two categories of accommodation are midweek leisure breaks, city conferences, language school students and overseas tourists.

4.6.2. Weekday Markets

- The corporate market is relatively weak in Brighton & Hove, with few large companies in the city that generate significant demand for hotel accommodation.
- Conferences held at the Brighton Centre generate business for hotels and guesthouses of all standards across the city for around 4-6 weeks per year. Conferences held at the De Vere Grand and Hilton Brighton Metropole generate business for nearby hotels and guest accommodation establishments for around a further 4-6 weeks per year. Establishments located closest to these two hotels and the Brighton Centre derive the greatest benefit from conferences held in these venues. Establishments located further away (east of the pier and in Hove) only really benefit from the major party political party and union conferences held at the Brighton Centre, attracting either conference delegates or business displaced from hotels located closer to the Brighton Centre. Some of the conferences held at the Brighton Centre generate business that is too low-rated to be of interest to the city's leading 4 and 5 star hotels: they can achieve much better rates from residential conferences that they will take ahead of Brighton Centre conference business.

- Residential conferences are the key weekday market for the De Vere Grand , the Hilton Brighton Metropole and the city's larger 4 star boutique hotels. They are also an important midweek market for most of the city's other 4 star hotels and a secondary or minor weekday market for the majority of the city's 3 star hotels. 4 star hotels generally attract larger residential conferences than 3 star hotels.
- Midweek breaks are the key weekday market for most 4 diamond /star guest accommodation establishments and the city's smaller 4 star boutique hotels. They are also an important weekday market for most 3 and 4 star hotels, budget hotels and 2 and 3 diamond guest accommodation establishments. This business is primarily driven through discounted rates and special offers, increasingly promoted through the Internet.
- Overseas group tours are a key weekday market for three 3 star hotels and a secondary weekday market for two other 3 star hotels, most 4 star hotels and two large 3 diamond hotels. This is relatively low-rated business.
- Overseas tourists are a minor weekday market for the city's hotels, although a more significant source of midweek business for guest accommodation establishments. The key origins of overseas tourists are Western Europe (France, Germany, and the Netherlands), the US, Canada and Australia/ New Zealand.
- Contractors are the primary source of weekday trade for most 2/3 diamond guest accommodation establishments and a key source of midweek business for budget hotels.
- Brighton's universities generate good weekday demand for a number of 4 diamond/star guest accommodation establishments from visiting academics, examiners and parents.
- Concerts at the Brighton Centre and the Dome generate some midweek business, particularly for 4 diamond/star guest accommodation establishments. Sporting events and exhibitions held at the Brighton Centre do not appear to generate accommodation demand as they are largely regional events.

- Some 2/3 diamond guest accommodation establishments attract midweek business from language students.

4.6.3. Weekend Market Mix

Our estimates of the weekend market mix for Brighton & Hove's hotel and guest accommodation sector are as follows for 2006:

Brighton & Hove Hotel and Guest Accommodation Sector Weekday Market Mix – 2006

Standard	Market Mix %						
	Corporate	City Conf	Res Conf	Leisure Breaks	Weddings	Clubbers Stag/Hen	Other
Hotels							
4/5 Star	2	5	3	82	2	3	4
3 Star	2	2		54	5	34	4
4 Star Boutique	1			96	3		
Budget ¹	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Guest Accommodation							
4 Diamond/Star	2	2		80		14	2
2/3 Dmond/Star ¹	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes:

1. We were unable to obtain market mix data from sufficient budget hotels and 2/3 diamond/star guest accommodation establishments to publish market mix estimates for these categories of accommodation.

4.6.4. Weekend Markets

- The key weekend market for most hotels and guest accommodation establishments in the city is weekend breaks. This is generally high-rated business, with most hotels achieving rack, or close to rack rate, and guest accommodation establishments usually achieving rack rates at weekends. Brighton has particularly strong appeal for weekend breaks in the Career Couples market in London and the South East, and has a particular niche in the gay and lesbian leisure break market. Boutique hotels attract strong weekend break demand for special occasions such as birthdays and anniversaries.

- Stag and hen parties and clubbers are the key weekend market for most budget hotels, 2/3 diamond guest accommodation establishments and some 3 star hotels, and a secondary weekend market for other 3 star hotels and some 4 diamond/star guest accommodation establishments.
- Religious conventions held at the Brighton Centre generate significant weekend demand for hotel and guesthouse accommodation when they are held.
- The only event in the city that generates significant weekend demand for hotels and guesthouses is Gay Pride. The Brighton Festival appears to generate very little accommodation demand other than for a few boutique hotels and guest accommodation establishments. The London to Brighton Bike Ride and Vintage Car Run and the Brighton Comedy Festival also generate some weekend business for hotels and guesthouses in the city.
- Weddings are a very minor weekend market for the city's hotels and guest accommodation establishments.
- Hotels and guesthouses in the city attract some weekend business from overseas tourists.

4.7. Market Trends

Key trends in the Brighton & Hove serviced accommodation market have been as follows over the last few years:

- The most significant change in the Brighton serviced accommodation market has been the decline in Brighton Centre conference and exhibition business. This appears to have been due to a number of factors:
 - The announcement that the Brighton Centre was going to close for redevelopment;
 - A lack of proactive marketing and sales activity to attract large association conferences to the city, which is now being addressed;
 - The lack of exhibition space at the Brighton Centre;
 - The standard of the Brighton Centre as a multi-purpose venue;
 - Increased competition from new conference centres in other destinations;

- The decline in the market for very large association conferences;
- A number of exhibitions having outgrown the Brighton Centre and requiring a larger venue.

Some of these issues have been addressed, with forward conference bookings looking much healthier for the Brighton Centre in 2007 and 2008.

- 4 star hotels, particularly the De Vere Grand and Hilton Brighton Metropole, have successfully built up residential conference business to replace the lost conference business from the Brighton Centre. Some 3 star hotels reported a decline in residential conference business, however.
- The corporate market in Brighton & Hove appears to have been largely static over the last few years.
- Many hotels and guest accommodation establishments have successfully targeted midweek break business (albeit at discounted rates) to replace much of the lost city conference business and corporate trade lost to budget hotels. Many establishments have been increasingly effective at attracting midweek break business through Internet marketing. The newly opened boutique hotels and guest accommodation establishments have rapidly attracted strong leisure break business. There has been strong growth in the gay and lesbian leisure break market.
- Some 4 star hotels lost the aircrew business that they had been attracting from Gatwick following 9/11 and the downturn in air travel. This business is unlikely to come back to Brighton given the new hotels that have since opened at the airport, although one hotel was more optimistic that some of this business could be regained. It was low-rated business, however.
- A number of 3 star hotels have taken increased levels of group tour business to help boost midweek occupancies. Some 4 star hotels have reduced the business they take from this market, however, as other higher-rated markets have grown.
- The clubbers market appears to have declined slightly since the introduction of the new licensing laws: the longer opening hours of clubs has reduced the need to stay overnight in the city.

- Demand from overseas tourists markets has generally reduced, particularly from the Japanese and US markets, although demand from the US market is slowly starting to increase again.
- The contractors market has grown recently for 2/3 diamond guest accommodation establishments.

4.8. Denied Business⁶

- All hotels and guest accommodation establishments in the city consistently deny significant levels of business on Friday and Saturday nights throughout most of the year. Saturday denials are very high. Friday denials are lower, particularly during the winter, when not all hotels and guesthouses will be denying Friday night business.
- A number of 4 diamond guest accommodation establishments reported decreasing levels of denied business at weekends since they upgraded and increased their prices, or as a result (they felt) of the growth in supply of 4 diamond boutique guest accommodation establishments and increased competition from European destinations with the growth in budget air travel.
- Most hotels and guesthouses in the city rarely deny business during the week, other than when there are major conferences at the Brighton Centre. Some of the very large conferences held at the De Vere Grand and Hilton Brighton Metropole generate overspill business for nearby hotels, and in some cases guest accommodation establishments. A few hotels and guest accommodation establishments reported some weekday denials during July and August.
- The city's smaller 4 star boutique hotels regularly deny midweek business, typically 5-15 rooms per night. The more established boutique hotels also regularly deny residential conference business that they do not have the bedroom or conference room capacity or availability to take.
- Levels of denied business, both at weekends and during the week appear to be much lower for hotels and guesthouses in Hove than in Brighton, and for Brighton hotels located further away from the city centre.

⁶ Business that hotels and guesthouses have to turn away because they are full or for other reasons such as rate or lack of availability of specific room types e.g. single rooms.

4.9. Future Prospects

- Hotels and guest accommodation establishments are generally optimistic about their prospects for 2007 and 2008, primarily due to the increased number of conferences that will be held at the Brighton Centre.
- Hotels have more mixed views about the potential for occupancy growth: some expect to see an improvement in occupancy, while others expect to maintain their current occupancy levels. Most hotels are more positive about rate growth, however. Some hotels also expect to see growth in occupancy and rate by targeting residential conference business.
- Some of the established 4 star boutique hotels in the city centre are already at capacity in terms of occupancy. The Lansdowne Place expects to see rapid growth in occupancy and rate as it becomes more established.
- Many 4 diamond guest accommodation establishments expect to see growth in occupancy through repeat leisure break business and Internet marketing. Some are concerned about the impact of the planned new hotels.

4.10. Summary of Key Points

- 3/4/5 star hotel occupancies in Brighton & Hove are broadly on a par with the national average for provincial UK 3/4 star chain hotels. Achieved room rates for 3/4 star hotels in the city are slightly below the national average, however. As a 5 star hotel the De Vere Grand achieves much higher room rates than the city's 4 star hotels.
- The newly opened boutique hotels in the city have rapidly established themselves in the marketplace and are already achieving high occupancies and room rates.
- Budget hotel occupancies are higher than those achieved by the city's 3 and 4 star hotels, but lower than those achieved by budget hotels in other cities in the South East, such as Portsmouth and Southampton.

- Occupancies achieved by guest accommodation establishments are generally lower than those achieved by hotels and vary significantly between establishments. Boutique guest accommodation establishments generally achieve higher occupancies (in line with those achieved by 3 and 4 star hotels) and can achieve room rates above those of some of the city's 4 star hotels.
- Hotel and guest accommodation occupancies and achieved room rates have been broadly static in the city over the last 3 years. Occupancies are understood to have declined significantly since 2000 as a result of the loss of aircrew business from Gatwick (for some 4 star hotels) following 9/11 and the loss of major conferences from the Brighton Centre.
- Weekend demand is very strong in Brighton & Hove, with all hotels and guest accommodation establishments consistently filling and turning away significant levels of business on Friday and Saturday nights for most of the year. Weekend breaks are the main source of weekend business for 3, 4 and 5 star hotels, boutique hotels and 4 diamond/star guest accommodation establishments. Brighton & Hove has a particular niche in the gay and lesbian leisure break market. Budget hotels, 2/3 diamond guest accommodation establishments and some 3 star hotels cater primarily for stag and hen parties and clubbers at the weekend.
- Weekday occupancies are much lower, particularly for guest accommodation establishments. Hotels and guest accommodation establishments rarely deny business during the week other than when major conferences are being held in the city, or during the peak summer months.
- Midweek demand for most 3 and 4 star hotels is a fairly even mix of business from the corporate, city conference, residential conference, leisure break and group tour markets. Residential conferences are the key weekday market for the De Vere Grand, Hilton Brighton Metropole and the city's larger boutique hotels. Midweek breaks are the key weekday market for the city's smaller boutique hotels and 4 diamond/star guest accommodation establishments. Group tours are an important midweek market for three 3 star hotels, with one of them catering primarily for this market during the week. Contractors working on construction projects in the city are the primary weekday market for 2/3 diamond guest accommodation establishments and a key midweek market for budget hotels.

- The corporate market is relatively weak in Brighton & Hove, with few major companies in the city that generate significant demand for hotel accommodation.
- Conferences held at the Brighton Centre currently generate business for the city's hotels and guest accommodation establishments for only 4-6 weeks per year. Establishments located closest to the Brighton Centre benefit the most (as delegates usually want to stay as close as possible to the Centre). Large conferences held at the De Vere Grand and Hilton Brighton Metropole also generate overspill business for nearby hotels and guest accommodation establishments for around a further 4-6 weeks.
- The most significant change in the Brighton hotel and guest accommodation market has been the decline in Brighton Centre conference and exhibition business. Many hotels and guest accommodation establishments have however been able to build new business from other markets, in particular the leisure break and residential conference markets, to offset the loss of city conference business to at least some extent. Midweek leisure break business is usually on discounted rates. A number of hotels and guesthouses have successfully built this business through Internet marketing.
- Most hotels and guest accommodation establishments are optimistic about their prospects for 2007 and 2008 due to the projected recovery in the city conference market as a result of VisitBrighton's increased efforts to market the city to the associations meetings market.

5. THE POTENTIAL FOR GROWTH

5.1. Future Market Prospects

5.1.1 The Corporate Market

Growth in corporate demand for hotel and guest accommodation is most likely to be linked to growth in the local economy and employment. Employment forecasts prepared for East Sussex County Council by Experian Business Services as part of the sub-regional strategy work for the South East Plan set out two employment forecasts for Brighton & Hove – one scenario showing an average annual decline in employment of 0.1% between 2006 and 2016, and another scenario showing a growth of 0.8% per annum to 2016 and 0.5% per annum from 2016 to 2026. The Brighton & Hove Employment Land Study undertaken by Roger Tym & Partners in 2006 concluded that the latter scenario is what should be planned for, given Brighton & Hove's role as one of the South East Region's 'Diamonds for Investment and Growth' (as identified in the Regional Economic Strategy 2006-2016). This forecast suggests only slow growth in corporate demand for hotel and guest accommodation in the city over the next 10-20 years.

Having said that, growth in employment is forecast in a number of sectors that are likely to generate increased demand for accommodation, including business and professional services and creative and cultural industries, including new media. A number of major employers in the city, including Amex, Legal & General and EDF, have plans to expand in the next 5 years. Significant new office development is also planned in the city. The City Council is also trying to attract another big corporate company to the city. Corporate demand for hotel and guest accommodation could well grow at a slightly higher rate than the projected growth in employment, therefore.

5.1.2. Contractors

Demand for accommodation from the contractors market is likely to grow significantly in the next 5 years and beyond given the number of major construction projects that are planned in the city. This should generate substantially increased demand for budget-priced hotel and guesthouse accommodation in the city.

5.1.3. City Conferences

There is good potential for growth in demand for hotel accommodation from city conferences, given the efforts that are now being made by VisitBrighton and the Brighton Centre conference sales team to proactively market the city as a destination for association conferences. 29 new conferences have already been booked for 2007 to 2011, including 14 in 2007, 5 in 2008 and 7 in 2009. The Labour Party Conference will also return to the city in 2009.

VisitBrighton believes that the city can realistically attract 20-30 major association conferences per year given sustained marketing activity. Assuming an average of 550 delegates staying for an average of 3 nights, this would generate an additional 33-49,500 roomnights for the city's hotels over and above the demand that conferences at the Brighton Centre are currently generating.

Hotels located closest to the Brighton Centre are likely to derive the greatest benefit from this growth in city conference business. Conference delegates usually require 3 and 4 star hotel accommodation and want to be as close as possible to the main conference venue. The trend in the associations meetings market is towards smaller events. There are now few very large association conferences held in the UK. There appears to be limited potential, therefore, for the Brighton Centre to attract the type of very large conference that it has done in the past that have generated business for accommodation establishments across the city. Hotels and guesthouses located further away from the Brighton Centre should, however, benefit from business that is displaced from the hotels immediately around the Centre.

The redevelopment of the Brighton Centre should eventually result in even greater growth in demand for hotel accommodation from the city conference market. The proposed new Brighton Centre will provide a World-class convention centre with a 1,500-seater main auditorium, a range of breakout rooms and 3,000 sq m of exhibition space. This will enable Brighton to compete much more effectively for national and international association conferences, as well as potentially also major corporate conferences.

Initial projections prepared for the proposed new Brighton Centre suggest that it could generate around an additional 100,000 roomnights for hotels in the city over and above the current levels of demand currently attracted by the Brighton Centre. Assuming a 60/40¹ split between 4 star and 3 star hotels, this would give an additional 60,000 4 star roomnights and 40,000 3 star roomnights.

Clearly the closure of the Brighton Centre for redevelopment could result in a loss of city conference business for the period of its construction, although the City Council is planning to put in place a contingency plan to ensure events and conferences can continue to be held in the city until the proposed new Brighton Centre is operational.

5.1.4. Residential Conferences

A number of 4 star hotels have successfully built residential conference business over the last 5 years and others are actively planning to target this market in the future. This suggests potential for continued growth in residential conference business for 4 star hotels in the city.

There is evidence of significant denied residential conference business by some of the city's 4 star boutique hotels, suggesting potential for growth in this market as new boutique hotels are developed in the city.

There appears to be less potential for growth in residential conference business for 3 star hotels. This market is much stronger for 4 and 5 star hotels.

5.1.5. Leisure Breaks

A number of factors suggest continued growth in both weekend and midweek leisure break demand for Brighton & Hove hotels and guesthouses:

- Brighton has a strong and developing leisure break product. A number of the major development projects, particularly the i360 tower, the Arena, Brighton Marina development, and the Gehry building will add to the city's leisure break offer, creating new reasons to visit and stay in the city;
- There is potential for hotels and guesthouses to grow their leisure break business through effective Internet marketing;
- The city has a particular niche in the expanding gay and lesbian leisure break market;
- Brighton should be able to capitalise on the projected growth in demand for short breaks from the expanding Emptynester market segment;
- The development of casinos in the city could attract new leisure break customers;
- The improving quality of hotels and guesthouses and the development of new hotels should help to attract new and repeat leisure break business.
- The city's developing events programme could help to attract leisure break visitors to the city;
- The designation of the South Downs National Park may help to attract leisure break business to Brighton & Hove as one of the key gateways into the National Park.

Set against these positive factors growth in leisure break business could potentially be tempered by certain negative factors:

- Increasing competition from other UK destinations and from European destinations as budget air travel continues to expand;
- The danger of Brighton developing a reputation as an expensive weekend destination;
- The problem of Brighton always being full at weekends putting people off considering the city as a weekend break option;
- The possibility that the traffic congestion and difficulty of parking in the city will put people off from coming to the city at weekends.

Recent Mintel forecasts for the UK short breaks market show no growth in the volume of short breaks taken in the UK over the next 5 years, although a significant (32%) real-term growth in expenditure on short breaks in the UK. Given the strength of Brighton & Hove as a leisure break destination and its developing leisure break offer, it does not seem unreasonable to suggest that the city will attract increasing volumes of short break business over the next 5-10 years.

5.1.6. Overseas Tourists

Brighton & Hove should benefit from the projected increase in inbound visits from overseas tourists. The latest VisitBritain forecasts for inbound tourism to the UK project a growth of 4.4% in total visits for 2006.

5.1.7. Group Tours

While there could be potential for growth in group tour business, it seems likely that hotels will seek to reduce the business they take from this market as demand from other higher paying markets increases.

5.1.8. Stag & Hen Parties/ Clubbers

The stag and hen party and clubbers market is likely to remain strong for those hotels that are prepared to take this business.

5.1.9. Weddings and Functions/ VFR Market

The weddings and functions and visiting friends and relatives markets are likely to grow slowly in line with the growth in the city's population (projected at 0.6% per annum to 2026).

5.2. The Impact of the Major Development Projects on Hotel Demand

This is an exciting time for Brighton; designated a 'diamond for growth' in the Regional Spatial Strategy and a catalyst for growth for the regional economy and that of the Sussex Coast, as well as a tourism hotspot, the region and sub-region as well as the city has a lot riding on the destination's potential to deliver.

There are currently around a dozen major projects that will be instrumental to Brighton fulfilling this role and delivering growth over the next 10-15 years. While there is a real determination within the City Council to make these projects happen, they are all complex schemes involving significant levels of investment. Combined with the technical challenges of the sites, multiple ownerships, problems of access and transportation, the sheer pressure in terms of the availability of land and the challenge of the pool of labour to construct and then operate these facilities long term, there is some considerable way to go to make these schemes happen on the ground.

A summary of the key schemes and their potential impact in terms of generating new demand for hotel and guest accommodation is provided in the table overleaf.

BRIGHTON - THE IMPACT OF MAJOR PROJECTS

MAJOR PROJECT	SCHEME CONTENT	TOURISM IMPACT	TIMING
Brighton Centre	State of the art world class convention centre and regeneration of central site to deliver a 25,000 sq ft bespoke convention centre with 3000 sq m exhibition hall, 1500 capacity auditorium, with the ability to expand to 3,000, plus support facilities	Most significant major development project in terms of direct impact generating overnight stays in the City. Target national and international associations and the high spending corporate market. Forecast to generate an additional 105,000 nights to Brighton – predominantly midweek.	Target start on site 2009 with delivery 2011/12.
Brighton Marina – Brunswick Scheme	850 residential units of 1-2 beds plus retail. Includes a 40-storey tower near the western breakwater with 6 blocks of residential behind.	Consolidation of marina destination, greater critical mass, extended opening, links through to adjacent Arena site. Minimal direct tourism impact/overnight stays.	Start on site April 2007; completion 2014.
Brighton Marina – Explore Living Scheme	Redevelopment of Asda, BP and MacDonald sites to deliver 1400 homes in a 28 storey residential and retail tower and a further 10 storey tower with ground floor retail.	Consolidation of marina destination, greater critical mass, extended opening, links through to adjacent Arena site. Minimal direct tourism impact/overnight stays.	Full planning application December 2006; likely start on site Autumn 2007, completion 2014.
Brighton Arena (Black Rock)	International arena with capacity of 7500-11000. 2 Olympic sized ice pads, support retail and restaurants, including a signature restaurant and corporate dining facilities and 110 residential units. Ice hockey and dance competitions, Jane Torvill and Robin Cousins skating school, basketball and tennis events, conferences and exhibitions.	220 event days forecast, generating 2 million visits by 1.4 million visitors. Tourist trips forecast at 1.16 million of which additional overnight visitors forecast at 11,200. Some of these may stay with friends and relatives rather than use hotels and guesthouses. Most of the additional demand for accommodation is likely to be at weekends, rather than during the week – although some will be midweek.	Planning application to be submitted end 2006; start on site Autumn 2007; open summer 2009.
i360	183 metre observation tower on the site of the West Pier, to include a heritage centre and ancillary retail and food uses. Designed by acclaimed architects Marks Barfield, designers of the London Eye.	Visitor attraction forecasting 550,000 visits, of which 110,000 likely to be additional visitors i.e. over and above those that would have been in Brighton for other reasons. 18,000 of these would be additional overnight visitors to Brighton – 65% midweek.	Planning permission granted October 2006; aiming to be on-site July 2008
Jubilee Street	Library, public square, shops, restaurants, theatre extension plus 80 room Myhotel boutique hotel.	Scheme as a whole adding to the city offer, helping encourage longer stays and higher spend rather than generating significant additional visitor volumes.	Scheme compete other than hotel.

Brighton & Hove Hotel Futures

MAJOR PROJECT	SCHEME CONTENT	TOURISM IMPACT	TIMING
New England	Major development scheme adjacent to the station covering 24 acres, incorporating 355 residential units, 5265 sq m of offices, a training centre, 2 hotels – Jury's 234 room 3 star hotel, Radisson 198 4 star hotel – plus Sainsbury's supermarket.	Gateway site and strategic location for new hotel development; associated office will generate demand for hotels, but much of the rest of the scheme will serve the resident community. Aid to regeneration of surrounding area.	Housing on site, Jury's hotel also just started on site. Radisson tower the subject of an appeal, likely start on site 2008. Completion of total development 2012.
Circus Street (Municipal Markets)	Redevelopment of the Council's Municipal Markets site to provide a library for the University, creative industries dance studios, office, B1 and 180 residential units.	No direct visitor component although office may generate some corporate demand for hotels.	On site 2008/9. 3-5 year development (2011/14)
Preston Barracks	Employment-led mixed-use development scheme close to University incorporating 18,600 sq m of office, 500 residential units and retail. Urban gateway site, part of the Academic Corridor.	No direct visitor component but substantial office development here would generate corporate demand for hotels, especially those located to the north of the city centre.	On site 2009, 3-5 year build period (2012/14)
King Alfred Leisure/ Gehry Towers	New sports centre on 4.2 acre site on the seafront in Hove. 752 residential units in two towers, various ground floor commercial uses including shops, restaurants and bars. Design by Gehry, architect and designer of the Guggenheim Museum in Bilbao.	Primarily a local facility that can be used by visitors once in the destination, with scope to hold regional competitions. As the only Gehry building in Britain will draw interest and attention and help raise profile for the destination. Number of tourists attracted because of the buildings likely to be maximum 40,000 – majority are likely to be day visitors.	Revised planning application submitted October 2006. Start on site 2007; delivery of total development 2012.
Shoreham Harbour	Regeneration vision for the harbour for a mixed use media village and port activities, if access difficulties can be overcome.	Potential for some employment and leisure tourism benefits but currently ill-defined.	Longer term scheme – 5 years to planning, 10years to delivery (2016)
Patcham Court Farm	3.6 acre employment site at the junction of the A27/A23 for hi-tech office and B1 use.	Potential generation of corporate demand.	Marketing October/ November 2006. Development by 2011.

Falmer Stadium	Community stadium and base for Brighton & Hove Albion FC. Hosting of football matches, other sports events and concerts.	Primarily a local facility with potential to draw from the sub-region for events. Limited direct tourism impact.	Consent order to be re-determined.
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Impact studies have been prepared to support the planning applications for most of the major schemes. Where relevant these studies include an analysis of tourism impacts. However:

- in the majority of the studies overnight visitor numbers are not isolated from day visitor numbers;
- there has usually been no analysis of the tourism impacts split between weekday and weekend visits. This is important because Brighton has a sizeable excess of demand over supply at weekends, but considerable spare capacity in accommodation midweek. The most beneficial projects for hotels and guesthouses therefore are those that can generate new business midweek;
- there has been no attempt to assess the potential demand for overnight stays by type and standard of accommodation;
- projects are reviewed individually, and there has been no attempt that we are aware of to try to disaggregate the impacts and discount double counting of visitors between the different projects.

Without this more detailed analysis it is impossible to assess with any degree of confidence the likely impact of each scheme in terms of new demand for accommodation. It could be helpful in future to ask the developers of major schemes to provide this sort of information in order to fully assess the likely impact of projects in terms of generating additional demand for hotel and guest accommodation.

The exceptions are the i360 and the proposed new Brighton Centre schemes which both separately identify the staying visitor market and potential overnight visits, the i360 also breaking trips down by weekday and weekend.

In overview, we would make the following comments having reviewed the major projects proposed:

- Most of the impacts of the major development schemes are about raising Brighton's profile as a regional, national and international city, and making the destination a vibrant, modern, 'happening' place to live, visit, do business and invest.
- Most of the proposed leisure schemes are more likely to generate use from local residents and day visitors in the immediate catchment of Brighton than overnight stays.
- In terms of timing, it also seems likely that the greatest demand that the leisure schemes will generate for accommodation – outside the main holiday season and school holidays - will be at weekends rather than during the week.
- The tourism impacts of the proposed projects, in line with the tourism strategy for the city, focus on:
 - Encouraging longer stays;
 - Increasing spend;
 - Providing reasons to re-visit;
 - Creating critical mass and adding to the City's offer by extending the range of things to see and do;
 - Consolidating existing tourism demand;
 - Reaching some new value-added markets and therefore creating some increase in volume of visits;
 - Spreading the benefits of tourism and visitor movement across the destination;
 - Strengthening linkages between key strategic points and facilities.

The major development projects are thus more about consolidating and strengthening Brighton & Hove's competitiveness as a visitor destination and maintaining its market share, than about generating significant new demand for accommodation in the city. The exception is the proposed new Brighton Centre, which will generate significant new demand for hotel accommodation.

- The schemes most likely to generate new overnight stays, and help grow the hotel and guest accommodation market are:
 - The Brighton Centre
 - The i360
 - The International Arena

- Of these three schemes the Brighton Centre redevelopment will have by far the greatest impact in terms of generating additional midweek demand for hotel and guest accommodation.

- The other critical factor in the mix is to see additional growth in the corporate market, particularly in office developments. Several of the schemes contain an office component and again these developments will help to build much-needed midweek demand for hotels.

- All of the development schemes are likely to generate significant demand for accommodation (particularly budget hotels and 2/3 diamond/star guesthouses) from the contractors market during their construction.

5.3. Projected Future Requirements for 3 and 4 Star Hotel Development

5.3.1. Methodology Used for the Projections

In order to provide an indication of the number of new 3 and 4 star hotel bedrooms that might be needed in Brighton & Hove in the future, Hotel Solutions has prepared projections for future growth in roomnights for these two standards of hotel to 2011, 2016 and 2026 under two scenarios:

- Scenario 1
 - With the current Brighton Centre and improved marketing of the city to the associations meetings market by VisitBrighton;
- Scenario 2
 - With the proposed new Brighton Centre, assuming that it has reached a stabilised trading pattern by 2016.

Projections have been prepared only for 3 and 4 star hotels. We have not been able to produce projections for 5 star, 4 star boutique or budget hotels as the base sample of hotels is too small.

Given the strength of the weekend market in Brighton & Hove and the relatively weaker midweek market, we have focused our projections on weekday demand. We have assumed that the strength of the midweek market and the potential for new hotels to achieve reasonable weekday occupancies will be the key factor that will determine new 3 and 4 star hotel development in the city.

We have applied assumed low, medium and high average annual growth rates to each of the midweek markets, taking our estimates of current (2006) roomnights for each market for each standard of hotel as a baseline, to which we have added in estimates of currently denied business, based on the information on denials provided by hotel managers. Our assumed growth rates for corporate, residential conference and leisure break demand take as their starting point the Brighton & Hove employment and national leisure break forecasts reported in Section 5.1, to which we have applied our judgement to derive assumed growth rates that we think could be achieved in these markets in the city. We have included estimates of the additional city conference business that could be generated through VisitBrighton's improved marketing of the city as a destination for association conferences,

and by the proposed new Brighton Centre once it is fully operational, based on the assumptions and calculations outlined in Section 5.1.3. Our projected growth rates for the leisure break market assume that most of the major leisure development schemes will be developed. We have not attempted to separately model the impact of each scheme on leisure break demand, as there is insufficient data available to allow us to do this accurately. We have, however, made some rough calculations for each project, based on the available data and our own assumptions, to double check that our assumed growth rates for the leisure break market fully cover the levels of midweek break demand that we think that the leisure schemes might potentially generate. We have assumed that some 3 star hotels will reduce the levels of group tour business that they take as other higher paying markets grow.

Our assumed growth rates and estimates of city conference roomnights generated by the proposed new Brighton Centre are summarised in the table below:

Brighton & Hove – Projected Future Requirements for 3 and 4 Star Hotel Development Growth Assumptions – Midweek Markets

Market	Assumed Average Annual Growth Rate (%)/ Additional Roomnights		
	Low Growth	Medium Growth	High Growth
4 Star Hotels			
Corporate	0.5%	1%	1.5%
City Conferences – current Brighton Centre, given improved marketing by VisitBrighton	19,800	24,750	29,700
City Conferences – proposed new Brighton Centre once trading at its full potential	60,000	60,000	60,000
Res Conferences	1%	2%	3%
Leisure Breaks	2%	3%	4%
Group Tours	0%	0%	0%
3 Star Hotels			
Corporate	0.5%	1%	1.5%
City Conferences – current Brighton Centre, given improved marketing by VisitBrighton	13,200	16,500	19,800
City Conferences – proposed new Brighton Centre once trading at its full potential	40,000	40,000	40,000
Res Conferences	0.5%	1%	1.5%
Leisure Breaks	2%	3%	4%
Group Tours	-1%	-2%	-3%

Using our projections of future midweek roomnights we have then calculated the number of hotel bedrooms of each standard that our roomnights projections would support assuming an average midweek room occupancy of 65% for all hotels (as being a sufficient level of midweek occupancy to support new hotel development, give the strength of weekend demand in the city). Applying these figures to current numbers of hotel rooms provides figures for the numbers of new hotel bedrooms of each standard that may be needed in the future if the projected growth in the market takes place.

5.3.2. Projected Future Hotel Development Requirements

The results of our calculations in terms of requirements for new 3 and 4 star hotel rooms in the city are summarised in the tables below.

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 should thus be taken as indicative only. 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.

Brighton & Hove Projected Future Requirements for 3 and 4 Star Hotel Development – 2011-2026¹

Scenario 1 – Current Brighton Centre

Standard of Hotels/Year	Projected New Rooms Required		
	Low Growth	Medium Growth	High Growth
4 Star			
2011	199	266	333
2016	239	341	448
2026 ¹	328	519	738
3 Star			
2011	90	120	152
2016	107	148	193
2026 ¹	110	172	237

Scenario 2 – Proposed new Brighton Centre

Standard of Hotels/Year	Projected New Rooms Required		
	Low Growth	Medium Growth	High Growth
4 Star			
2016	537	602	672
2026 ¹	626	779	962
3 Star			
2016	270	275	280
2026 ¹	309	346	386

Notes:

1. It is very difficult to project change over a 20 year period. The projections for 2026 should be treated with caution, therefore. It is unlikely that growth in demand will be sustained at the assumed growth rates over such a long period.

6. FUTURE HOTEL DEVELOPMENT OPPORTUNITIES

6.1. Opportunities by Type of Hotel

Based on our assessment of current hotel and guest accommodation performance in the city; the potential for growth in the market; the impact of the major development schemes and national trends in hotel development, we make the following observations on the potential for new hotel and guest accommodation development in Brighton & Hove over the next 5-20 years.

6.1.1. 5 Star Hotels

There could be potential for an existing 4 star hotel to upgrade to 5 star, based on the current performance of the De Vere Grand. The Thistle is already considering upgrading to a 5 star Guoman hotel. There is unlikely to be potential for a new 5 star hotel, however (given the likely development costs for such a hotel), other than possibly a small 5 star boutique hotel.

6.1.2. 4 Star Hotels

Our projections for required 4 star hotel development set against the currently planned and proposed 4 star and boutique hotel developments are summarised in the table below.

**Brighton & Hove
Future Requirements for 4 Star Hotel Development/ Planned 4 Star Hotels**

Planned/ Proposed Hotel	No. Rooms			Projected New Rooms Required		
		Without New Brighton Centre Hotel	With New Brighton Centre Hotel	With Current Brighton Centre		With New Brighton Centre
	2011	2016	2016	2011	2016	2016
4 Star Hotels						
Radisson SAS	196	196	196			
Brighton Centre Hotel			315			
Old Ship extension	30	30	30			
Belgrave new rooms	23	23	23			
Total 4 Star Hotels	249	249	564	199-333	239-448	537-672
4 Star Boutique Hotels						
Myhotel	80	80	80			
Royal York Building	51	51	51			
Total 4 Star + Boutique Hotels	380	380	695			

Under the scenario with the current Brighton Centre continuing to operate and VisitBrighton improving the marketing of the city to the associations meetings market, the currently planned 4 star and boutique hotels in the city would broadly satisfy the anticipated market requirement for additional 4 star hotel rooms up to 2016 under the medium growth scenario. They would exceed the requirement under the low growth scenario, potentially resulting in an oversupply of hotel rooms at this end of the market. They would fall some way short under the high growth scenario, suggesting possible potential for further 4 star or boutique hotel development over and above that already planned.

Under the scenario where a new Brighton Centre is developed (incorporating a new 315-bedroom 4 star hotel) the planned new 4 star and boutique hotels would exceed the market requirement for new 4 star rooms under all three growth scenarios, although only marginally so under the high growth scenario.

This suggests that there is no need for a further new 4 star hotel in the city in the next 10 years over and above those that are already planned. Other 4 star hotel operators may nevertheless be interested in developing in the city. Accor, for example, is understood to be interested in opening one of its new generation 4 star Novotel hotels in Brighton.

Our growth projections for the 4 star market do not take account of the potential growth in demand for boutique hotel accommodation, however. Given the current strong performance of such hotels in the city and their potential to attract new leisure break and residential conference business there could be scope for the development of further boutique hotels in the city in the next 10 years in addition to those that are already planned.

Our longer term projections through to 2026 show potential for an additional 4 star hotel under the medium growth scenario and potentially an additional two 4 star hotels under the high growth scenario irrespective of whether the Brighton Centre is redeveloped or not. Whether the Brighton & Hove hotel market will continue to grow at such rates remains to be seen, however.

There might also be potential for a 4 star suite hotel or serviced apartments in the city. Such hotel products (commonly found in the US) are now starting to come into the UK. The developers of such hotels in the UK may see Brighton as a suitable location for them. Such a hotel could add to the city's hotel offer by providing a different type of accommodation product with particular appeal to long stay visitor markets, both for business and leisure purposes.

There could also be potential for existing 4 star hotels to upgrade and add new facilities such as health clubs, spas, conference and banqueting facilities and possibly casinos (both the Thistle and the Hilton Brighton Metropole have planning permission for casinos).

6.1.3. 3 Star Hotels

Under the scenario where the current Brighton Centre continues to operate, our projected requirements for 3 star hotel development show potential for a further 107-193 3 star bedrooms by 2016. The planned Jury's Inn at the station site (234 rooms) would significantly exceed this requirement, particularly under the low and medium growth scenarios, potentially resulting in an oversupply of 3 star hotel accommodation at least in terms of midweek demand.

Under the scenario where the Brighton Centre is redeveloped, our projected requirements for 3 star hotel development show potential for a further 270-280 3 star bedrooms by 2016. The planned Jury's Inn together with the possible addition of new bedrooms at the King's and Best Western Brighton would fully meet this requirement.

This suggests that there is no need for a further 3 star hotel in the city in the next 10 years over and above the Jury's Inn, irrespective of whether the Brighton Centre is redeveloped or not, and that the Jury's Inn could result in an oversupply at this end of the market at least in the short term. This does not mean that other 3 star hotel developers will not want to develop in the city. Brighton is understood to be on the target list of De Vere's 3 star Village Hotels chain for example.

Our longer term growth projections show possible potential for an additional 3 star hotel by 2026 if the Brighton Centre is redeveloped, but no clear potential for a new 3 star hotel with the current Brighton Centre.

6.1.4. Budget Hotels

The continuing strength of demand for budget hotel accommodation in Brighton & Hove at the weekend, together with the anticipated growth in demand from the contractors market suggest potential for the development of further budget hotels in the city over the next 10 years. In the longer term, however, demand for budget hotel accommodation may reduce once the current construction boom comes to an end. There is a danger of oversupply, therefore, at this end of the market if too many new budget hotels are built on the back of the construction boom.

Accor has plans for an Ibis hotel and is understood to be keen to develop an Etap hotel in the city. Upper-tier budget hotel operators are also likely to be interested in developing in Brighton. A number of Express by Holiday Inn franchisees are known to be interested in developing in Brighton. The expanding upper-tier budget hotel chains Ramada Encore and Tulip Inn might also be interested in Brighton, particularly as the city has no upper-tier budget hotel at present. Other expanding budget chains and boutique budget hotel groups could also be interested in the city.

6.1.5. Guest Accommodation

There would appear to be scope for further 2 and 3 diamond/star and non-inspected guest accommodation establishments to upgrade to 4 star guest accommodation and boutique standard. 4 star guest accommodation establishments, particularly those that offer a boutique product, generally trade at higher levels of occupancy and room rate than 2 and 3 diamond/star establishments. There would appear to be scope for more guest accommodation of this standard, therefore. Much will depend on the impact that new hotels have on this type of accommodation (discussed in Section 6.3)

There would still appear to be a strong and growing market for 2 and 3 star guest accommodation in the city to service the stag and hen party and clubbers market at the weekend and the expanding contractors market during the week.

6.2. Prioritising Hotel Development

Our growth projections suggest no clear need for further hotel development in Brighton through to 2016 other than those hotels that are already planned. This is not to say that other hotel operators are not keen to develop in Brighton if they feel that they can compete effectively for business in the city. Our research has identified a number of budget, upper-tier budget, boutique budget and boutique hotel operators that are interested in developing in Brighton, and at least one other 3 star operator. Our longer term projections also suggest potential for further hotel development beyond 2016.

There is clearly no need currently for the City Council to be proactive in attracting new hotel development and no need, therefore, for it to prioritise specific types and standards of hotel in terms of hotel investment marketing. Given that site availability is such a constraint, however, the City Council might wish to consider prioritising certain types and standards of hotel for particular parts of the city. The key requirement in this respect would be in terms of trying to direct 3 and 4 star hotel development to sites that are in close proximity to the Brighton Centre. 3 and 4 star hotels are most needed to support the development of conference business at the Brighton Centre and need to be as close as possible to satisfy the requirements of conference delegates. The preferred option for any hotel sites that become available in the vicinity of the Brighton Centre would thus be a 3 or 4 star operation, depending on the size of the site and its suitability for such a hotel. 4 star hotels would be preferable to 3 star as they would more strongly support the Brighton Centre and have a greater chance of attracting residential conference business.

There is less of a requirement for budget, upper-tier budget and boutique hotels to be located close to the Brighton Centre. Such types of hotel would be more appropriately directed to more peripheral and secondary sites, therefore.

6.3. The Impact of New Hotels on Existing Hotels

Our projections for future growth in the Brighton & Hove hotel market suggest that the city should eventually be able support the planned new hotels without significant impact on existing hotels and guesthouses given strong growth in the market, particularly in terms of rebuilding city conference business through improved marketing and the redevelopment of the Brighton Centre. The planned new hotels are, however, likely to affect midweek business for existing hotels and guest accommodation establishments in the short to medium term, particularly if:

- Only low growth in the market takes place;
- VisitBrighton is not as successful as it hopes to be in attracting new association conferences to the city;
- New hotels open ahead of growth in the market, particularly in the 3 star market where the Jury's Inn could result in an oversupply at least in the short term.

Furthermore, there could be a significant downturn in business for hotels and guest accommodation establishments in the city when/if the Brighton Centre closes for redevelopment, depending on how the announcement of its closure is handled and how well the contingency plans work for events and conferences to continue to be held in the city until the proposed new Brighton Centre is operational.

Existing hotels and guest accommodation establishments are thus likely to be affected by the planned new hotels in the short to medium term, particularly in terms of competition for weekday trade, putting pressure on midweek occupancies and achieved room rates. Weekend demand appears to be strong enough to support the planned new hotels without significant impact on the city's current hotel and guest accommodation stock, provided that the city's leisure break product continues to develop through the implementation of the planned major leisure development projects. Further hotel development over and above that already proposed will put even more pressure on existing hotels and guest accommodation establishments.

Some hotels and guest accommodation establishments may see a fall in their occupancy levels and room rates in the short to medium term, depending on how well they market and manage their business and the quality of facilities and service they provide. Some establishments may struggle when/if the Brighton Centre closes. It may, therefore, be necessary to let some establishments go for alternative uses. The market should, however, eventually recover once the new Brighton Centre is fully established. It will be important, therefore, not to lose too many establishments in the intervening period. The market situation will need to be kept constantly under review during this time in order to carefully manage any change in the city's hotel and guest accommodation supply.

2 and 3 diamond guest accommodation establishments are unlikely to be greatly affected by new hotel openings, other than possibly new budget hotels, given the anticipated increase in demand at this end of the market from the contractors market and the continuing strength of the stag and hen party and clubbers markets.

Our experience in other destinations like Liverpool also tells us that there can be some positive benefits to putting some competitive pressure on existing hotel supply. New quality hotel development can help to reaffirm a destination as a strong hotel location, ultimately raising rates for other hotels and helping to encourage investment in existing hotels. It will be important that existing operators make the most of these opportunities if they are to compete effectively.

7. THE POLICY CONTEXT

7.1 The Big Picture

Clearly it is important that the hotel infrastructure of Brighton & Hove helps to support and grow the tourism industry and the wider economy, and deliver the strategic objectives as identified by the public and private sector partners across the city.

The past five years has been a time of significant change and review in the national, regional and local planning and tourism policy framework, with on-going developments in this field that will impact upon the context in which hotel development will take place in the city.

7.1.1. National Planning Guidance

National guidance for tourism development was contained in PPG21 until its cancellation in September 2006. It has been replaced by a '**Good Practice Guide on Planning for Tourism**'. This document contains a specific appendix on tourist accommodation, dealing principally with the location of accommodation.

The sections relating to hotel accommodation are attached at Appendix 6. 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;
- In rural areas new build accommodation should preferably be in or adjacent to market towns and villages; the potential to convert rural buildings should also be favourably considered;
- Scale and impact are key issues in National Parks and AONBs;

- 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 the town and 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.

7.1.2. Regional Planning Policy

Regional policies for tourism are set out in the emerging **South East Plan**. These policies were developed initially in 'Destination South East', a land-use and planning strategy for the tourism industry that was approved in November 2004 as a formal alteration to RPG9. RPG9 has now become the adopted Regional Spatial Strategy as amended in November 2004, and is being rolled forward as the South East Plan.

RPG9 and the emerging South East Plan incorporate specific policies relating to the tourist accommodation sector. These policies seek to:

1. Facilitate a consistent approach to planning for accommodation
2. Ensure planning policies reflect both the diversity of the sector and market reality
3. Provide clear guidance on the location of development.

These policies are set out in TSR5. Part I) sets out six aspects of tourist accommodation that should be addressed in development plans, whilst Part ii) advocates that the Regional Tourist Board and local authorities should jointly monitor the demand for and supply of accommodation. The policies are detailed overleaf.

POLICY TSR 5

The diversity of the accommodation sector should be positively reflected in tourism and planning policies.

- 1) In formulating planning policies and making decisions local planning authorities should:*
 - 1. Consider the need for hotel developments to be in the proposed location, including links with the particular location, transport interchange or visitor attraction, and seek measures to increase access by sustainable transport modes.*
 - 2. Provide specific guidance on the appropriate location for relevant accommodation sub-sectors. This should be informed by their different site requirements and market characteristics and how these relate to local planning objectives.*
 - 3. Encourage the extension of hotels where this is required to upgrade the quality of the existing stock to meet changing consumer demands.*
 - 4. Include policies to protect the accommodation stock where there is evidence of market demand.*
 - 5. Strongly encourage the provision of affordable staff accommodation as part of new and existing accommodation facilities in areas of housing pressure. The criteria for the application of such a requirement should be clearly set out in the development plans.*
 - 6. Facilitate the upgrading and enhancement of existing unserviced accommodation, including extensions where this will not harm landscape quality or identified environmental assets. Particular attention should be paid to identifying suitable sites for the relocation of holiday parks under threat from coastal erosion or flooding.*

- II) Tourism South East and local authorities should, working together, undertake active monitoring of the demand for and supply of tourism accommodation on a regional and sub-regional basis.*

These general principles are adopted in a statutory document and as such have the same status as the Local Plan. They seek to guide local authorities in the completion of current Local Plans and the preparation of the new Local Development Frameworks.

The emerging South East Plan and its predecessors have identified a number of issues that inform this policy, including:

- Development plans should be based on a thorough understanding of the needs of accommodation developers and operators and the demands of their markets.
- This should be built upon an on-going dialogue between planners and the industry.
- And supported by regular monitoring and assessment of both demand and supply.
- Hotel developers find it difficult to compete with land values in many urban areas.
- Mixed-use developments may be the only way to achieve town centre hotel development.
- The exceptions to sequential testing for hotels out of town are country house hotels and provision associated with key transport gateways and regionally significant visitor and sporting attractions, although hotels serving markets that don't need to go into a town centre, e.g. one-night stopovers, may also be better located on the outskirts of towns.

The South East Plan and the Regional Economic Strategy also identify a number of priority areas for the development of the South East economy. Brighton & Hove features as a 'diamond for growth' in the region, a tourism 'hotspot', and a catalyst for the regeneration of the Sussex Coast.

The other significant implication coming out of the Draft South East Plan is the onus on local authorities to accommodate a specified number of new dwellings over the plan period. This is likely to make it even more difficult for hotels to secure sites for development, as already they are struggling to compete against higher value residential uses; a policy preference in favour of residential use and allocations presents a double whammy for the hotel sector.

At a time of such change in the national and regional planning framework, there is a clear opportunity to influence the emerging policies and guidance as required, but this should be based on an informed approach to the issues with the evidence to back arguments up. The Hotel Futures report will provide a sound research base for issues relating to hotel needs.

7.2 Local Policy and Development Priorities

The **current policies** relating to hotel development and change of use are policies SR14 and SR15 of the adopted Brighton & Hove Local Plan (see Appendix 5). In summary they:

- Direct new hotel development to an identified Hotel Core Area, on condition that the hotel does not result in any loss of residential or business space; outside the Core Area it is necessary to demonstrate that no suitable site could be found in the town centre or on its edge, and that the site is served by public transport.
- Protect existing hotel uses within the Core Area, and will not permit change of use unless it can be demonstrated that the business is no longer viable as a hotel or for alternative holiday use.

The **rationale** for these policies as explained in the supporting text is to:

- support the tourism economy;
- ensure a wide range of accommodation in terms of type and cost to cater for all types of visitor;
- locate accommodation close to public transport links and visitor attractions;
- spread accommodation over a wide area to avoid the negative impacts of large concentrations of accommodation;
- expand the core area because of this and to ensure protection over a wider area during periods of economic downturn.

In terms of the **evidence base** for these policies, focus groups with local residents are referred to in the text as helping inform policy development but there is no reference to any kind of review of hotel performance, consultation with the hotel development industry, or survey of visitor needs playing a part in their formulation. In terms of how the Core Area boundary was drawn up, none of the stakeholders consulted was around at that time nor were they aware of the criteria used to define the zone. It was thought that there might have been an inherited component from the previous Borough Plans.

Unlike some other destinations with strong retention policies such as Bournemouth or Eastbourne, there is no SPG for tourism or supporting the accommodation protection policies. The text gives some explanation to the definition of viability and an indication of the type of evidence likely to be sought, including marketing for sale for at least 12 months at a competitive price, evidence of occupancy over the past 3 years, marketing activities,

business plans and other locational factors. Reference is also made to consulting the Regional Tourist Board, Tourism South East, on the matter of viability.

So, **how well have these policies worked?** To some extent this depends on the criteria against which they are evaluated, but from our initial assessment and consultation with stakeholders it would seem that:

- In relation to the protection of tourist accommodation:
 - A relatively small number of applications for change of use from hotel/guest accommodation have been approved;
 - The numbers of applications for change of use and pre-application enquiries are actually quite small – estimated by the Development Control Team at around 2 per month, with no notable acceleration or decline of interest from operators
 - However, interviews with hotel and guest accommodation operators indicate that there would be further interest in change of use to higher value residential uses if planning policies were to permit this
 - In addition, change of use to HMO is seen to be an issue, with permissions or certificates of lawfulness being granted and undermining hotel and guest accommodation businesses in the same neighbourhood. This has been a particular issue recently with two hotels in Regency Square (the West Pier and Adelphi Court) that have been granted permission to convert to HMO use. There would seem to be a tension therefore between Local Plan policies that seek to retain accommodation for homeless people and policies that seek to retain hotel and guest accommodation.

- With regard to new hotel development:
 - The destination has been successful in attracting new hotel development as well as attracting operators to buy existing hotels and redevelop, refurbish and re-position them, increasingly as boutique accommodation offers.
 - This has included new-build hotels outside the Core Area e.g. at the marina and in the New England Quarter.
 - However hotel uses identified in Development Briefs haven't always materialised and there appear to be issues surrounding availability of sites and site values holding new development back.

The Tourism Unit appears to be consulted on tourism planning applications. The Development Control teams rely on these inputs, and indicated they would not be in a position to assess viability arguments themselves. In reality it would seem that many of the cases have fallen at the first hurdle, having not marketed the business at a competitive value with a reputable specialist agent for a minimum of 12 months.

7.3 Developing in Brighton – The Hotel Developer’s Perspective

7.3.1. Hotel Developer Requirements

Hotel companies generally work to a set of key investment criteria that they use to help them put together their national development strategy and trawl for sites. Clearly there is some variation between different types of hotel product, but below we set out some of the main criteria in outline:

- **Location** – achieving critical mass and geographic spread is important to all national hotel brands. They will target primary locations first, which tend to be larger regional cities, then move on to secondary and tertiary locations, which can be better supported by the rest of the group once brand awareness is high.

- **Site requirements** include:
 - Strategic locations with good access;
 - Visibility to passing traffic;
 - A strong business base close by, with sectors that are productive for hotel roomnights (e.g. financial and business services, regional and national headquarters);
 - Leisure drivers to fill the rooms at weekends (proximity to attractions, speciality shopping, restaurants, events);
 - Site areas of 0.5-6 acres (dependent upon range of offer and ability to develop vertically);
 - Land values that reflect hotel economics (£5,000-£15,000 per room);
 - An attractive environment;
 - Minimum population of 50,000-100,000 for smaller units and budget/ mid-market offers, 100,000-150,000+ for larger developments and products at the quality end of the market;
 - City centre and out-of-town sites;
 - The need for associated development where land values are high;
 - Redevelopment sites where opportunities are limited and competition for sites strong.

- **Development costs** – the control of costs is critical to hotel viability, but land and building costs have been driven upwards since the recovery from the recession of the early 1990s. This has resulted in:
 - A move towards larger hotels
 - The need to tailor the hotel product and design to the site
 - The development of hotels in association with other uses (restaurants, bars, leisure clubs, residential).
- **Financial and performance criteria** – viability is a function of development cost, occupancy and achieved room rate, and performance ranges will vary by product type. Typically:
 - Occupancy targets of 70-75% - or 80%+ for smaller budget hotels;
 - ARR (Achieved Room Revenue, ex discounts, VAT and breakfast)) targets of £35-£45 (budget), £55-£75 for upper tier budget and new generation 3 star offers, and £80+ for 4 star products, with luxury 4/5 star, country house and boutique/ town house hotels often looking to achieve £100-£150+;
 - Return on investment ranges of 15%-25%.

7.3.2. Hotel Developer Interest in Brighton & Hove

During the course of the Hotel Futures research, Hotel Solutions contacted a sample of hotel companies to get feedback from them on:

- their interest in developing in Brighton and view of the destination as a hotel investment location;
- their view of the Brighton market;
- any progress with site acquisition or obstacles faced;
- preferred locations for hotel development;
- their view of the planning framework, both in terms of policy and process.

All of the companies we spoke to were interested in new hotel development in Brighton, and had been actively looking for sites in the destination for some time. Two have recently secured sites. Brighton appeals because of its size (at 250,000 population it hits most of the right population/demographic buttons) and its leisure appeal. Recent hotel investment is also a draw to other hotel companies, and there was a perception of quality and value in the market.

There were some question marks amongst consultees about the strength of the corporate market – the market is perceived to be primarily leisure-driven, albeit at the higher value end. The presence of the financial services companies like Amex is a plus, as is the potential for conference and event business. New development in locations like the New England Quarter is seen as delivering more corporate business from offices.

All were having or had had great difficulty in securing sites for hotel development in and around Brighton. The main problems were:

- availability of land – squeezed between Downs and sea, on the edge of an AONB, difficult topography;
- competition from other uses – particularly residential but also retail, office and employment;
- site values – particularly in the light of strong competition from other uses and the values these generate.

Many were having to consider mixed use schemes as their only option, but generally don't favour these because 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.

In terms of the location of development, most – but not all – preferred to be in the centre of Brighton – where the action is – i.e.: the offices, the restaurants, the shops, the conference centre, the seafront – and if possible close to public car parks and the railway station. A view of the sea is less of a priority for budget hotels and those focusing on business markets. The area from the station to the seafront and the parallel A23 Grand Parade/Old Steine were

most commonly highlighted, plus roads intersecting with these and the prime seafront stretch down to the West Pier/Montpelier Rd.

The marina and the A23 London Rd/Preston Park were viewed as secondary locations that some would consider and others wouldn't. Some saw the marina as a destination in its own right with sufficient critical mass to make another hotel work here; others thought it too far out. Preston Park was being considered by some of the limited service operators, albeit they felt it was somewhat disconnected from the central area, with a 15 minute walk through a low-grade environment to get there. The ability to park at a hotel here would be an advantage over a more central location.

Hove was generally felt to be too far from Brighton city centre to be of interest for new hotel development – these are generally likely to be larger hotels of 100+ rooms. Hove is seen as primarily residential, despite Legal & General being based here and the proposed King Alfred Leisure and Gehry Tower scheme.

One operator was keen to develop out of town, on the A27, because of the particular requirements of their product, which takes 3 acres of land and incorporates full conferencing and leisure provision. Having looked at Brighton for a number of years, they firmly believe that they cannot find a site more centrally that would meet their site requirements, for all the reasons identified in terms of site availability and value.

In terms of planning policy and process, the experience of consultees in these areas varied but comments included:

- too much inflexibility in policy e.g. in terms of not permitting changes of use; the example quoted was office to hotel, but the policy for new hotels also refers to no loss of residential or employment uses. Yet it is difficult for new hotels to develop on the sites of existing hotels and guest accommodation as the sites would usually be too small, and may not be in the right location;
- a focus on the Core Area when other locations in the city might better meet operator requirements and be closer to sources of demand;
- hotels have often been mentioned in mixed use schemes (although it is unclear whether this was at Development Brief/SPG stage or anecdotal) and not been delivered because there was not an allocation or formal designation for a hotel;

- hotels were not felt to be far enough up the political agenda to attract the sort of attention/political support needed for designation of sites;
- conditions of development relating to architectural treatment, contributions to parking/transport needs, public art, waste management and green buildings makes development expensive to deliver in Brighton – operators need to be able to re-coup this in rates and occupancy;
- improvements could be made regarding access to and communication with planning and other Council staff.

7.4 Future Policy Direction

There are a number of key messages coming out of the policy review and consultation work that need to be taken on board in formulating future policy:

- A central thread running through all aspects of the consultations was that the policies were too prescriptive, and that there needs to be **more flexibility** so that policies can be more responsive to prevailing factors over time.
- On the issue of the **Hotel Core Area**, there are a number of concerns that put into question its on-going validity in its present format – no clear rationale for its boundaries, numerous anomalies (e.g. the station site not being included, and in the case of Upper Rock Gardens one side of a street being in, the other being out), permitting new development outside the area, the inclusion of large areas with little tourism activity. Below we address separately the relevance of a Core Area to the issues surrounding new hotel development and accommodation retention.
- The amount of **new hotel development** that has taken place in Brighton or is proposed is testament to the appeal of the destination to hotel operators. It is difficult to see a need for a delineated Core Area in which to focus new hotel development, particularly as suitable sites are so hard to come by. The general principle of directing development to the city centre (which is where the majority of operators would like to be if sites could be secured), along/close to transport routes and hubs (including destinations outside the city centre such as the marina), and close to generators of demand should we believe be sufficient policy guidance. Access, congestion and parking are such big issues for the city that a focus on limiting trips has to make sense. In line with national and regional policy and guidance, the potential to locate new

development outside the city centre either for a destination offer or to permit a hotel to serve a particular market, should also be acknowledged, albeit that the sequential and access case would need to be made.

Given the difficulty that hotel companies are experiencing in finding sites suitable in location and value for hotel development, the current policy restriction that supports hotel development provided it doesn't result in any loss of employment space or residential units appears too limiting. In reality a hotel is unlikely to be able to compete on residential value, but could compete with industrial, B1 and possibly office values. Hotels of course also generate employment, particularly full-service 3 and 4 star+ hotels, and have a vital role to play in providing support infrastructure for local employers, the conference industry and leisure tourism.

Although we have not undertaken a full testing of the market with hotel developers and operators, there clearly remains a lot of interest in new development in and around the city, and the lack of available sites plus site values are most definitely holding development back. In these circumstances we would normally advocate allocation for hotel use, and/or strengthening of the desire for hotel use in Development Briefs to positively encourage hotel development on available sites, so that mixed use developers focus on the hotel to unlock value in the rest of the site rather than squeezing it out on value. Where the Council has ownership of sites e.g. Circus Street, Patcham Court Farm, there is a greater ability to influence the end use, provided best value for that use can be secured.

Whilst our projections of future requirements for hotel development in the city do not show a strong need for further hotel development over and above that which is already planned to 2016 (provided it is delivered), there are additional needs beyond this to 2026. In addition, we are aware of many hotel companies actively looking for sites in and around Brighton and who would develop here on the assumption that they would take more than their fair share of the market. If sites are not available or affordable in the centre of the city they may well pursue sites less favourable in planning terms and with greater traffic impacts.

With the removal of a Core Area for new hotel development, the inclusion of some general principles for hotel developers in terms of evidence of need may be prudent. They should be asked to make a market case, ideally supported by a demand assessment from a hotel specialist. In particular, we would suggest it would be beneficial to identify how their development/operation could add to the destination offer, whether it has the ability to create new demand, and how it might meet needs currently unsatisfied in the destination.

In relation to the **protection of existing hotels**, there is little evidence of loss of tourist accommodation and a lot of new development either delivered or likely to come on stream in the next 12-18 months, to the point where the city finds itself in a position of net increase in hotel rooms. In such a situation it is questionable whether a retention policy is really needed, or indeed whether it is entirely fair to make it very difficult for businesses to exit, particularly as some of them are poorly located in relation to the main generators of demand and may have limited potential to re-position themselves viably in the market.

However, experience elsewhere indicates that without some form of protection the pressure for residential would be likely to exert an undue force on the sector, particularly those smaller independent businesses, to look for an exit strategy whether they have the potential to be viable in the future or not. Certainly there is no argument for rewarding bad business practice and poor management with a residential permission that would considerably enhance the return to the owner/operator.

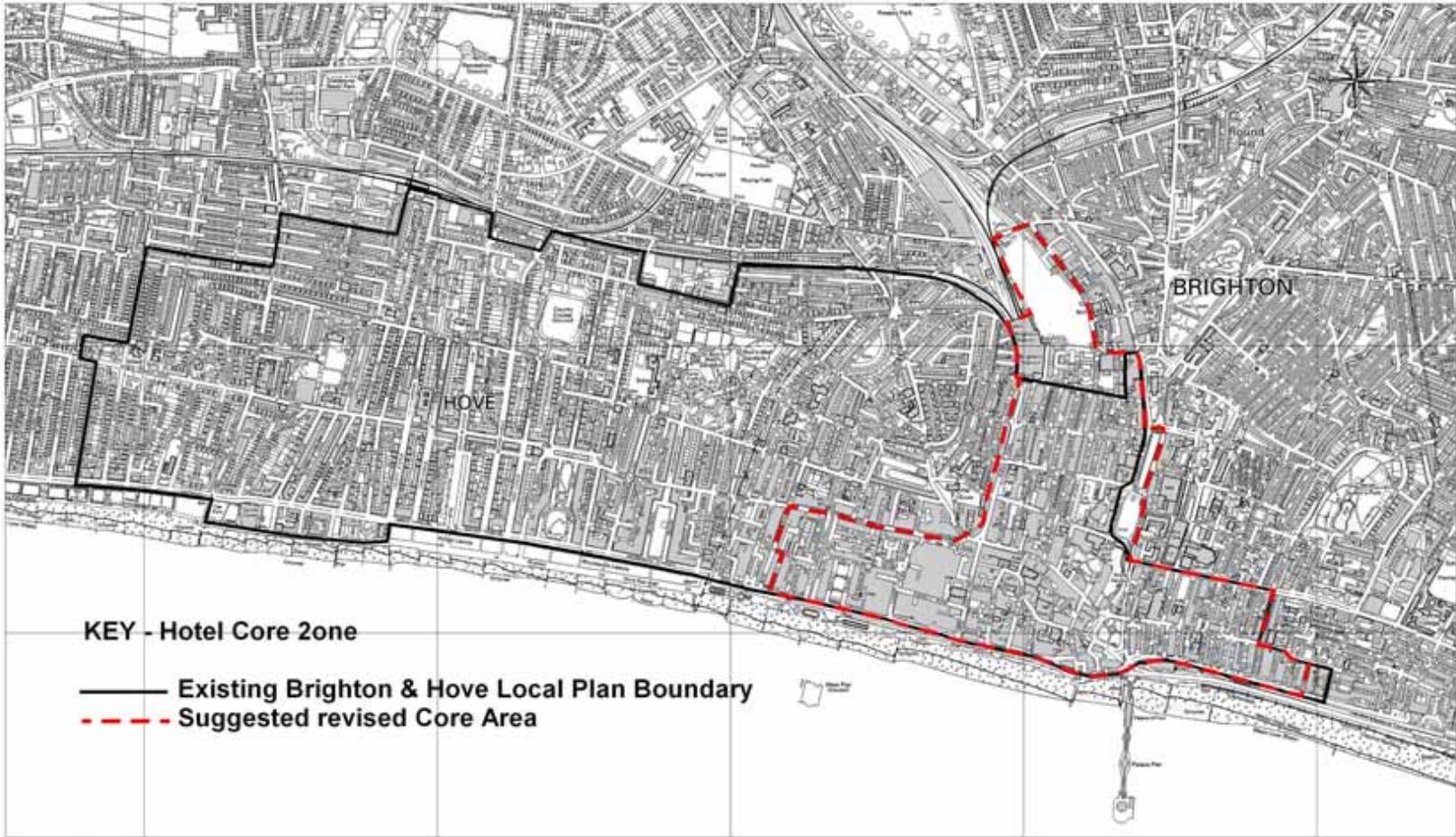
The solution needs to lie in finding a balance between new development and managed loss which also ensures that key areas of the city are not compromised in their role as accommodation clusters.

It is debatable whether the delineation of a Hotel Core Area should have a role to play in this – certainly not in its current format. The options would seem to be:

- o To reduce the Core Area to a much more focused area around the main accommodation clusters and drivers of accommodation demand. This might include a shorter stretch of the seafront as an east-west corridor (say from Charlotte Street in the east to Oriental Place in the west) and a north-south stretch that takes in from the station to the seafront and the parallel A23 Grand Parade (see map overleaf). Russell Square might possibly be excluded from the Core area as well as St George's Terrace. There are a number of guest accommodation establishments in these two locations, although most are of a relatively poor quality. Some have the potential to be upgraded, however, so perhaps these locations should be included. Deciding on the precise boundary of a new Core Area will clearly need to be the subject of further debate and consultation;
- o To not have a Core or Priority Area for retention at all but rely on policies that put forward a presumption against change of use (unless unviable), judging each case on its own merits.
- o To have a general presumption against any loss of stock, with a reduced Core Area where loss will be more strongly resisted than in other parts of the city.

The implications of these options need to be thoroughly thought through. A loosening of policy on change of use and a greater focus on central Brighton and its seafront will likely impact more on small independent hotels/guest accommodation and on Hove. However, the research has shown that Hove is very much a secondary hotel location because of its distance from the main drivers of hotel demand. Hotels here tend to perform less strongly and will likely be affected more by new hotel development in the centre of Brighton.

We are aware that destinations like Bournemouth who are at the leading edge of policy development relating to accommodation retention are thinking of getting rid of their designated Core Areas – however, they have very sophisticated policies and procedures in place to deal with applications for change of use that are well-established and resourced and that include technical inputs from independent specialists.



KEY - Hotel Core Zone

- Existing Brighton & Hove Local Plan Boundary
- - - Suggested revised Core Area



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What a designated Core Area provides is a clear and visible sign that can be translated on the ground that the City Council means business that has undoubtedly stopped potential applicants, whether they be operator/owners or developers, from pursuing change of use permissions. Removing this visible sign is bound to result in challenges, particularly as the demand for residential in this location is so strong. Without the ability to adequately challenge the viability arguments, removal of a Core Area of some sort would, we believe, leave the Council exposed.

Whether a delineated Core Area for hotel retention is adopted or not, we would recommend a tightening of policies and procedures surrounding the assessment of hotel change of use applications. This may or may not be in the form of an SPD. The principles of marketing for sale and demonstrating non-viability are sound, but there is a need for clear and transparent definition of evidence sought and exactly what this means, plus a structure and expertise in place with industry understanding capable of assessing the evidence submitted. The Tourism Team has an important role to play in this process and should be consistently consulted on all accommodation-related applications.

Tourism South East do not have the resources to provide the level of detailed appraisal needed on these cases, but are about to publish guidance for local authorities on the development of tourist accommodation retention policies and procedures that Brighton & Hove can draw on in putting an appropriate framework in place. The guidance, 'Here to Stay', which has been prepared by the Hotel Solutions team, sets out an assessment tool that also identifies sources of inputs to this, as well as a detailed example in Bournemouth's Tourism SPG.

- Policies in relation to the protection of tourist accommodation and new hotel development appear to have been reasonably successful in Brighton and Hove in spite of their limitations. However, the issue of conversion of tourist accommodation to **HMOs** (Houses in Multiple Occupation) has been a problem that current policies and procedures do not appear to be adequately addressing.

There is clearly a tension between Local Plan policies that seek to retain accommodation for the homeless and policies that seek to retain hotel and guest accommodation. Although accommodation used to house homeless people does not always have a negative impact on surrounding hotels and guest houses, particularly in smaller units, there are parts of Brighton and Hove where associated noise and disturbance is negatively affecting the environment in which hotels and guest accommodation establishments are operating, to the point where some owners are unwilling to invest in their premises as they see this as undermining their long term survival.

In these circumstances we see value in defining key streets and areas where HMO use will be resisted, to include:

- o The seafront (Kings Rd, Grand Junction Rd, Marine Parade to Bedford St)
- o Regency Square
- o New Steine
- o Madeira Place
- o Upper and Lower Rock Gardens
- o Charlotte Street
- o Russell Square
- o Oriental Place

Broad Street, Atlingworth Street and St George's Terrace could also be included.

This could be part of a reduced Core Area for hotel retention or could apply purely to policy relating to HMOs. In some ways, conversion to residential is a better option in these key locations as they are more suitable neighbours and at least result in the properties concerned being invested in and kept in good repair.

There are however already examples of HMOs having crept into these locations – where this has happened permitting a change of use to residential may provide better support for surrounding hotels. Whilst there is a way back from a granting of a temporary permission for HMO use, once an established use is demonstrated over a period of 10 years, a certificate of lawfulness appears to be a fait accompli. The only solution to this is adequate monitoring and challenge where uses are being breached. Clearly there are resource implications to this but if the Council is serious about supporting its tourism industry in these key locations, active monitoring will need to be part of this package.

- The research has identified potential for the **up-grading and re-positioning of existing hotels** and guest accommodation. Policy support in this area would strengthen and draw attention to this as a priority for investment being positively promoted by the Council. Up-grading and re-positioning may involve extensions to existing properties and the introduction of other uses to hotel buildings that would require planning permission e.g.: health and fitness facilities/clubs, spas and casinos. It could also involve the loss of some rooms and bedspaces through conversion to en-suite bathrooms or the creation of suites. This is acceptable if it results in a better quality product.

In some instances there may be a case to be made for partial conversion of a hotel to residential/apartments, to enable investment in the remaining hotel. There are good examples of this in other resorts and historic cities, and it is an acceptable route to securing an improvement in stock, provided a business case can be made and the remaining unit is viable. We would suggest that as a minimum 50% of the hotel rooms/floorspace should remain. The developer/operator should be asked to make the case for the investment, the need for the enabling development and the on-going viability of the unit.

- Providing an **evidence base**, building a dialogue with the hotel industry – including the hotel development industry not yet represented in Brighton - monitoring performance and activity on an on-going basis, and having the flexibility to adapt policy interpretation to take account of changing forces on the market, will be key to future implementation of the new policy framework.

Key triggers for change would be if:

- Markets decline and have little prospect of recovery;
- Markets increase more quickly than expected
- New development projects generate significantly more demand for accommodation;
- New hotels push the city into oversupply and adversely affect existing hotels and guest houses to the extent to which they can no longer compete and operate successfully.

It is impossible to predict what will happen in the future. Measures need to be put in place to monitor changes in the market and hotel and guest house performance to ensure that planning applications can be considered based on the most up-to-date market and performance information.

APPENDICES

APPENDIX 1

HOTELS INTERVIEWED

HOTELS INTERVIEWED

Hotel	Interviewee	Personal/ Telephone
Hotels		
5 Star		
De Vere Grand	Jonathan Kay, General Manager	P
4 Star		
Hilton Brighton Metropole	Rory O'Leary, Director of Operations	P
Thistle	Simon Quarrel, General Manager	P
Old Ship	Kevin Berry, General Manager	P
Belgrave	Declan Lowy, General Manager	P
Holiday Inn Brighton Seafront	Paul Wright, General Manager	P
Boutique		
Hotel Una	Jelena Popic, Proprietor	P
Lansdowne Place	Gerald Blazevic, Director of Sales & Marketing	P
Alias Seattle	Jonathan Beevors, Sales & Marketing Manager	P
Drakes	Richard Hayes, General Manager	P
Hotel du Vin	Lora Strizic, General Manager	T
3 Star		
Princes Marine	Martin Aillon, General Manager	P
Granville/ Cecil House	Stephen Hipwell, Proprietor	P
Ramada Brighton	Matthew Huddart, General Manager	P
Royal Albion	John Brook, General Manager	P
Quality	Lee Walmsley, General Manager	P
Best Western Brighton	Guillaume Wolf, Operations Manager	P
Kings	James Wilson, General Manager	P
Queens	Justin Mannings, General Manager	P
Budget		
Premier Travel Inn	Neil Harris, Premier Travel Inn HQ	T
Travelodge	Christine Contreras	T
Guest Accommodation		
4 Diamond/Star		
The White House	Sean Edlin, Proprietor	P
Hotel Pelirocco	Mark Gibson, Proprietor	P
Brighton House	Christine & Lucho Zuidema, Proprietors	P
Adelaide	Paula Hamblin, Proprietor	P
Seafield House. Lichfield House	Chris Meyler, Proprietor	P
Paskins Town House	Roger Marlow, Proprietor	P
Amsterdam	Charles Firth, Proprietor	P
Genevieve	Ken Mercer, Proprietor	P
Sea Spray	Karen Durbridge, Proprietor	P
Cavalaire	Garry Clarke, Proprietor	P
Ascott House/ Arlanda	Robert Smith, Proprietor	P
Ambassador	Nick Head, Proprietor	P
Brighton Pavilions	Ken Clarke, Proprietor	T
Hotel Nineteen	Mark McCulloch, Proprietor	P
New Madeira	Gerard deNervaux, General Manager	P
Leona House	Hazel Eastman, Proprietor	P
Brightonwave	Shaun Trumble, Proprietor	P
Kelvin Guest House	Shaun Bailey/ Paul Smyth, Proprietors	P

Brighton & Hove Hotel Futures

2/3 Diamond/Star/ Non-inspected		
Adastral	Mrs Alford, Manager	P
Chatsworth	Francis Gerber, Proprietor	P
Cross Street Guest House	Robert Finn, Proprietor	P
Lanes	Lucy Joyce, Manager	P
Brighton Beach	Daqi Fan, Manager	P
Abbey	Cen Tobli, General Manager	T
Colson House	Mark Jones, Proprietor	P
Oriental	Lucy Jamrozik, Manager	P
Beynon House	Sarah Crawley, Proprietor	P
Black Swan	Jo Noonan, Proprietor	P
West Beach	Steffen Rose, General Manager	P

APPENDIX 2

BRIGHTON & HOVE
CURRENT SUPPLY OF HOTELS AND GUESTHOUSES

**BRIGHTON & HOVE – CURRENT SUPPLY OF HOTELS AND GUESTHOUSES –
SEPTEMBER 2006**

Establishment	Address	Grading	Rooms
Hotels			
5 Star			
De Vere Grand	King's Road	5 star	200
4 Star			
Alias Seattle	Brighton Marina	4 star Boutique	71
Belgrave	64 King's Road	4 star ¹	63
Brighton Thistle	King's Road	4 star	208
Drakes	43-44 Marine Parade	4 star Boutique	20
Hilton Brighton Metropole	King's Road	4 star	334
Holiday Inn Brighton Seafront	137 King's Road	4 star	131
Hotel du Vin	Ship Street	4 star Boutique	37
Lansdowne Place	Lansdowne Place, Hove	4 star Boutique ¹	84
Old Ship	31-38 King's Road	4 star	152
Royal Pavilion Townhouse	12a Regency Square	4 star Townhouse	8
Hotel Una	55-56 Regency Square	4 star Boutique ¹	20
3 Star			
Best Western Brighton	143-145 King's Road	3 star	52
Courtlands	15-27 The Drive, Hove	3 star	75
Granville	124 King's Road	3 star	24
Imperial	First Avenue, Hove	3 star	76
Preston Park	216 London Road	3 star	33
Kings	139-141 King's Road	3 star	90
Langfords	8-16 Third Av, Hove	3 star	60
Princes Marine	153 Kingsway, Hove	3 star	48
Quality	West Street	3 star	140
Queens	1 King's Road	3 star	94
Ramada Brighton	149 King's Road	3 star	123
Royal Albion	35 Old Steine	3 star	185
Budget			
Innkeeper's Lodge	London Rd, Patcham	Budget	17
Premier Travel Inn	144 North Street	Budget	160
Travelodge	165-167 Preston Road	Budget	94

Brighton & Hove Hotel Futures

Guest Accommodation			
5 Diamond/Star			
Claremont House	13 Second Avenue	5 diamond	11
4 Diamond/Star			
Adelaide Hotel	51 Regency Square	4 diamond	12
Ainsley House	28 New Steine	4 diamond	11
Alvia Hotel	36 Upper Rock Gardens	4 star	12
Ambassador Hotel	22 New Steine	4 diamond	24
Amherst Hotel	2 Lower Rock Gardens	4 diamond Boutique	10
Aquarium Guest House	13 Madeira Place	4 diamond	7
Ascott House	21 New Steine	4 diamond	14
Aymer Guest House	13 Aymer Road, Hove	4 diamond	3
Blanch House	17 Atlingworth Street	4 diamond Boutique	12
Brighton House	52 Regency Square	4 star	14
Brighton Kingsway	2 St Aubyns, Hove	4 diamond	15
Brighton Pavilions	7 Charlotte Street	4 star Boutique	10
Brightonwave	10 Madeira Place	4 diamond Boutique	8
Brightside	4 Shirley Road, Hove	4 diamond	3
Brunswick Square Hotel	Brunswick Square, Hove	4 diamond	21
Cavalaire Hotel	34 Upper Rock Gardens	4 diamond	10
Esteban Hotel	35 Upper Rock Gardens	4 diamond	12
FiveHotel	5 New Steine	4 diamond Boutique	10
Forty-One	41 Cornwall Gardens	4 star	1
Genevieve Hotel	18 Madeira Place	4 diamond	13
George IV Hotel	34 Regency Square	4 star	7
Gullivers Hotel	10 New Steine	4 diamond	11
Hotel Nineteen	19 Broad Street	4 diamond Boutique	8
Hotel Pelirrocco	10 Regency Square	4 diamond Boutique	19
Kelvin Guest House	9 Madeira Place	4 star Boutique	10
Legends	31-32 Marine Parade	4 star ³	33
Leona House	74 Middle Street	4 star	7
Malvern Hotel	33 Regency Square	4 diamond	13
Neo Hotel	19 Oriental Place	4 diamond Boutique	9
New Madeira Hotel	19-23 Marine Parade	4 diamond	34
New Steine Hotel	12a New Steine	4 diamond Boutique	12
Paskins Town House	18/19 Charlotte Street	4 diamond Boutique	20
Penny Lanes Hotel	11 Charlotte Street	4 diamond	12
Sea Spray	25 New Steine	4 star Boutique	17
Seafield House	23 Seafield Road, Hove	4 star ¹	12
Square Hotel	4 New Steine	4 diamond Boutique ²	9
The Townhouse	19 New Steine	4 star ³	8
The Twenty One	21 Charlotte Street	4 diamond	8
The White House	6 Bedford Street	4 diamond Boutique	9
Topps Hotel	17 Regency Square	4 diamond	15
Trouville Hotel	11 New Steine	4 diamond	8

Brighton & Hove Hotel Futures

3 Diamond/Star			
Abbey Hotel	14-19 Norfolk Terrace	3 star	90
Adastral Hotel	6 Westbourne Villas, Hove	3 diamond	19
Amsterdam	11/12 Marine Parade	3 star	25
Andorra Hotel	15-16 Oriental Place	3 diamond	23
Atlantic Hotel	16 Marine Parade	3 diamond	9
Avalon	7 Upper Rock Gardens	3 star	7
Beach Hotel	2-4 Regency Square	3 diamond	32
Beynon House	24 St George's Terrace	3 star ¹	7
Brighton Marina House Hotel	8 Charlotte Street	3 diamond	9
Budgies Guest House	7 Madeira Place	3 diamond	9
C Breeze Hotel	12a Upper Rock Gardens	3 diamond	7
Churchill Guest House	44 Russell Square	3 diamond	8
Colson House	17 Upper Rock Gardens	3 diamond	8
Cosmopolitan Hotel	29-31 New Steine	3 diamond	39
Dove Hotel	18 Regency Square	3 star	9
Four Seasons Guest House	3 Upper Rock Gardens	3 diamond	7
Funchal Guest House	17 Madeira Place	3 diamond	5
Garden Annexe @ Florence Hse	18 Florence Road	3 diamond	5
Georjan Guest House	27 Upper Rock Gardens	3 diamond	5
Griffin Hotel	14 Madeira Place	3 diamond	11
Hamptons	3 New Steine	3 diamond	13
Hudsons	22 Devonshire Place	3 star	9
Lanes Hotel	70-72 Marine Parade	3 diamond	34
Lichfield House	30 Waterloo St, Hove	4 diamond	9
Maison Mascara	33 Montpellier Road	3 star Boutique	8
Marina West Hotel	26 Oriental Place	3 diamond	11
Marine View	24 New Steine	3 diamond	11
Market Inn	1 Market Street	3 diamond	2
Millards Hotel	23 Broad Street	3 star	8
One Broad Street	1 Broad Street	3 star ¹	7
Oriental Hotel	9 Oriental Place	3 diamond	11
Palace Hotel	10-12 Grand Junction Rd	3 diamond	28
Pavilion Guest House	12 Madeira Place	3 diamond	7
Prince Regent Hotel	29 Regency Square	3 diamond	20
Regency Hotel	28 Regency Square	3 star ¹	13
Rowland House Guest House	21 St George's Terrace	3 diamond	11
Russell Guest House	19 Russell Square	3 diamond	8
Sandpiper Guest House	11 Russell Square	3 diamond	8
Strawberry Fields	6-7 New Steine	3 diamond	27
The Garth	28 Cornwall Gardens	3 diamond	2
The Heathers	4-5 Lower Rock Gardens	3 diamond	19
Westbourne Hotel	46 Upper Rock Gardens	3 diamond	10

Brighton & Hove Hotel Futures

2 Diamond/Star			
Brighton Beach Hotel	41 Marine Parade	2 diamond	27
Cecil House Hotel	126 King's Road	2 diamond	11
Chatsworth Hotel	9 Salisbury Road, Hove	2 diamond	8
Miami Hotel	22 Bedford Square	2 star	24
Regency Lansdowne Guest Hse	45 Lansdowne Plc, Hove	2 diamond	7
Valentine House Hotel	38 Russell Square	2 star	10
Not Inspected			
Arlanda Hotel	20 New Steine	n/a	15
Aspen Lodge Guest House	21 Atlingworth Street	n/a	6
Aston Hotel	3 Lower Rock Gardens	n/a	8
Bannings Guest House	14 Upper Rock Gardens	n/a	6
Black Horse	Montague Place	n/a	6
Blue Lagoon	330 Kingsway, Hove	n/a	15
Blythcote Guest House	Kingsway, Hove	n/a	2
Boydens Guest House	27 St James' Avenue	n/a	6
Brighton Charter Hotel	12-15a King's Road	n/a	17
Brighton Royal Hotel	76 Grand Parade	n/a	10
Central Guest House	42 Russell Square	n/a	11
Charlotte House	9 Charlotte Street	n/a	9
Christina Guest House	20 St George's Terrace	n/a	9
Churchill Palace Hotel	205 Middle Street	n/a	32
Cinderella Hotel	48 St Aubyns	n/a	11
Court Craven Hotel	2 Atlingworth Street	n/a	11
Coward's	12 Upper Rock Gardens	n/a	6
Cross Street Guest House	13 Cross Street, Hove	n/a	10
Diana House	25 St George's Terrace	n/a	9
Dorset Guest House	17 Dorset Gardens	n/a	8
Downs Hotel	Woodingdean	n/a	9
Grapevine	Middle Street	n/a	27
Greenways Guest House	369 Kingsway, Hove	n/a	3
Iron Duke Hotel	3 Waterloo Street, Hove	n/a	9
Keehans Hotel	57 Regency Square	n/a	21
Kempton House Hotel	33/34 Marine Parade	n/a	12
Kenworth Guest House	18 Broad Street	n/a	7
Langham Guest House	16 Charlotte Street	n/a	20
Maon Hotel	26 Upper Rock Gardens	n/a	9
Montpelier Hall Hotel	Montpelier Terrace	n/a	9
Morgan's View Guest House	Kingsway, Hove	n/a	6
Palm Court	371 Kingsway, Hove	n/a	7
Pebbles Guest House	8 Madeira Place	n/a	9
Queensbury Hotel	58 Regency Square	n/a	16
Rockhaven Private Hotel	18 Lower Rock Gardens	n/a	9
Sandalwood Hotel	27 Lower Rock Gardens	n/a	12
Sussex Art Club	7 Ship Street	n/a	7
Vavoom	31 Old Steine	n/a	4
West Beach Hotel	135 King's Road	n/a	43
Whitburn Lodge	12 Montpelier Road	n/a	4
White Horse Hotel	Marine Dr, Rottingdean	n/a	18
Willow Guest House	37 Russell Square	n/a	12
Windhaven Guest House	Marine Dr, Rottingdean	n/a	3

Notes:

1. Awaiting grading
2. Not inspected – assumed equivalent grading
3. Currently being refurbished – assumed grading

APPENDIX 3

BRIGHTON & HOVE
CURRENT SUPPLY OF HOTELS AND GUESTHOUSES
ANALYSIS BY LOCATION

BRIGHTON & HOVE – CURRENT SUPPLY OF HOTELS AND GUESTHOUSES – ANALYSIS BY LOCATION -SEPTEMBER 2006

Location	Hotels						Guest Accommodation								Total	
	4/5 Star		3 Star		Budget		4/5 Diamond/Star		3 Diamond/Star		2 Diamond/Star		Non-Inspected		Estabs	Rooms
	Estabs	Rooms	Estabs	Rooms	Estabs	Rooms	Estabs	Rooms	Estabs	Rooms	Estabs	Rooms	Estabs	Rooms		
King's Rd/ Grd Jctn Rd	7	1125	7	708					1	28	1	11	2	60	18	1932
Marine Parade	1	20					2	67	3	68	1	27	1	12	8	194
Hove	1	84	4	259			7	65	1	28	2	15	8	63	23	514
New Steine							10	124	4	90			1	15	15	229
Regency Square	2	28					6	80	4	74			2	37	14	219
Upper Rock Gdns							3	34	6	44			3	21	12	99
Charlotte Street							4	50	1	9			2	29	7	88
Madeira Place							4	38	4	32			1	9	9	79
Lower Rock Gdns							1	10	1	19			3	29	5	58
Russell Square									3	24	1	10	2	23	6	57
Oriental Place							1	9	3	45					4	54
St George's Terrace									2	18			2	18	4	36
Broad Street							1	8	2	15			1	7	4	30
Atlingworth Street							1	12					2	17	3	29
Other City Centre					1	160	2	16	4	109	1	24	10	113	18	422
Brighton Marina	1	71													1	71
City Outskirts			1	33	2	111	1	1	2	7			3	30	9	182
Total Supply	11	1328	12	1000	3	271	42	514	42	610	6	87	43	483	160	4293

APPENDIX 4
VISITBRIGHTON OCCUPANCY DATA

VISITBRIGHTON OCCUPANCY DATA¹ – 2003-2006

Year/Month	Average Room Occupancy %			
	4/5 Star Hotels	3 Star Hotels	4/5 Diamond Hotels/ Guesthouses	3 Diamond Hotels/ Guesthouses
2004				
January	48	48	38	25
February	67	63	51	39
March	78	59	56	47
April	64	53	57	44
May	67	58	59	46
June	76	68	75	59
July	76	66	71	60
August	77	63	68	60
September	71	63	66	57
October	76	70	60	42
November	76	52	49	39
December	63	43	44	25
2004	70	59	59	47
2005				
January	57	40	43	26
February	72	54	57	38
March	77	57	57	54
April	66	55	65	56
May	69	67	61	45
June	77	77	75	61
July	76	82	71	60
August	81	79	68	69
September	72	74	71	57
October	68	55	52	50
November	76	54	48	46
December	63	43 ²	41	44
2005	72	66	61	42

Source: VisitBrighton

Notes

1. VisitBrighton conducts a monthly hotel and guesthouse occupancy survey. This is based on a sample of participating hotels and guesthouses. Not all hotels and guesthouses consistently take part in the survey, with the result that the sample can fluctuate from one month to the next. The results should be taken as indicative only, therefore.
2. No returns received for December 2005 from 3 star hotels. 2004 data substituted.

APPENDIX 5
EXTRACTS FROM THE ADOPTED BRIGHTON & HOVE LOCAL PLAN

EXTRACTS FROM THE ADOPTED BRIGHTON & HOVE LOCAL PLAN

SR14 New hotel and guest accommodation

The development of new hotel and tourism (including self-catering) accommodation will be permitted within the identified core area provided that:

- a. it would not result in a reduction in the numbers of residential units;
- b. it would not result in a loss of industrial / business land or floorspace for which a need has been identified;
- c. it would not have a harmful effect on the amenity or character of the area;
- d. it would not result in a serious increase in traffic congestion; and
- e. it would provide facilities for recycling trade waste proportionate to the size of premises.

Unless it has been identified in this Plan, outside the core area planning permission will not be granted for new accommodation unless it has been demonstrated that no suitable site can be identified firstly, within the town centre; or secondly on the edge of the town centre and it has good public transport access to the town centres and tourist attractions.

6.60 It is vital that Brighton and Hove is able to support its tourism economy by providing a sufficient and wide ranging type and cost of accommodation to cater for all visitors. The boundary of the core area has been identified to ensure that accommodation is close to main public transport links and the main visitor attractions in the interests of promoting sustainable tourism in line with the Local Transport Plan. The core area boundary has been expanded to help avoid concentrations of accommodation that can have an adverse impact on residential amenity due to, for example, parking, noise and disturbance.

6.61 Participants in a 'Recreation, Leisure, Tourism and Arts' focus group suggested a vision for sustainable tourism, which took account of its environmental costs and its impact on residents. The vision for Brighton and Hove should be to provide an attractive environment that is stimulating for visitors regardless of their reason for visiting. The focus group participants particularly wanted to see tourist accommodation located close to public transport to be more sustainable and attractive for visitors and as an example, they did not wish to see motel accommodation located on the edge of town. A significant number of respondents to the Local Plan consultation leaflet cited 'hotel/ visitor accommodation' as a means of improving facilities and attractions for visitors.

6.62 Significant new developments will be required to demonstrate that they will be located such that guests will have a sufficient choice of transport so that they will not be reliant on their car to either reach their accommodation or to access the visitor attractions.

6.63 Account should be taken of other policies in this Plan related to transport and design as well as policies in the East Sussex and Brighton & Hove Waste Local Plan.

SR15 Protection of hotels / guest houses

The change of use of hotels, guest houses and self catering holiday accommodation in the 'core area' of Brighton and Hove will not be permitted unless clear evidence is provided to demonstrate that:

- a. a hotel / guesthouse or self catering is no longer viable for use as such; and**
- b. alternative types of holiday accommodation suitable for the property (including dual uses for out of season times) are not viable.**

6.64 It is vital in order to support the important role tourism plays in the local economy, that a flexible range of accommodation is available to meet the current needs and demands of all visitors and which caters for all income groups. In order to demonstrate non-viability, proof will be required to show that a hotel or guesthouse has been marketed extensively for at least a year and at a competitive price. Evidence will also be required of occupancy rates for the previous 3 years at least, and any other relevant factors such as previous marketing or business plans, locational factors and ease of access for visitors by a variety of modes of transport. In assessing whether the accommodation is not viable, the planning authority will seek the independent views of the South East England Tourist Board.

6.65 During periods of economic downturn, an area dominated by tourist accommodation may start to display characteristics of economic and social malaise. This is another reason why the core area boundary has been expanded compared to previous local plans. The core area boundary will now include areas around Brighton and Hove railway stations and main bus routes e.g. North Laine, Seven Dials, Queens Road, Western Road / North Street corridor and the seafront.

APPENDIX 6

**EXTRACT FROM DCLG GOOD PRACTICE GUIDE ON PLANNING FOR
TOURISM**

EXTRACT FROM DCLG GOOD PRACTICE GUIDE ON PLANNING FOR TOURISM

Hotel and serviced accommodation

GENERAL LOCATIONAL PRINCIPLES

3. The process of identifying suitable locations for hotel and serviced accommodation, whatever its nature, should be an integral part of the plan making process. Local planning authorities and the tourist industry should therefore engage constructively to identify suitable locations in plans for hotel accommodation to meet identified current and future needs. This is particularly important for major hotels – for example those with business, conference and banqueting facilities, or large hotels catering for tourists – where the preference should be to identify town centre sites wherever possible, in line with national policies set out in PPS6. Such sites are the most sustainable in planning terms, since they allow greater access by public transport, contribute to urban vitality and regeneration, and allow visitors to easily access other town centre facilities and attractions. Where proposals for major hotel facilities come forward outside the development plan process, their location should be assessed in line with the policies in PPS6 and the sequential approach to site selection.

4. Proposed locations for other types of hotel and serviced accommodation should also be considered through the plan process wherever possible. The emphasis, whatever the type of accommodation, should be on identifying the most sustainable locations, having regard to national planning policies. But in allocating sites in plans, or considering planning applications that come forward outside of the plan process, developers and planning authorities need to recognise that the particular market being met by the accommodation may influence the nature of the location chosen. So, for example, accommodation catering for those seeking to enjoy the natural environment through walking and outdoor recreation may be better located in a rural area, in or at the edge of the centre of a village or small town, rather than in a major town centre some distance away from the attractions it serves.

5. Whatever the type of hotel or serviced accommodation and whatever its location, it should:

- Fit well with its surroundings, having regard to its siting, scale, design, materials and landscaping; and
- Be in harmony with the local environment (taking account of, amongst other factors, residential amenity, noise, traffic and parking in the vicinity).

HOTEL ACCOMMODATION IN RURAL AREAS

6. National planning policies set out in PPS7 "*Sustainable Development in Rural Areas*" makes it clear that the expectation is that most tourism accommodation requiring new buildings should be located in, or adjacent to, existing towns and villages. PPS7 also recognises that proposals to convert existing rural buildings to provide hotel and other serviced accommodation should be acceptable, subject to any general criteria that may be set in development plans on the reuse of such buildings.

7. National Parks and Areas of Outstanding Natural Beauty attract visitors who wish to enjoy the special qualities of the landscapes and the countryside of these areas. It is important that sufficient accommodation of a suitable range of types is provided for these visitors. However, particular care needs to be taken over the number, scale and location of accommodation facilities in these designated areas to ensure that the particular qualities that justified the designation are conserved. These considerations are best addressed through the plan process wherever possible.

HISTORIC TOWNS AND CITIES

8. Historic towns and cities are an attraction to tourists from home and overseas and there is pressure to increase hotel accommodation in them. Great importance is attached to the preservation of buildings of architectural or historic interest both for their intrinsic qualities and for the contribution they make to our towns and villages, and to tourism. It is therefore important that any proposals for new hotel accommodation in such towns and cities are sensitive to their surroundings.

9. Conversion into hotels is often a realistic proposition for ensuring the retention and maintenance of historic buildings provided it is sensitively handled, does not materially alter the character or historic features of the building, and provided the new use does not generate traffic movements that cannot be accommodated.

10. Many historic buildings in town and country are already in use as hotels. If carefully designed, additions can be achieved without adversely affecting the historic fabric or character and maintain the historic building in viable use. But large-scale buildings in a small-scale setting, buildings that adversely affect the existing skyline, and those which by their design, materials, illumination or building line are out of sympathy with neighbouring historic buildings will normally be unacceptable.

MODERNISATION AND EXTENSIONS

11. Aside from historic buildings, there are many redundant or semi-obsolete buildings – such as closed mills, distilleries, warehouses, or railway stations – that can lend themselves well to adaptation and modernisation as hotels, other forms of serviced accommodation or restaurants. To convert such buildings to compatible use can bring life back to an otherwise wasted asset – thus conserving a useful and often attractive building, improving a neglected site and helping the local economy.

12. Similarly, moderate-sized extensions to an existing hotel or public house, including the addition of bedroom accommodation, can help to ensure the future viability of such businesses. This may satisfy a local need as well as a tourism one, by fully utilising the potential of the site but without any disproportionate increase in scale. In all cases, careful consideration should be given to ensure that the size of the extension proposed is not disproportionate for the location concerned.

BUDGET HOTELS, MOTELS, AND TRAVEL LODGES

13. Where budget hotels are designed to cater for longer stays at a destination (for example, those catering for visitors to historic towns and cities), their location should be considered in light of policies in the development plan and national policies in PPS6 on town centres. Location of such hotels in town centres maximises the opportunities for visitors to easily access other town centre facilities and attractions.

14. Other types of budget hotels and similar types of development such as motels and travel lodges cater more for car-born travellers, often for a single overnight stay – e.g. business travellers en-route to a destination. In such cases, the preference of developers will be for sites on major traffic routes outside of the centre of large towns or tourist centres. However the aim should be to make any development as sustainable as possible, and it will not normally be appropriate for such developments to be located in open countryside away from major settlements. Edge of town centre locations, for example on a ring road or on a major route out of the town centre, will usually be the most appropriate locations if a town centre location is not suitable, available or viable.

15. For out-of-centre locations, design and layout of the development is likely to be of considerable importance in deciding whether it is acceptable in planning terms. Depending on the setting, an open layout in which careful attention has been paid to achieving a high standard of design and landscaping is likely to be more acceptable than a dense concentration of buildings.

16. Where a proposal includes other new facilities, such as a petrol station or shop, these will have to be considered on their own merits. If they are objectionable in themselves, the fact that they are combined with a hotel will not remove the objections. Restaurants, fast food outlets, leisure, fitness and other facilities open to the general public as well as residents are also sometimes combined with

hotel proposals, in which case the extra traffic they are likely to generate and its effect on the highway must also be taken into account.

CAR PARKING

17. Maximum car parking standards for hotel and serviced accommodation may be included in development plans. Where such standards are not included in plans, planning authorities will need to consider what are appropriate levels of parking, based on the market which the hotel serves, its location and availability of public transport facilities. In addition, for those hotels where a substantial part of the parking needs are attributable to public rooms used mainly for functions which attract non-residents, then the availability of public parking in the vicinity of the hotel will also need to be taken into account.

18. Planning authorities should also take account of the proposed arrangements for service loading and unloading and setting down space for visitors. Organised tours demand adequate loading and unloading facilities for coaches. Access and waiting areas should be designed with this in mind. Access points should be sited so as to minimise turning movements across traffic and to avoid congestion of the highway caused by vehicles queuing to pick up or drop passengers. Developers should discuss proposed arrangements with the highway authority at the earliest possible stage.