OXFORD HOTEL
& SHORT STAY ACCOMMODATION
FUTURES

Final Report

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hotel solutions
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EXECUTIVE SUMMARY

Introduction

- The Oxford Hotel and Short-Stay Accommodation Study has been commissioned by Oxford City Council with the support of Tourism South East to provide a robust evidence base of the current and potential future demand and development potential for hotel and short-stay accommodation in Oxford through to 2026.

- The catalysts for the study have been the Local Development Framework – including the Core Strategy and West End Area Action Plan. The findings will be used to inform their preparation as well as the management of hotel and other short stay accommodation investment interest.

- 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 short-stay accommodation and assessment of recent and planned future changes to the city's accommodation supply in terms of closures and planned developments;
  - Interviews with managers and owners of hotels and short-stay accommodation in and around the city to assess recent and current performance levels and trends;
  - A review of relevant policy documents and research reports;
  - Consultations with key officers in the City Council planning, economic development, estates and tourism teams;
  - An assessment of factors that could influence future demand for hotel and short stay accommodation, including the impact on demand of planned major development projects;
  - The preparation of forecasts for the potential growth in hotel accommodation demand over 5, 10, 15 and 20 year periods;
  - Consultations with a sample of hotel developers to assess their interest in developing in Oxford;
  - A review of potential hotel development sites in Oxford.

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 with average annual room occupancies running at around 70-71%. Achieved room rates grew only slightly between 2001 and 2003 but have risen sharply in the last 3 years to reach a record high of £70.02 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. New products that 'blur' the boundaries between traditional hotel offers have also emerge including hostels/super economy budgets, and serviced apartments.

Current Hotel and Short Stay Accommodation Supply

- The total supply of hotel and guest accommodation in Oxford is currently 97 establishments, with a total of 2,416 letting bedrooms.

Current Hotel and Guesthouse Supply – Oxford – by Standard March 2007

Standard	Estabs	Rooms	% of Rooms
Hotels			
5 star	1	151	6.3
4 star	8	756	31.3
3 star	5	245	10.1
2 star	6	97	4.0
Upper-tier Budget[1]	1	162	6.7
Budget	2	340	14.1
Total Hotels	**23**	**1,751**	**72.5**
Guest Accommodation			
5 diamond/star	2	19	0.8
4 diamond/star	16	192	7.9
3 diamond/star	34	260	10.8
2 diamond/star	6	82	3.4
Non-assessed	16	112	4.6
Total Guest Accommodation	**74**	**665**	**27.5**
Total Supply	**97**	**2,416**	**100.0**

- Hotels dominate the city's serviced accommodation supply, accounting for 72.5% of total letting bedrooms (23 hotels[2] with 1,751 letting bedrooms). The city has a good range of hotels across all standards, from 5 star to budget, although a relatively limited supply of 2 and 3 star hotels.

- Oxford's hotel supply is split between the city centre and out of city centre/the city outskirts[3]. The supply is very different in each of these locations. The greatest proportion of the city's hotel stock is located outside the city centre. The supply here comprises mainly large 4 star business and conference hotels and budget/ upper-tier budget hotels. The city centre supply, on the other hand, comprises

[1] Brands such as Express by Holiday Inn, Tulip Inn, Ramada Encore

[2] Star rated and graded accommodation excluding guest accommodation using 'hotel' in their name.

[3] The city centre covers the area from the station in the west to the river in the east, and Woodstock Rd/Banbury Rd in the north to St Aldates and Folly Bridge in the south. The city outskirts is defined as the area outside the city centre, including the arterial roads and along the by-pass to the south and east.

mainly luxury/ boutique hotels and 3 star hotels. There are no budget or 2 star hotels in the city centre.

- Guest accommodation establishments account for a much smaller proportion of Oxford's serviced accommodation supply (27.5%).

- Oxford's hotel supply has increased by 17.6% since 2003, with the opening of the Malmaison and a number of extensions to existing hotels. The supply of guest accommodation, in contrast, has reduced by 6.9%. 11 guesthouses and B&Bs have ceased trading, but only 2 new establishments have opened. The total supply of serviced accommodation in Oxford has increased by 8.8%. A number of guesthouses have changed hands, suggesting that there is still a market for buying guesthouses in Oxford.

- There are plans currently for two new small hotels in Oxford city centre. A number of existing hotels have plans, or are considering plans, for extensions. Planning permission has been granted for an 87-bedroom hotel at Littlemore adjacent to Oxford United's stadium.

- Oxford has a range of other types of short stay accommodation in addition to hotels and guesthouses:

    - The city has 3 hostels.
    - It has one purpose-built serviced apartment complex, with 34 letting units;
    - There are 61 self-catering accommodation units in the city available for short lets;
    - The colleges have over 6,500 student bedrooms available for use during vacation periods, primarily for conferences held at the University at these times.

- The supply of all of these other types of short stay accommodation has increased in the last 3 years, with the opening of the Central Backpackers hostel in 2005; a newly established serviced apartment operator; an apparent growth in the supply of self-catering accommodation; and an increase in the supply of college accommodation as the colleges have developed new purpose-built student accommodation blocks.

Current Demand

Hotels

- Our research shows a strong hotel market in Oxford, with hotels of all standards achieving high occupancies and achieved room rates, and regularly denying business both during the week and at weekends.

Oxford Hotels – Occupancy 2005-2007

Standard[2]	**Average Annual Room Occupancy %**		
	2005	**2006**	**2007**[3]
Hotels			
4/5 Star - Citywide	75	75	76
4/5 Star – City Centre	68	70	73
4 Star – City Outskirts	78	79	78
3 Star	73	78	79
Provincial UK 3/4 Star Chain Hotels	70	71	72
Budget	76	80	80

Oxford Hotels - Achieved Room Rates 2005-2007

Standard	**Average Annual Achieved Room Rate £**		
	2005	**2006**	**2007**[2]
Hotels			
4/5 Star - Citywide	79.90	85.09	88.05
4/5 Star – City Centre	102.66	108.07	112.20
4 Star – City Outskirts	68.89	71.40	73.11
3 Star	66.37	69.76	73.92
Provincial UK 3/4 Star Chain Hotels	66.95	70.02	70.21
Budget	48.45	47.30	49.39

- The research shows that there are distinct city-centre and out-of-city-centre hotel markets in Oxford and significant differences in hotel performance between these two locations.

- 4 star hotels on the outskirts of the city achieve higher average annual room occupancies (79% in 2006) but lower average achieved room rates (£71.40 in 2006) than city centre 4/5 star hotels. Midweek occupancies and levels of denied weekday business are higher for 4 star hotels outside the city centre due to the strength of corporate demand from companies located at the

Oxford Business and Science Parks, BMW, and companies in Abingdon and Milton Park. These hotels also attract transient corporate business and good levels of residential conference demand facilitated by their easy road access and parking. Weekend leisure demand is much weaker however, and is primarily driven through leisure break offers promoted by their head offices. They are still able to achieve good weekend occupancies as a result, but their weekend achieved room rates are much reduced.

- City centre 4/5 star hotels achieve lower average annual room occupancies overall (70% in 2006), but much higher average achieved room rates (£108.07 in 2006). The small boutique hotels in the city centre achieve very high occupancies and average room rates, however. The nature of the corporate market is different in the city centre. It is related primarily to the University and companies and research institutes associated with it. Hotels in the city centre derive less business from companies on the outskirts of the city. They also attract fewer residential conferences, due to their more limited conference facilities and lack of parking. Weekend break demand is strong in the city centre, with city centre hotels able to achieve high weekend rates. Demand from overseas tourists is also strong in the city centre: overseas tourists tend to opt for city centre hotels rather than those on the outskirts of the city.

- Most of the larger 4/5 star hotels across the city regularly deny large residential conferences for 100-250 delegates, showing there is a high demand and shortage of suitable facilities. They also deny tour group bookings due to the low rates that they require.

- City centre 3 star hotels achieve high levels of occupancy and achieved room rate. They also deny business during the week and at weekends.

- Budget hotels on the outskirts of the city achieve very high occupancies through a good mix of corporate, contractor and leisure demand. All of them deny business during the week, one to a significant extent. Two of them also regularly deny business at weekends. It is not possible to say how much of the demand accommodated by the budget hotels on the outskirts of the city might opt for city centre budget hotels if they were to be developed.

Guesthouses

- Our research shows evidence of some recovery in guesthouse occupancies across the city, particularly in 2006. Occupancies have not returned to pre-2001 levels however. There remain significant differences in guesthouse performance across the city. Guesthouse occupancies remain high in the city centre, Headington , North Oxford and Cumnor Hill but lower for Iffley Road and Abingdon Road establishments. Guesthouses here have seen only a slight improvement in occupancy and have not been able to put their prices up as much as guesthouses in other parts of the city. With operating costs rising, most of these guesthouses reported falling profits. They are generally much less optimistic about their future prospects. A number are looking to exit the market. Guesthouses in other parts of the city generally have a much more positive outlook. Some of the guesthouses in Summertown reported a drop in occupancy that they felt was linked to Oxfam's moved to Cowley.

Hostels

- Our research shows a strong and growing market for good quality hostel accommodation in the centre of Oxford. Existing hostels are achieving high levels of occupancy and turning away significant numbers of group bookings and weekend business from individuals and families.

Serviced Apartments

- Our research also suggests a strong market for serviced apartments in the city centre as an alternative to hotel accommodation. Occupancy levels for existing serviced apartments are high and business is regularly being turned away both during the week and at weekends.

Future Market Prospects

- Our research suggests strong potential for growth in demand for hotel and short stay accommodation in Oxford from all markets, given further hotel, serviced apartment and hostel development. Growth will need to be supply-led, however, as the majority of hotels, serviced apartments and hostels are currently trading at close to capacity, given the seasonality of demand. There could also be potential for further good quality guest houses in the right location, particularly in the city centre, Headington, and along northern arterial routes.

- The future prospects for each of the main markets for accommodation in the city are as follows:

    - Steady growth in corporate demand both in the city centre and on the outskirts of the city, given the City Council's strategy for managed economic growth and the focus on developing sectors that are productive for hotel demand.

    - Significant growth in demand from the contractors market given the number of major construction projects planned in and around the city.

    - Potential for the city to attract major national and international conferences if the development of the proposed conference centre goes ahead.

    - An increase in residential conference demand given the development of additional conference facilities at existing hotels and new 4 star hotels with conference facilities.

    - Potential for significant growth in leisure break demand given the development of new hotels and other types of short stay accommodation, particularly in the city centre.

    - Strong growth in demand from overseas tourists, particularly for city centre hotels, guesthouses and serviced apartments.

- Potential for the city to attract more school and university groups and backpackers, if more hostel accommodation is developed in the city centre.

- Scope for growth in the weddings and visiting friends and relatives markets as the population grows and the University expands.

Opportunities for Hotel and Short Stay Accommodation Development

- In order to provide an indication of the number of new hotel bedrooms that might be needed in Oxford over the next 20 years, Hotel Solutions has prepared projections of future growth in roomnights for different standards of hotel to 2011, 2016, 2021 and 2026. Projections have been prepared under two scenarios:

  Scenario 1 – Without the proposed conference centre – citywide

  Scenario 2 – With the proposed conference centre – city centre only

- Projections under Scenario 2 have only been prepared for the city centre as it is assumed that the conference centre will primarily generate demand for city centre hotel accommodation, as the majority of conference delegates will want to stay in the on-site hotel, or within walking distance from the conference centre.

- The projections assume that growth will be unconstrained by site availability and planning policy.

- The growth projections show potential for the following numbers of new hotels of different types and standards over the next 5,10 , 15 and 20 years. The 15 and 20 year projections should be treated with caution as it is clearly very difficult to project change this far ahead.

Oxford – Projected Requirements for New Hotel Development – 2011-2026

Scenario 1 – Without Conference Centre - Citywide

Standard of Hotels/Year	Projected New Rooms Required		
	Low Growth	Medium Growth	High Growth
4/5 Star/ Boutique – City Centre			
2011	58	74	90
2016	85	120	157
2021[1]	115	173	237
2026[1]	147	232	332
4 Star – City Outskirts			
2011	136	160	184
2016	174	227	283
2021[1]	217	303	399
2026[1]	262	388	534
4/5 Star – Citywide			
2011	194	234	274
2016	259	347	440
2021	332	476	636
2026[1]	409	620	866
3 Star – Citywide			
2011	47	57	68
2016	65	89	114
2021[1]	86	125	169
2026[1]	106	166	233
Budget - Citywide			
2011	123	144	166
2016	166	214	264
2021[1]	214	292	379
2026[1]	265	381	513
TOTAL – ALL STANDARDS/ TYPES OF HOTEL			
2011	364	435	508
2016	490	650	818
2021[1]	632	893	1184
2026[1]	780	1167	1612

Note:

1. It is very difficult to project change over a 15-20 year period. The projections for 2021 and 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.

- We are unable to split the requirement for 3 star and budget hotel accommodation between the city centre and out of city centre/city outskirts.

Scenario 2 – With Conference Centre – City Centre Only

Standard of Hotels/Year	Projected New Rooms Required		
	Low Growth	Medium Growth	High Growth
4/5 Star/ Boutique – City Centre			
2011	119	140	164
2016	147	186	231
2021[1]	177	239	311
2026[1]	209	299	406
Other Standards/ Types of Hotel – City Centre			
2011	78	89	102
2016	92	112	136
2021[1]	106	137	174
2026[1]	122	167	220
TOTAL – ALL STANDARDS/ TYPES OF HOTEL			
2011	197	229	266
2016	239	298	367
2021[1]	283	376	485
2026[1]	331	466	626

Notes:

1. It is very difficult to project change over a 15-20 year period. The projections for 2021 and 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.

- Taking the medium growth rate projections (which we think are the most realistic), translating these numbers into potential hotel projects suggests potential for the following new hotels in the city over the next 20 years, if growth were to be unconstrained:

City Centre – Without the Conference Centre

- 2-3 small-medium sized (30-50 bedroom) boutique hotels;
- Longer term potential for a large 4 star hotel (100-150 bedrooms);
- Scope for existing city centre 3 star hotels to expand and/or upgrade to 4 star/ boutique standard;
- Potential for up to at least 2 budget or upper-tier budget hotels (100 rooms each);
- Scope for one or two new serviced apartment complexes (30-100 units each);
- Potential for one or two more hostels (20-100 rooms).

City Centre – With Conference Centre

- A requirement for a large 4 star hotel on-site (150-200 bedrooms), brought forward to 2011 when the conference centre would open (without a conference centre this requirement would be deferred to 2026 and likely be a smaller hotel);
- A probable need for a large new 3 star hotel (140 rooms) – without the conference centre this hotel requirement would most likely be met out of city centre/on the city outskirts;
- Potential for up to 2 budget or upper-tier budget hotels (100 rooms each);
- Scope for up to 3 new boutique hotels (30-50 bedrooms) in the longer term;
- Opportunities for existing city centre 3 star hotels to expand and/or upgrade to 4 star/ boutique standard;
- Scope for one or two new serviced apartment complexes (30-100 units);
- Potential for one or two more hostels (20-100 rooms).

Out of City Centre/City Outskirts

- Potential for at least 2 new large 4 star hotels (150 rooms each) in addition to the requirement for a large city centre 4 star hotel if the conference centre goes ahead;
- Scope for a new 3 star hotel (140 rooms). If the conference centre goes ahead this would be more appropriately located in the city centre however;
- Potential for at least 2 new budget or upper-tier budget hotels.

- A total of 15 development sites would be needed to fully realise all of the market potential for new hotel and short stay accommodation in the city by 2026.

The Impact of New Hotels

- New hotels are likely to have at least a short-term impact on existing hotels in the city, depending on the level of new hotel development that takes place and how quickly it comes forward.

- A large new city centre 4 star hotel will almost certainly take business from existing 4/5 star hotels in the city centre if it is developed in the next 5 years, even if developed in conjunction with the proposed conference centre.

- New city centre budget hotels are likely to have a significant impact on guest accommodation establishments, both within and outside the city centre. More of these guesthouses are likely to want to exit the market, therefore.

- New hotels in Oxford will create additional car traffic and demand for parking. While city centre hotels have more opportunities to attract guests that will arrive by train or coach, particularly international visitors, the majority of their customers will arrive by car. Most of the customers of hotels on the outskirts of the city will arrive by car. However, from a development perspective, hotel companies recognise the limitations on on-site car parking as a given constraint in an historic city centre such as this.

Hotel Developer Interest

- Over 40 hotel developers, operators and investors were contacted to test their interest in investing in Oxford. Of the 30 responses received, all were interested in investing in Oxford. The interest ranged from 4 star and luxury offers through to 'super budget' hostels, and included emerging offers such as serviced apartments and budget boutique hotels. There was a general perception that the city is under-hotelled and very difficult to get into. The majority were looking to locate in the city centre in order to benefit from leisure tourism markets, but in view of the difficulty of securing sites were prepared to consider sites outside the city centre also, if on high profile routes and close to business drivers. On-site parking was not felt to be an issue in the city centre provided 24-hour public parking was available within reasonable walking distance. Most operators were looking to develop their larger model hotels here to maximise the market potential and the return on a likely high level of development cost.

- By far the greatest barrier to investment cited by developers and operators was the difficulty of securing sites, in terms of availability, values, competition from other higher value uses, and ownership and control. Most were prepared to consider mixed -use schemes but generally do not favour this option as they are more complex to deliver. Whilst interest in the city was strong, most were not focusing a lot of their time and effort on Oxford because of the difficulties experienced here.

Sites Assessment

- Over 20 sites with potential for hotel development have been identified and assessed within the study. Many of these would be part of mixed-use schemes and few would be likely to come forward in the short-term. There are currently only 3 sites in the Local Plan earmarked as having hotel potential as part of mixed-use schemes, and one site on the outskirts of the city with planning permission for hotel use. The forecasts show there could be a need for up to 15 sites to meet the city's full market potential for hotel and short stay accommodation. The strongest sites from a hotel developer perspective would be Council-owned; affordable/not competing with other uses; available freehold or long leasehold; have parking on-site or nearby; and be available in the next 12-18 months.

Future Policy Direction

a) New Hotel and Short Stay Accommodation

- Our research shows strong market potential and developer interest for significant new hotel and short stay accommodation development in Oxford, of all types and standards, in both the city centre and on the outskirts of the city. Key considerations for the future strategy for hotel and short stay accommodation development in Oxford then are as follows:

  - How much, and what type of, new hotel and short stay accommodation does Oxford really need to support the economic development and tourism strategies for the city?
  - How much new hotel and short stay accommodation development can the city centre support bearing in mind the traffic and parking demand that new accommodation will generate?

  - What should be the balance between hotel development in the city centre and on the outskirts of the city?
  - How far can sites be realistically brought forward for new hotel and short stay accommodation development, bearing in mind the demand for competing, higher value land uses in the city?
  - What are the future implications of new hotel development on the demand for guest accommodation in the city?

- In terms of new hotel and short stay accommodation development, although existing policies are permissive at a simplistic level, the barriers identified by hotel developers make delivery of new hotels difficult. A more enabling planning framework will be required to make hotel development happen. A priority has to be the identification of additional sites for hotel development, and possibly site allocation solely for hotel use. Other tools might include influencing development through Development Briefs and the Area Action Plan process and granting permission for higher value uses in mixed development schemes in return for delivery of the hotel component. Policies also need to recognise the emergence of new forms of short stay accommodation such as serviced apartments and hostels, and the planning issues surrounding these addressed. Hotel developers and operators should be consulted as part of the plan-making process.

- In terms of location of development, the city centre remains the developer's preferred location which national planning policy would support. The research showed no evidence of demand for hotel development in the District Centres, but interest was also expressed in development out of centre/on the outskirts of the city relating to key routes and generators of demand in destination hubs. Further work needs to be conducted by the City Council to identify how feasible it is to deliver the required volume of growth in the city centre, in terms of the number of sites required and the impact of this development on traffic and parking. For a variety of reasons we think it likely that hotel development will also need to take place out of centre and on the outskirts of the city. The policy framework will need to reflect this. Land at Peartree adjacent to the Park & Ride, which is part of the 'Northern Gateway' Action Plan Area, offers clear potential, and the urban extension (to the south of the city) proposed in the Regional Spatial Strategy may be a possible longer term location for hotel development. There may also be scope for the redevelopment of existing sites along the main arterial routes into the city.

b) Retention of Guest Accommodation

- With regard to the retention of guest accommodation, our research suggests that small hotels and guesthouses are likely to be put under increasing pressure by the development of new branded hotels, particularly budget offers in the city centre, with the weaker elements of the supply being hit the hardest. In these circumstances, and with supply at an overall level in the destination growing, it seems logical to permit some exit of less well-located properties.

- Current policies will permit this to happen, provided that guesthouse operators can demonstrate a failure to sell following effective marketing for sale, or a non-viability case. A more flexible approach may be appropriate should city centre budget supply increase significantly, to allow guesthouses to exit the market more quickly. It will be important to continually monitor losses and gains to understand what is happening to supply at an overall level. A better support structure is required to underpin the retention policy and aid its implementation.

Moving Forward

- Oxford is in an enviable position – a strong hotel market with significant potential for growth, and a queue of hotel developers, operators and investors eager to get representation in the City.

- Going forward, there are a number of next steps actions that the City will need to start putting in place:

    - An agreed strategic vision and tourism strategy;
    - Research to assess the impacts of key schemes, particularly the proposed conference centre;
    - Measures to tackle the sites issue;
    - A pro-active approach to working with hotel developers;
    - An enabling planning framework;
    - Monitoring systems to keep a finger on the pulse.

- It is impossible to predict what the future will bring, but it is clear that there are lots of extremely positive messages coming out of this study. The preparation of the LDF including the West End Area Action Plan present a real opportunity for the City Council to steer and support the development of the hotel and short stay accommodation sector to the benefit of Oxford as a whole. Whilst some further work is needed to decide how to maximise the potential and minimise any negative impacts, the buoyancy of the hotel, hostel and serviced apartment sector and keen commitment of operators and developers to be part of Oxford's future, represent a real opportunity for the sector to make a positive contribution to the development of this world class city.

1. INTRODUCTION

1.1 Background to the Study

Oxford is a visitor destination with an international reputation and a significant tourism hub within the South East Region. Oxford City Council is committed to tourism and has a vision for its development as part of its economic strategy. This vision includes increasing the length of stay of visitors to the city. The City Council recognises the importance of an adequate supply of overnight accommodation to achieve this.

The City Council, with the support of Tourism South East, has therefore commissioned Hotel Solutions to undertake research into the future need for hotels and short stay accommodation in the city, building upon the earlier 'Oxford Guest House and Small Hotel Sector Study', extended to cover larger hotels and other types of short stay accommodations including self-catering, serviced apartments, hostels and college accommodation.

The catalysts for the study have been the Local Development Framework including the Core Strategy and West End Area Action Plan. The findings will be used to inform their preparation as well as the management of hotel and other short-stay accommodation investment interest.

1.2 Objectives of the Study

The principal objectives of the study are to:

- Provide detailed and robust evidence of the future need for short stay accommodation – particularly larger hotels – through:
  - an assessment of current demand and supply;
  - forecasting how demand for hotel accommodation might grow over a 5, 10, 15 and 20 year period to 2026;
  - identifying gaps in provision and future development needs by product type;
  - identifying the most suitable locations for this development.

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 Oxford City Council (Planning Policy, Development Control, Economic Development, Estates and Tourism).

- A **review of relevant policy and research documents** including the current Local Plan, the West End Area Action Plan, the Economic Study of Oxford, the Oxford Employment Land Study, the City Council's Unitary Submission, the Market Feasibility Study for the proposed Oxford Conference Centre, the emerging South East Plan and RES, the Department for Communities and Local Government's Good Practice Guide on Planning for Tourism; and the Tourism Strategy for Oxford.

- An **audit of the existing supply** of hotels and other short stay accommodation, assessing provision by standard, size, location and the representation of national hotel brands. This assessment identifies recent changes in supply in terms of new openings, extensions and up-gradings, and closures. The audit has been based on information provided by the City Council, cross-checked with Tourism South East's known accommodation stock records and our own Internet searches and site visits to the area. 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 other short stay accommodation providers** 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 40 establishments were interviewed (listed at Appendix 1) either in person or by telephone.

- Telephone **consultations with a sample of hotel developers and operators** to establish their interest in the city; preference for city centre or out-of-city sites; specific site requirements; views of the market; obstacles faced; and views of the planning framework, both in terms of policy and process.

- **Site visits** to assess potential sites for new hotel development.

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

- Current hotel and guesthouse performance;

- Whether existing hotels and guesthouses meet market needs in terms of quality, capacity and type;

- The market potential for new hotel and short stay accommodation development;

- Interest in the city from hotel developers and the operators and developers of other short stay accommodation products, such as hostels and serviced apartments;

- Specific sites and locations that could be of interest to hotel developers;

- The need and potential to retain existing hotels and guesthouses;

- Recommendations in terms of LDF policy content and site allocations;

- Requirements for encouraging new hotel development and supporting the development of existing 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 1996[1], and achieved room rates[2] 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 £81.72[1] in 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 £70.02[1] in 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	73.5	78.4	77.34	94.50
2006	75.1	82.6	81.72	101.90

Comparative Hotel Performance by Location – Occupancy

	Occupancy %						
	2000	2001	2002	2003	2004	2005	2006
Provincial hotels	70.6	70.4	70.2	69.8	70.8	70.4	71.4
UK	73.7	71.8	72.2	71.1	73.5	72.5	75.1
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	2006
Provincial hotels	59.23	62.12	62.50	62.16	63.72	66.95	70.02
UK	68.78	70.05	68.38	67.86	70.87	76.45	81.72
London	91.82	89.80	82.77	82.11	88.07	94.96	101.90

Source: TRI HotStats UK Chain Hotels Market Review

2.2 National Supply Trends

The last three years have seen 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 have been as follows:

2004

- The Hotel du Vin chain of boutique hotels was acquired by Malmaison owner MWB.
- Whitbread purchased Premier Lodge, the UK's third largest budget hotel chain and merged it with its Travel Inn estate to form Premier Travel Inn, now the UK's largest budget hotel operator.
- Dawnay Shore Hotels, the hotel group established by Dawnay, Day and Shore, acquired the Paramount Hotel Group, and subsequently purchased 3 hotels from Hanover International to operate under the Paramount brand. The company then purchased a further three hotels from the Furlong Group to form a signature group of hotels within the Paramount chain. Dawnay Shore is currently attracting takeover interest from several large hotel groups including Thistle, Piccadilly Hotels, the Alternative Hotel Group and private equity house Permira.

2005

- Whitbread 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.
- IHG signed a franchise agreement with Queens Moat Houses for 16 Moat House hotels to be operated under the Holiday Inn and Crowne Plaza brands.

- Hilton Group sold 11 of its UK hotels to Stardon, a joint venture between Starwood Capital and Chardon Hotels. Stardon subsequently signed a franchise agreement with IHG to operate 5 of the hotels under the Holiday Inn brand. A further 15 UK Hilton hotels were then sold to The Managed Hotels Unit Trust in a sale-and-management contract deal.
- Property company Jefferson Hotels acquired 9 Moat House hotels from Queens Moat Houses and rebranded them as Park Inns through a deal with Rezidor SAS.
- Morethanhotels, the owner and operator of 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 sold its entire portfolio of Express by Holiday Inns to Somerston Hotels, another Express by Holiday Inn franchisee.

2006

- Luxury hotel group Von Essen Hotels purchased the four strong Luxury Family Hotels chain.
- Travelodge, the UK's second largest budget hotel chain, was acquired by Dubai International Capital from private equity firm Permira;
- Permira subsequently re-entered the UK hotel market by acquiring the six-strong 4 star Principal Hotels group from the Royal Bank of Scotland. The firm then sold the group to Alternative Asset Investment Management later in the year.
- The Alternative Hotel Group acquired De Vere Hotels.
- Whitbread acquired seven Holiday Inns from LRG and rebranded them as Premier Travel Inns.
- London & Edinburgh Swallow Group, which includes Swallow Hotels was sold to Flodrive Group after going into administration in mid-September. Flodrive has subsequently sold 13 of the hotels to REIT Asset Management to be operated by Crerar Hotels. 6 hotels have also been purchased by Brook Hotels.
- Piccadilly Hotels, a joint venture partnership between Iranian entrepreneur Robert Tchenguiz's R20 investment company and property investor aAim, purchased the 4 star Menzies Hotels chain from Nikko Principal Investments for £180m.
- Macdonald Hotels has sold 24 of its UK hotels to Moorfield. Macdonald will continue to manage the hotels under a short-term management agreement but will have to bid against two other international hotel companies for the long-term management contracts.
- Leeds-based Qhotels acquired the 12 strong 4 star Marston Hotels group to give it a total of 21 hotels.

2007

- Property investment and management company Land Securities has acquired 30 Ibis and Novotel hotels from Accor in a sale and leaseback deal worth £439m.
- InterContinental Hotels Group (IHG) has announced its intention to sell its remaining 25 hotels to raise money for joint ventures in new investments.

The budget or limited service hotel sector continues to see the fastest rate of expansion in the UK, 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, Nite Nite and Hoxton Urban Lodges 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. BDL Management has recently announced that it will launch a new hotel group (Ramcore Hotels) to develop around 40 Ramada Encore hotels in the UK over the next 7 years.
- 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 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; 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; Hoxton Urban Lodges that opened their first hotel in London in 2006; and Sleeperz which is working with Network Rail to develop budget hotels at city centre rail stations. Hilton has also announced plans to bring its Hampton by Hilton budget brand to the UK.

- 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. Marriott International has plans to develop a further 50 Courtyard by Marriott hotels in Europe, including the UK. Aston Hotels is a newly established 3 star operator that is looking to expand across the UK. Entrepreneur Duncan Bannatyne has opened a new hotel in Durham as the first of 5 planned Bannatyne Hotels. Hilton is also planning to bring its mid-market Hilton Garden Inn brand to the UK.
- 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, Chessington 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, Base2Stay, BridgeStreet Worldwide and Club Quarters. 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 Appendix 1.

3. CURRENT HOTEL AND SHORT STAY ACCOMMODATION SUPPLY

3.1 Hotels and Guest Accommodation

3.1.1. Current Supply

Our research has identified a total of 23 hotels[1] in Oxford with 1,751 letting bedrooms (listed in the table overleaf[2]), and 74 guest accommodation establishments with a total of 665 letting bedrooms (listed at Appendix 3). The total supply of serviced accommodation in Oxford is therefore 97 establishments with a total of 2,416 letting bedrooms.

Current Hotel and Guesthouse Supply – Oxford – by Standard
March 2007

Standard	Estabs	Rooms	% of Rooms
Hotels			
5 star	1	151	6.3
4 star	8	756	31.3
3 star	5	245	10.1
2 star	6	97	4.0
Upper-tier Budget[3]	1	162	6.7
Budget	2	340	14.1
Total Hotels	**23**	**1,751**	**72.5**
Guest Accommodation			
5 diamond/star	2	19	0.8
4 diamond/star	16	192	7.9
3 diamond/star	34	260	10.8
2 diamond/star	6	82	3.4
Non-assessed	16	112	4.6
Total Guest Accommodation	**74**	**665**	**27.5**
Total Supply	**97**	**2,416**	**100.0**

[1] Star rated and graded accommodation excluding guest accommodation using 'hotel' in their name.
[2] The 4 star Oxford Belfry at Milton Common near Thame could also be seen as part of the competitive hotel supply for Oxford. It has not been included, however, as it does not fall within the city boundary.
[3] Brands such as Express by Holiday Inn, Tulip Inn, Ramada Encore

Current Hotel Supply[1] – Oxford – March 2007

Hotel	Standard	Rooms
City Centre		
Randolph	5 star	151
Old Bank	4 star	42
Old Parsonage	4 star	30
Malmaison	4 star	91
Cotswold Lodge	4 star	49
Eastgate	3 star	63
Royal Oxford	3 star	26
Out of City Centre / City Outskirts		
Holiday Inn	4 star	154
Paramount Oxford	4 star	168
Oxford Spires Four Pillars	4 star	160
Oxford Thames Four Pillars[2]	4 star	62
Best Western Linton Lodge	3 star	70
Hawkwell House	3 star	66
Westwood Country[2]	3 star	20
Victoria	2 star	20
Balkan Lodge	2 star	13
Manor House	2 star	8
Mount Pleasant	2 star	8
Tree	2 star	9
Foxcombe Lodge[2]	2 star	19
Express by Holiday Inn	Upper-tier Budget	162
Premier Travel Inn	Budget	143
Travelodge	Budget	197

1 Star rated and branded hotels excluding guest accommodation using 'hotel' in their name

2 Technically outside the Oxford City Council boundary but within the market area

Key observations on the current supply of hotel and guest accommodation in Oxford are as follows:

Hotels

- Hotels dominate the city's serviced accommodation supply, accounting for 72.5% of total letting bedrooms.
- Oxford has a significant supply of 4 star hotels, with a number of major UK 4 star brands represented in the city (Macdonald, Paramount, Holiday Inn)
- The city has a small supply of boutique hotels in the city centre. This has increased recently with the opening of the Malmaison.

- Oxford is one of the few locations in the UK outside London to have a 5 star hotel, since the Randolph upgraded to this standard.

- The city has a good supply of budget/ upper-tier budget hotel accommodation, accounting for 28.7% of the total hotel supply.

- Oxford has a more limited supply of 3 star hotels and only a few small 2 star hotels.

- Oxford's hotel supply is split between the city centre and out of city centre/the city outskirts[1]. The supply is very different in each location. The greatest proportion of the city's hotel stock (69% - 15 hotels with 1,209 bedrooms) is located outside the city centre. The supply here comprises mainly large 4 star business and conference hotels and budget/ upper-tier budget hotels, with a number of small 2 star hotels on the arterial roads, particularly Iffley Road. The city centre supply, on the other hand, comprises mainly luxury/ boutique hotels and a number of 3 star hotels. Hotels here are generally small in size, other than the Randolph. There are no budget or 2 star hotels in the city centre.

Guest Accommodation

- Guest accommodation establishments account for a much smaller proportion of Oxford's serviced accommodation supply (27.5%).

- Guest accommodation establishments are mainly 3 or 4 star/ diamond-rated. The city has only two 5 diamond guest accommodation establishments. The majority are small operations with fewer than 10 bedrooms.

- Many of the 2 and 3 star/ diamond guest accommodation businesses are not fully en-suite. Some of the 2 star/diamond and non-inspected establishments have no rooms en-suite..

[1] The city centre covers the area from the station in the west to the river in the east, and Woodstock Rd/Banbury Rd in the north to St Aldates and Folly Bridge in the south. The city outskirts is defined as the area outside the city centre, including the arterial roads and along the by-pass to the south and east.

- The city's supply of guest accommodation is split fairly evenly between the city centre and each of the main arterial roads into the city (Banbury Road, Woodstock Road, London Road/Headington, Abingdon Road, Iffley Road and Botley Road/ Cumnor Hill). There is now only one guesthouse on Cowley Road however.

3.1.2. Recent Changes in Supply

a) New Hotels and Guesthouses

The following new hotels and guesthouses have opened in Oxford in the last 3 years:

New Hotels and Guesthouses – Oxford – 2004-2006

Establishment Name	Location	Grading	No. Bedrooms	Year Opened
Hotels				
Malmaison	City Centre	4 Star Boutique	91	2005
Guesthouses				
Remont	Banbury Road	4 Star Boutique	25	2006
The Orchard House	Iffley Road	n/a	3	2004

b) Hotel and Guesthouse Extensions and Refurbishments

The following hotels and guesthouses have extended in the last 3 years:

Hotel and Guesthouse Extensions – Oxford – 2004-2006

Establishment Name	Location	Grading	No. Additional Bedrooms	Year Completed
Hotels				
Premier Travel Inn	Cowley	Budget	22	2006
Oxford Spires Four Pillars	Abingdon Road	4 Star	20	2006
Travelodge	Pear Tree Roundabout	Budget	48	2005
The Randolph	City Centre	5 Star	40	2004
Hawkwell House	Iffley	3 Star	15	2004
Total New Hotel Bedrooms			**145**	
Guesthouses				
Milka's Guest House	Iffley Road	3 Star	3	2005
Acorn Guest House	Iffley Road	3 Star	3	2004
Total New Guesthouse Bedrooms			**6**	

The following hotels have undergone major refurbishment programmes in the last 3 years:

- The Randolph has upgraded to 5 star and developed a spa.

- The Royal Oxford has upgraded to 3 star (from 4 diamonds).
- The Old Parsonage underwent a major refurbishment programme in 2005.
- The Cotswold Lodge Hotel has refurbished its restaurant and conference room and is about to start refurbishing its bedrooms in 2007.
- Linton Lodge is nearing the end of a complete refurbishment programme, due to be completed in June 2007.
- The Eastgate has undergone a £1.3 million bedroom refurbishment.

c) Guest Accommodation Closures and Reductions in Size

The following guesthouses have ceased trading in the last 3 years:

Oxford Guest Accommodation Closures – 2004-2006

Establishment Name	Location	Grading	No. Rooms	Comment
Artemis House	Abingdon Road	n/a	3	Reverted to private dwelling
Barclay's Guest House	Elsfield Way	n/a	6	Reverted to private dwelling
Brassil's Guest House[1]	Eynsham Road	n/a	3	Reverted to private dwelling
College Guest House	Woodstock Rd	3 Diamond	12	Now student flats
Earlmont Guest House	Cowley Road	3 Diamond	7	Now residential care home
The Gills[1]	Yarnhill Hills	2 Diamond	2	
Heyford Hill Gardens[1]	Sandford	4 Diamond	2	
Dorothy Myers	Crick Road	n/a	1	Taking long term lodgers
Pembroke House	Woodstock Rd	5 Diamond	5	Converted to dwelling
Sandfield House	London Road	4 Diamond	4	
Walton Guest House	Walton Street	n/a	9	
Total Lost Guest Accommodation Bedrooms			**54**	

1 Technically outside the Oxford City Council boundary, but within the market area.

Casa Villa Guest House on Banbury Road is currently in the process of closing down. From our discussions with guesthouse owners it is evident that a number are considering exiting the market in the near future due to reducing profit levels as operating costs rise. Further losses of guest accommodation are thus likely to occur.

Some of the establishments that have closed may not have been fully operating as guesthouses prior to their closure e.g. Walton Guest House.

In addition to these establishments, a number of former guesthouses that had been closed for some time have been given planning permission to convert to alternative uses such as flats, student accommodation and HMOs (listed at Appendix 4).

The Courtfield Private Hotel on Iffley Road remains closed, but may re-open in 2008 according to its current owners.

High Hedges on Cumnor Hill has reduced from four bedrooms to one.

d) Changes in Hotel and Guesthouse Supply 2003-2006

Taking account of the above hotel and guest accommodation openings, extensions, upgradings and closures, the supply of hotel accommodation in Oxford has increased by 17.6% (262 rooms) since 2003, and the supply of guest accommodation has reduced by 6.9% (49 rooms). The total supply of serviced accommodation has increased by 8.8% (213 rooms).

Changes in Oxford Hotel and Guesthouse Supply 2003-2006

Year	No. Hotels/ Guesthouses	No. Rooms	Increase/ (Decrease)	% Change +/(-)
Hotels				
2003	21	1,489		
2004	22	1,570	81	5.4
2005	23	1,709	139	8.8
2006	23	1,751	42	2.4
Change 2003-2006			**262**	**17.6**
Guest Accommodation				
2003	83	714		
2004	81	683	(31)	(4.3)
2005	77	674	(9)	(1.3)
2006	74	665	(9)	(1.3)
Change 2003-2006			**(49)**	**(6.9)**
Total Serviced Accommodation				
2003	104	2,203		
2004	103	2,253	50	2.3
2005	100	2,383	130	5.8
2006	97	2,416	33	1.4
Change 2003-2006			**213**	**8.8**

e) Changes in Guesthouse Ownership

While we have not undertaken a full audit of changes in guesthouse ownership in the last 3 years, we have identified guesthouses that have changed hands (e.g. Acorn House and Homelea), suggesting that there continues to be a market for buying guesthouses in Oxford.

f) Proposed New Hotels and Guest Accommodation

Our research has identified the following proposals for new hotels and guest accommodation establishments and hotel and guest accommodation extensions:

- Planning permission has been granted for an 87 bedroom hotel on land adjacent to The Priory public house on Grenoble Road in Littlemore.
- The Omshanti Group (owners of the Marlborough House and Tree Hotels) has received planning permission to convert 15-19 George Street in the city centre into a 27-bedroom 4/5 star hotel.
- The Omshanti Group also has plans to convert 4 George Street into a 16-bedroom budget hotel and is in the process of taking over the Cock & Camel with a view to converting its staff bedrooms to provide an additional 4 guest bedrooms.
- The Oxford Spires Four Pillars is planning to add a further 12 bedrooms later in 2007, or early in 2008.
- Linton Lodge would like to add a further 20-25 bedrooms and conference facilities if planning permission can be secured.
- The Eastgate may possible add 12 bedrooms and upgrade to 4 star.
- A planning application submitted by Christchurch College to redevelop the site of the Westgate Hotel, 1-3 Mill Street and the River Hotel into flats and a new 34-bedroom hotel was refused in 2005.

3.2 Hostels

Oxford has three hostels, all in the city centre, with a total bedspace capacity of 343:

Hostels in Oxford – March 2007

Hostel	Location	Grading	No. Rooms	No. Bedspaces
Oxford YHA	City Centre	4 Star	45	197
Central Backpackers	City Centre	2 Star	7	50
Oxford Backpackers	City Centre	n/a	11	96
Total Hostels			**63**	**343**

The Central Backpackers opened in 2005. It was formerly an overflow hostel for the Oxford Backpackers.

3.3 Serviced Apartments and Self-Catering

Our research has identified two serviced apartment operators, with a total of 36 serviced apartments available to rent. Apartments in Oxford is the largest of these operations (with 34 units) and the only purpose-built serviced apartment complex in the city. Ambassadors only started operating in November 2006.

In terms of self-catering accommodation, we have identified a total of 61 self-catering accommodation units available for short stay lets in Oxford. Oxford Short Lets handles the letting of 38 of these units on behalf of owners. The current supply of self-catering accommodation providers and letting agents is listed at Appendix 5.

Our research suggests that the supply of self-catering accommodation has increased significantly in Oxford in recent years, although we are unable to quantify by how much.

3.4 College Accommodation

On the basis of a survey of college accommodation undertaken by Oxford City Council cross-checked with information on the University's Conference Oxford website, we estimate that the colleges have a total of 6,661 student bedrooms (7,284 bedspaces) available for use during vacation periods, primarily for conferences held at the University at these times. This accommodation is listed at Appendix 6.

We understand that the supply of college accommodation has increased in recent years as the colleges have developed new purpose-built student accommodation blocks.

3.5. Summary of Key Points

- The total supply of hotel and guest accommodation in Oxford is currently 97 establishments, with a total of 2,416 letting bedrooms.

- Hotels dominate the city's serviced accommodation supply, accounting for 72.5% of total letting bedrooms (23 hotels with 1,751 letting bedrooms). The city has a good range of hotels across all standards, from 5 star to budget, although a relatively limited supply of 3 star hotels.

- Oxford's hotel supply is split between the city centre and out of city centre/the city outskirts. The supply is very different in each of these locations. The greatest proportion of the city's hotel stock is located outside the city centre. The supply here comprises mainly large 4 star business and conference hotels and budget/ upper-tier budget hotels. The city centre supply, on the other hand, comprises mainly luxury/ boutique hotels and a number of 3 star hotels. There are no budget or 2 star hotels in the city centre.

- Guest accommodation establishments account for a much smaller proportion of Oxford's serviced accommodation supply, but still represents over a quarter of current serviced supply (27.5%).

- Oxford's hotel supply has increased by 17.6% since 2003, with the opening of the Malmaison and a number of extensions to existing hotels. The supply of guest accommodation, in contrast, has reduced by 6.9%. 11 guesthouses and B&Bs have ceased trading, but only 2 new establishments have opened. The total supply of serviced accommodation in Oxford has increased by 8.8%. A number of guesthouses have changed hands, suggesting that there is still a market for buying guesthouses in Oxford.

- There are plans currently for two new small hotels in Oxford city centre. A number of existing hotels have plans, or are considering plans, for extensions. Planning permission has been granted for an 87-bedroom hotel at Littlemore.

- Oxford has a range of other types of short stay accommodation in addition to hotels and guesthouses:

    - The city has 3 hostels.
    - It has one purpose-built serviced apartment complex, with 34 letting units;
    - There are 61 self-catering accommodation units in the city available for short lets;
    - The colleges have over 6,500 student bedrooms available for use during vacation periods, primarily for conferences held at the University at these times.

  - The supply of all of these other types of short stay accommodation has increased in the last 3 years, with the opening of the Central Backpackers hostel in 2005; a newly established serviced apartment operator; an apparent growth in the supply of self-catering accommodation; and an increase in the supply of college accommodation as the colleges have developed new purpose-built student accommodation blocks.

4. CURRENT DEMAND

4.1 Hotels

4.1.1. Occupancy

On the basis of our research, and the information provided to us by the managers and owners of the city's hotels that we interviewed, we estimate average annual room occupancies for hotels in Oxford to be as follows for 2005 and 2006 and projected for 2007.

Oxford Hotels[1] – Occupancy 2005-2007

Standard[2]	Average Annual Room Occupancy %		
	2005	2006	2007[3]
Hotels			
4/5 Star - Citywide	75	75	76
4/5 Star – City Centre	68	70	73
4 Star – City Outskirts	78	79	78
3 Star	73	78	79
Provincial UK 3/4 Star Chain Hotels[4]	70	71	72[5]
Budget	76	80	80

Notes:

1. Sample of participating hotels given at Appendix 2
2. Our assessment of current hotel demand has not included 2 star hotels
3. Based on projected figures provided by hotel managers
4. Source: TRI Hotstats UK Chain Hotels Market Review
5. Source: Price Waterhouse Coopers Hospitality Directions

- Hotel occupancies are very high in Oxford, well above national averages, and not far behind London hotel occupancies.

- There is a noticeable difference in occupancy performance between city centre 4/5 star hotels and 4 star hotels on the edges of the city. Average annual room occupancies for city centre 4/5 star hotels are much lower overall, primarily due to weaker midweek demand during the winter. There is a significant difference in occupancy performance between city centre hotels, however. The small boutique hotels here achieve very high occupancies. Occupancies are lower for the larger city centre hotels.

- The average annual room occupancy for city centre 4/5 star hotels has reduced since 2004 following the expansion of the Randolph. Boutique hotel occupancies have remained very high, however. City centre 4/5 star hotel occupancies increased slightly in 2006, despite the opening of the Malmaison. Occupancies have built very quickly for this hotel and it has had only a marginal impact on the occupancies of other city centre hotels.

- Occupancies have remained high for 4 star hotels on the out of the city centre/ on the city outskirts.

- 3 star hotel occupancies reduced in 2005 as a result on the disruption caused during the refurbishment of the Eastgate, which contributed to a reduction in occupancy for this hotel.

- Budget hotel occupancies reduced in 2005 as a result of the Travelodge extension. They have recovered in 2006, however, despite the extension to the Premier Travel Inn.

4.1.2. Achieved Room Rates

On the basis of our research, we estimate average annual achieved room rates[2] for Oxford hotels as follows for 2005 to 2006, and projected for 2007:

Oxford Hotels[1] - Achieved Room Rates 2005-2007

Standard	Average Annual Achieved Room Rate £		
	2005	2006	2007[2]
Hotels			
4/5 Star - Citywide	79.90	85.09	88.05
4/5 Star – City Centre	102.66	108.07	112.20
4 Star – City Outskirts	68.89	71.40	73.11
3 Star	66.37	69.76	73.92
Provincial UK 3/4 Star Chain Hotels[5]	66.95	70.02	70.21[4]
Budget	48.45	47.30	49.39

Notes:

1. Sample of participating establishments give at Appendix 2
2. Based on projected figures provided by hotel managers
3. Source: TRI Hotstats UK Chain Hotels Market Review
4. Source: Price Waterhouse Coopers Hospitality Directions

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

- Achieved room rates in Oxford are high by national standards.

- Room rates achieved by city centre 4/5 star hotels are very high, almost on a par with London hotels. The city centre boutique hotels perform particularly well in terms of achieved room rates.

- Achieved room rates are much lower for 4 star hotels on the outskirts of the city, however. This is primarily due to the lower weekend rates that these hotels achieve as they drive weekend occupancy mainly through discounted weekend break rates and special offers.

- Achieved room rates have steadily increased in 2005 and 2006 for most hotels, and are projected to rise further in 2007. Hotels have generally been able to push up their rates and manage their yield more effectively in the strong Oxford hotel market.

- The Malmaison put pressure on city centre rates when it first opened. They have since recovered however.

4.1.3. Weekday/ Weekend Occupancy

Our estimates of average weekday and weekend occupancies for the city's hotel sector in 2006 are as follows:

Oxford Hotels - Weekday/ Weekend Occupancies – 2006

Standard	Average Room Occupancy %			
	Mon-Thurs	Friday	Saturday	Sunday
4/5 Star - Citywide	83	67	90	44
4/5 Star – City Centre	75	69	93	39
4 Star – City Outskirts	88	67	88	48
3 Star	80	66	92	42
Budget	89	71	89	38

- Weekday occupancies are strong for Oxford hotels, particularly the 4 star and budget hotels on the outskirts of the city. They are not quite so strong for some of the city centre hotels however.

- Tuesday and Wednesday occupancies are generally very high, with most hotels in the city regularly filling on these nights for much of the year. Monday, and especially Thursday nights are not quite so strong for most hotels.

- Saturday occupancies are very high for all hotels. Most hotels regularly fill on Saturday nights other than in the winter months. Friday occupancies are weaker and Sunday occupancies generally low for all hotels. Weekend occupancies are slightly stronger for city centre hotels . They also generally achieve very good room rates at the weekend. Hotels on the outskirts of the city are able to achieve good weekend occupancies but only through discounted weekend break rates and offers. Their weekend achieved room rates are relatively low as a result.

4.1.4. Seasonality

- Oxford hotel occupancies are strong for most of the year. Occupancies dip for most hotels in January and February, and in December for some hotels. August is also a quieter month for most hotels due to the downturn in corporate and University demand at this time of year. Some hotels replace this business with leisure demand, but on much lower rates.

- The hotel market is more seasonal in the city centre than on the outskirts of the city. Both weekday and weekend occupancies are low for city centre hotels during the winter. Weekday occupancies are strong during these months for hotels outside the city centre, however, although their weekend occupancies also dip.

4.1.5. Market Mix

a) Weekday Market Mix

On the basis of our research we estimate the weekday market mix for Oxford hotels as follows for 2006:

Oxford Hotels – Estimated Weekday Market Mix – 2006

Standard	Market Mix %						
	Corporate	Contractors	Residential Conferences	Leisure Breaks	Overseas Tourists	Group Tours	Other
4/5 Star – Citywide	64		23	7	3	3	
4/5 Star – City Centre	70		10	8	9	3	
4 Star – City Outskirts	61		30	6		3	
3 Star	66		3	12	10	5	4
Budget	67	22		2	2		7

Note:

These estimates of market mix are based on estimated figures provided by hotel managers and our own judgement where hotel managers were unable to provide estimates. All of the hotels we interviewed record market mix data under different categories. The estimates should be taken as indicative only therefore.

b) Weekend Market Mix

Our estimates of weekend market mix for Oxford hotels are as follows for 2006:

Oxford Hotels – Estimated Weekend Market Mix – 2006

Standard	Market Mix %						
	Corporate	Contractors	Leisure Breaks	Overseas Tourists	Group Tours	Weddings/ Functions	Other
4/5 Star – Citywide	8		53	13	3	17	6
4/5 Star – City Centre	7		53	26		5	9
4 Star – City Outskirts	9		54	5	4	24	4
3 Star	5		53	20		8	14
Budget	7	4	53	13	2	3	18

Note:

These estimates should be taken as indicative only.

c) Key Markets

- The **corporate market** is the primary source of midweek business for Oxford hotels, accounting for two thirds of total weekday roomnights. There appear to be quite distinct city centre and out-of-city centre corporate markets in Oxford. City centre hotels derive corporate business primarily from the University and companies and research institutes associated with it. Some hotels here also attract business from companies located at the Oxford Science Park and Cowley. Hotels on the outskirts of the city attract corporate business mainly from the Oxford Business Park, Oxford Science Park, BMW and companies located at Milton Park, Abingdon and Kidlington. They also attract transient corporate business due to their ease of access and parking. They attract very little corporate business from the University or city centre companies and organisations.

- Corporate rates are strong in Oxford, typically £100-£110 room only.

- **Conferences held at the University** are a key source of midweek business for city centre hotels.

- **Residential conferences** are a strong market for 4 star hotels on the outskirts of the city that have good access, conference facilities and parking. Oxford is a good location for residential conferences, being strategically located midway between London and Birmingham and with good access via the M40 and A34. Residential conferences are a less significant market for city centre hotels due to their more limited conference facilities, lack of parking and city centre traffic congestion.

- Residential conferences are typically for 20-50 delegates and durations of 1-3 nights. There is some demand for larger conferences of 100-200 delegates. Hotels tend to deny such business however, as it usually blocks out the week for corporate business.

- **Contractors** are a significant market for budget hotels, and we suspect also 2 star hotels.

- **Leisure breaks** are a strong market for hotels of all standards across the city. Demand is strongest in the city centre. Hotels here are able to command high weekend rates. Hotels on the outskirts of the city primarily attract weekend break business through discounted leisure break rates and offers marketed through their head offices. Most hotels in the city also attract some midweek leisure break business during the summer. This is on discounted leisure break rates for some hotels.

- **Overseas tourists** are an important market for city centre hotels, particularly during the summer. They are a much less significant market for hotels on the outskirts of the city however.

- **Weddings** are a significant weekend market for two 4 star hotels outside the city centre. They also generate some weekend business for other hotels in the city.

- **Parents visiting students** are another key source of business at weekends. **Graduations** in particular generate significant demand for hotel accommodation.

- **Student reunions and stag and hen parties** are other weekend markets.

- **Events,** such as the British Grand Prix at Silverstone and pop concerts at Blenheim Palace, generate significant demand for hotel accommodation in Oxford.

4.1.6. Market Trends

- The Oxford hotel market appears to have been broadly stable over the past two years: no markets have particularly grown or declined.

- One or two hotels reported a reduction in residential conference business.

- Two hotels reported the loss of aircrew business from Brize Norton, as it has moved to a Swindon hotel.

- Some hotels reported growth in leisure break business, particularly through the Internet.

- Oxfam's move to the Oxford Business Park has generated new corporate business for the Premier Travel Inn.

- The Malmaison appears to have successfully attracted corporate and leisure break business without significant detriment to other hotels in the city. This suggests that it has attracted new leisure break business, and that it has been able to satisfy corporate business that was previously being displaced out of the city.

4.1.7. Denied Business[3]

- All city centre hotels regularly deny business at weekends, particularly on Saturday nights. Weekend denials of 5-10 rooms were typically reported, rising on occasion to 20-30 rooms. Levels of denied business at weekends are higher in the summer and very high for graduation weekends and major events.

- Some city centre boutique and 3 star hotels occasionally deny business on Tuesday and Wednesday nights, typically up to 10 rooms.

- Levels of denied business in the city centre have reduced since the Malmaison opened.

- Some city centre hotels deny residential conference business due to their lack of conference facilities. This is most typically for conferences for 20-40 delegates, and occasionally for larger conferences of 100-150 delegates.

- All city centre hotels deny tour group business as it is too low-rated for them.

- Some of the 4 star hotels on the outskirts of the city regularly deny business on Tuesday and Wednesday nights, typically around 20-30 rooms. Some of this business appears to be denied on rate. Levels of midweek denials are increasing.

- Some 4 star hotels outside the city centre also regularly deny business at weekends, particularly on Saturday nights during the summer months. Weekend denials of up to 20-30 rooms are typical for these hotels.

- 4 star hotels on the outskirts of the city typically receive 1-2 enquiries per month for large residential conferences for 100-250 delegates that they are unable to accommodate.

- All 4 star hotels on the outskirts of the city deny tour group business due to its low-rated nature.

[3] Business that hotels have 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

- All budget hotels on the outskirts of the city regularly deny business during the week. One is denying significant amounts of business. Weekday denials have increased for two budget hotels, but reduced for the third.

- Two of the budget hotels on the outskirts of the city also regularly deny business at weekends, particularly on Saturday nights. Weekend denials are very high for one of them.

4.1.8. Future Prospects

Almost all hotels in the city are optimistic about their future prospects. They all expect to either maintain their current high occupancy levels or increase occupancy, and see further rate growth.

One hotel on the outskirts of the city expressed concern about the impact that the roadworks on the A34 will have when they start in 2008. Most city centre hotels expressed concerns about the impact that possible new hotels in the city centre could have on their business. Concerns were also expressed by at least one city centre hotel about the potential impact that the introduction of a congestion charge in Oxford could have on the city centre hotel market.

4.1.9. Parking

Parking is a major problem for city centre hotels that have limited or no on-site parking. It is a frequent source of guest complaints for them, and a number feel that they lose business because they are unable to provide parking spaces for all guests. Those hotels in the city centre that have adequate car parking indicated that it would otherwise be very difficult for them to trade effectively. While some markets, such as overseas tourists and University conference delegates, mainly arrive by train and coach, it is evident from our research that the majority of city centre hotel guests arrive by car. However, hotel operators, developers and investors accept this as a given constraint in an historic city like Oxford.

4.2. Guesthouses

4.2.1. Occupancy Trends

Our research shows evidence of some recovery in guesthouse occupancies across the city in 2005, and particularly 2006. Occupancies have not returned to pre-2001 levels, however, and have been down so far in 2007.

Guesthouse occupancies remain highest in the city centre, Headington, North Oxford and Cumnor Hill, and weaker on Iffley Road and Abingdon Road. Some establishments in Summertown have seen a drop in occupancy since Oxfam relocated to Cowley.

Reasons cited for changes in occupancy levels are as follows:

- An increase in business demand in most parts of the city;
- Reduced demand since Oxfam moved to Cowley (Summertown establishments)
- Increased demand from contractors working on the new hospital in Headington;
- The US tourist market starting to come back;
- The completion of the roadworks on Abingdon Road, enabling guesthouses here to begin to regain the business that they had lost while they were being undertaken.

While guesthouse occupancies have increased it is clear that guesthouses in the city continue to operate in a much more competitive environment than 5-6 years ago, with increasing competition from budget hotels; the youth hostel; chain hotels offering very low leisure break rates and last minute deals to boost off-peak occupancies; and the expanding stock of college accommodation.

4.2.2. Patterns of Demand

There have been no significant changes in the last 3 years in the pattern of demand for guesthouses. Weekend demand remains strong throughout the year, other than in December, January and February. Weekdays are more seasonal, other than in Headington, where midweek demand is strong all year round. Weekday occupancies have generally increased during the summer months. The season does not appear to have extended, however.

4.2.3. Prices

The majority of guesthouses across the city appear to have increased their prices in the last 2-3 years. Price increases appear to have been lowest for guesthouses on Iffley Road and Abingdon Road and a number of guesthouses here have not increased their prices.

4.2.4. Key Markets

There have been no changes in the key markets for guesthouses in the city in the last three years. They remain as follows:

- Business visitors;
- Contractors and workmen:
    - for guesthouses that are prepared to take them (not all are):
- Conference delegates:
    - attending conferences at the University or large hotels e.g. the Oxford Spires Four Pillars;
- Language schools:
    - including students, parents and tutors;
- Hospitals (for Headington guesthouses):
    - including patients and their families; consultants, doctors and nurses; and people attending courses at the hospitals.
- Parents of students studying in the city:
    - particularly at the start of the academic year and for graduations
- Leisure break visitors
- Overseas tourists;
- Weddings and family gatherings;
- People visiting friends and relatives;
- People coming for major events in and around the city.

4.2.5. Market Trends

Our research has identified the following key market trends in the Oxford guesthouse market over the last 3 years:

- Demand from the business market appears to have increased across the city, other than for some Summertown guesthouses since Oxfam relocated to Cowley. A number of guesthouses on Iffley Road and London Road reported an increase in business from Oxfam and BMW.

- Contractor demand has increased in Headington from workmen working on the new hospital.

- The US tourist market has started to come back.

- A number of guesthouses have increased their leisure break business through Internet marketing.

4.2.6. Denied Business

Our research suggests that there has been no real change in the levels of business that guesthouses in the city are declining. Most guesthouses regularly deny business at weekends, particularly on Saturday nights during the summer. Weekday denials occur mainly in the summer months, other than in Headington where guesthouses deny midweek business all year round. Levels of denied business are lowest for guesthouses on Iffley Road and Abingdon Road.

4.2.7. Profitability

A number of guesthouses on Iffley Road and Abingdon Road reported reducing levels of profit in the last 3 years as their operating costs have been rising more quickly than their income. Guesthouses here have seen the smallest improvements in their occupancy levels and prices and thus appear to have been less able to absorb increases in operating costs than guesthouses in other parts of the city. Reducing profitability was not raised as an issue by the guesthouses that we spoke to elsewhere across the city.

4.2.8. Future Prospects

Guesthouses on Iffley Road and Abingdon Road are much less optimistic about their future prospects than those elsewhere in the city. A number here are quite pessimistic and see little long-term future for their business. Guesthouses in other parts of the city generally have a more positive outlook however.

4.2.9. Future Plans

A number of the guesthouse owners that we spoke to indicated that they are considering selling up in the near future either due to retirement, because they have had enough of running a guesthouse, or because of insufficient profit levels to warrant continuing in business. Some of these owners indicated an intention to sell their guesthouse as a going concern. Others would prefer to sell for residential development.

4.3. Hostels

Our research suggests that there is a strong and growing market for good quality hostel accommodation in the centre of Oxford. The average annual bed occupancy for the two star-rated hostels in the city was 70.6% in 2006. Occupancies are very strong between March and October, typically running at 80-100%. Occupancies are lower between November and February, especially during the week. Weekend occupancies can still be quite strong.

The key markets for hostels are:

- Groups
  - Overseas and UK school and university groups on a tour of the UK, usually staying 1-4 nights in Oxford – a lot are from overseas;
  - Student reunions;
  - Visiting sports teams.
- Individuals
  - Backpackers;
  - Older tourists opting for hostel accommodation rather than B&Bs and guesthouses;
  - Overseas and UK
- Families
  - UK and overseas tourists;
  - Families attending graduations.

The hostels in Oxford deny significant levels of group business, particularly in the peak months for school and university group visits of May, June, September and October. They also regularly deny business at the weekend from individuals and families, particularly during the summer, and during the week in the peak summer months.

4.4. Serviced Apartments/ Self-Catering Accommodation

Our research shows strong demand for serviced apartments in Oxford. Apartments in Oxford, the operator of the city's only purpose-built serviced apartment complex, reported average apartment occupancies for 2004-2006 above the average room occupancies for city centre hotels. Serviced apartments achieve a similar pattern of demand to hotels: occupancies are strong between April and November, but a little weaker between December and March.

Serviced apartments in Oxford attract the same markets as hotels: corporate customers; University visitors; delegates attending conferences at the University; leisure break customers; overseas tourists; parents visiting students at the University and attending graduations; and student reunions. They do not appear to attract markets that are particularly long-stay.

Our research shows evidence of regular midweek denials for serviced apartments in Oxford on Monday, Tuesday and Wednesday nights, and regular Friday and Saturday night denials between April and October.

The study has not included any research to assess the demand for self-catering accommodation in Oxford.

4.5. College Accommodation

The study has not included any research to assess the demand for college accommodation in Oxford. We understand that this is mainly used for delegates attending conferences held at the University during vacation periods.

4.6. Summary of Key Points

Hotels

- Our research shows a strong hotel market in Oxford, with hotels of all standards achieving high occupancies and achieved room rates, and regularly denying business both during the week and at weekends.

- The research shows that there are distinct city-centre and out-of-city-centre hotel markets in Oxford and significant differences in hotel performance between these two locations.

- 4 star hotels on the outskirts of the city achieve higher average annual room occupancies (79% in 2006) but lower average achieved room rates (£71.40 in 2006) than city centre 4/5 star hotels. Midweek occupancies and levels of denied weekday business are higher for 4 star hotels outside the city centre due to the strength of corporate demand from companies located at the Oxford Business and Science Parks, BMW, and companies in Abingdon and Milton Park. These hotels also attract transient corporate business and good levels of residential conference demand due to their easy road access and parking. Weekend leisure demand is much weaker however, and is primarily driven through leisure break offers promoted by their head offices. They are still able to achieve good weekend occupancies as a result, but their weekend achieved room rates are much reduced.

- City centre 4/5 star hotels achieve lower average annual room occupancies overall (70% in 2006), but much higher average achieved room rates (£108.07 in 2006). The small boutique hotels in the city centre achieve very high occupancies and average room rates, however. The corporate market is not as strong in the city centre. It is related primarily to the University and companies and research institutes associated with it. Hotels in the city centre derive less business from companies on the outskirts of the city. They also attract fewer residential conferences, due to their more limited conference facilities and lack of parking. Weekend break demand is strong in the city centre, with city centre hotels able to achieve high weekend rates. Demand from overseas tourists is also strong in the city centre: overseas tourists tend to opt for city centre hotels rather than those on the outskirts of the city.

- Most of the larger 4/5 star hotels across the city regularly deny large residential conferences for 100-250 delegates. They also deny tour group bookings due to the low rates that they require.

- City centre 3 star hotels achieve high levels of occupancy and achieved room rate. They also deny business during the week and at weekends.

- Budget hotels on the outskirts of the city achieve very high occupancies through a good mix of corporate, contractor and leisure demand. All of them deny business during the week, one to a significant extent. Two of them also regularly deny business at weekends. It is not possible to say how much of the demand accommodated by the budget hotels on the outskirts of the city might opt for city centre budget hotels if they were to be developed.

Guesthouses

- Our research shows evidence of some recovery in guesthouse occupancies across the city, particularly in 2006. Occupancies have not returned to pre-2001 levels however. There remain significant differences in guesthouse performance across the city. Guesthouse occupancies remain high in the city centre, Headington , North Oxford and Cumnor Hill but lower for Iffley Road and Abingdon Road establishments. Guesthouses here have seen only a slight improvement in occupancy and have not been able to put their prices up as much as guesthouses in other parts of the city. With operating costs rising, most of these guesthouses reported falling profits. They are generally much less optimistic about their future prospects. A number are looking to exit the market. Guesthouses in other parts of the city generally have a much more positive outlook. Some of the guesthouses in Summertown reported a drop in occupancy that they felt was linked to Oxfam's moved to Cowley.

Hostels

- Our research shows a strong and growing market for good quality hostel accommodation in the centre of Oxford. Existing hostels are achieving high levels of occupancy and turning away significant numbers of group bookings and weekend business from individuals and families.

Serviced Apartments

- Our research also suggests a strong market for serviced apartments in the city centre as an alternative to hotel accommodation. Occupancy levels for existing serviced apartments are high and business is regularly being turned away both during the week and at weekends.

5. THE POTENTIAL FOR GROWTH

5.1. The Strategic Vision

5.1.1 Economic Vision

The Economic Vision for Oxford is set out in the SQW 'Economic Study of Oxford' 2004 that has been rolled forward in the 2006 Nathaniel Lichfield 'Oxford Employment Land Study'.

"The vision for Oxford's economic development is to enable the city to realise the economic potential of its world class universities, its knowledge based industries and its unique character in order to promote a stronger economic role within the local, regional, national and international context. This will be achieved by managed economic growth supported by improvements in integrated transport to assist social inclusion, conserve local heritage and secure environmental enhancement".

The prospects for growth in the economy appear to be good given that:

- Oxford has many strengths in its economy – world class Universities and hospitals, an internationally known research brand, biomedical and science clusters, and a highly skilled workforce.
- There appears to be a continuing strong demand for locating in Oxford.
- Despite some forecast employment losses in manufacturing, growth forecasts for B class uses – hi-tech, R&D, and office uses – are strong and account for most of the forecast growth. These are productive sectors for hotel demand.
- There is a recognition that there may be constraints on growth because of a limited supply of land, especially in the city centre, and competition from other uses; also a big reliance on one major industrial employer (BMW). There is also a recognition that the city may lose some existing businesses if sites for expansion are unavailable and expensive.
- However, the study identifies how this can be avoided and the projected growth accommodated under a managed growth scenario, focusing development in the city centre/ West End Area and at the Peartree reserve site.

Some of the key schemes that will help deliver this vision are set out below, together with a number of other major development projects that will help create further economic growth, additional spend in the city, and jobs in other sectors. These schemes are at various stages in the planning process. Schemes include:

- John Radcliffe Infirmary and University Science Area – 2 Masterplans for redevelopment over the next 20 years; primary healthcare trust centre, library and other facilities; 10.5 acre site; start proposed late 2007;
- Westgate shopping centre redevelopment – a retail-led development together with service related activities and residential; 70 additional shop units anchored by John Lewis; start on site 2008, complete 2011;
- St Aldates/Queen St – retail, office and student accommodation; planning application expected spring/summer 2008.
- Blackbird Leys Regeneration Zone – proposed new District Centre;
- BMW Plant – 26 acres for future expansion requirements;
- Oxford Business Park – 5.4 ha remain, will be complete by 2008; 6500 people are currently employed here;
- Oxford Science Park – 8 ha remain; likely to be complete by 2010; 1200 employed here;
- Medical research uses at Park Hospital and Warneford Meadow;
- Oxford Brookes Masterplan, Headington – a major re-organisation of their site;
- Oxpens – mixed use development possibly to include Civic Offices, civic square, ice rink, conference centre and hotel, plus residential;
- Worcester St Car Park – mixed-use scheme and public space;
- Oxford station – new platform development plus mixed use scheme that could include a hotel;
- Peartree – Research & Development linked to the University and health sectors,; Police Station and fire station relocation; B1 uses; total site area 16ha
- Barton – possible employment and/or housing development on up to 36 ha;

As well as the long-term employment benefits these schemes will bring, they will also generate significant levels of business from the construction industry at all levels. In terms of location, whilst much of the focus is on the city centre, a number of the schemes – especially those involving significant land take – are located on or near the edge of the city.

5.1.2 Tourism Vision

Oxford is a visitor destination of national and international significance, attracting over 7 million visitors a year with over half of these from overseas. The Tourism Strategy for Oxford is coming to the end of its life and a new strategy is to be prepared in the near future. The focus of the forward strategy is very much about:

- Targeting high value markets;
- Increasing spend;
- Increasing length of stay;
- Diversifying the product and offer;
- Growing business and conference tourism through the 'Destination Oxford' conference desk.

Segmentation analysis conducted for TSE demonstrates Oxford's appeal to:

- Adult only groups;
- Students (though this is only a small market);
- The 25-45 year old age group;
- The affluent post family/empty nester market;
- Affluent family groups.

The analysis likens Oxford to other destinations with similar appeal including Windsor, Canterbury and Winchester, which it identifies as 'Classics' destinations. A large proportion of visitors to such destinations stay in hotels. Whilst these destinations appeal to the 'Traditional' and 'Functional' market segments, the analysis also identifies potential to expand into 'Cosmopolitan' and 'Style Hound' segments, which will often look for quirky and more individualistic offers.

These strands of future tourism strategy will have implications for the type of hotel/short stay accommodation being sought that will need to be fed into the future development strategy.

5.2. Future Market Prospects

5.2.1. Overview

Our research suggests that there is strong potential for growth in demand from all markets for accommodation in Oxford, given further hotel, serviced apartment and hostel development. With the majority of these types of accommodation establishment currently trading at close to capacity and frequently turning business away, growth will need to be supply-led. There could also be potential for further good quality guesthouses in the right location, particularly the city centre, Headington, and northern arterial routes.

5.2.2. The Corporate Market

Growth in corporate demand for hotel and short stay accommodation is most likely to be linked to the development of the city's economy. The City Council's strategy of managed economic growth suggests steady, rather than strong growth in corporate demand for accommodation. The sectors that are likely to expand in Oxford (knowledge-based industries, R&D, biomedical and science, high-tech industries and business and financial services) are productive for hotel demand however. Growth in corporate demand could well be ahead of employment growth, therefore.

New office development will be focused both on the city centre/ West End Area and the outskirts of the city, with the completion of the Oxford Business and Science Parks, the possible development of the Peartree reserve site for employment uses, and the planned expansion of BMW. This suggests that growth is likely in both the city-centre and out-of-city-centre corporate markets.

5.2.3. Contractors

Demand for accommodation from the contractors market is likely to grow significantly in the next 5-10 years and beyond, given the number of major construction projects that are planned in Oxford. This is likely to generate increased demand for budget-priced hotel and guest accommodation , particularly in the city centre.

5.2.4. Major Conferences

The feasibility study for the proposed Oxford Conference Centre[1], concluded that there is good potential for Oxford to attract major conferences of 100-500 delegates, given the development of a conference centre and large 4 star hotel in the city centre. From our research into the Oxford hotel market, and research we have undertaken into the UK conference market for Hotel Futures Studies for other destinations that have, or are developing, conference centres, we would concur with this view. Oxford is a strong destination for national and international association and corporate conferences. Our research showed evidence of large conferences of 100-250 delegates regularly being denied by the city's 4/5 star hotels. Taking account of the seasonal nature of conference demand, we would expect Oxford to be capable of attracting 25-30 major conferences per year. Assuming an average size of 350 delegates and an average duration of 3 nights, this would generate additional demand of 26,250-31,500 roomnights in the city centre[2].

5.2.5. Residential Conferences

Our research suggests that the residential conference market should grow in Oxford, given the development of additional conference facilities at existing hotels, new 4 star hotels with good conference facilities, and effective marketing of the city for conferences by Destination Oxford. Oxford is a strong location for residential conferences, with its strategic position midway between London and Birmingham and ease of access via the M40 and A34. Our research showed evidence of unsatisfied residential conference demand currently, which new hotels would be able to satisfy. New hotels are also likely to generate additional residential conference business through their corporate conference marketing teams.

[1] Market Feasibility Study of Proposed Oxford Conference Centre- MBA Summer Consulting Project, Said Business School – September 2005

[2] These are Hotel Solutions' estimates based on our knowledge and understanding of the UK conference market and performance of other UK conference centres and destinations. They differ from the figures produced by the Said Business School MBA Summer Consulting Project as part of the feasibility study for the proposed Oxford Conference Centre. They estimated 59 residential conferences, but did not estimate the average size and duration to calculate the number of roomnights that the proposed conference centre might generate. With the seasonal nature of the conference market, we think it highly unlikely that the conference centre could cater for 59 residential conferences. 25-30 is a more realistic number, we would suggest.

Growth in residential conference demand is likely to be strongest for hotels on the outskirts of the city due to their ease of access and parking. The problems of driving into the city centre and lack of parking at city centre hotels make the city centre less attractive for the residential conference market.

5.2.6. Leisure Breaks

Our research suggests potential for significant growth in leisure break demand given the development of new hotels and other types of short stay accommodation, particularly in the city centre, and the further development of the city's leisure break product, especially in terms of its retail and cultural offer. Oxford is a strong leisure break destination. Our research shows evidence of significant denied leisure break business at weekends. New hotels will undoubtedly be able to attract new leisure break business, we feel.

5.2.7. Overseas Tourists

Given the strong appeal of the city to overseas tourist markets , Oxford should benefit from the projected growth in inbound visits to the UK from overseas tourists. Growth is likely to be strongest in the city centre and should be for all types of hotel and short stay accommodation here. Growth is likely to accelerate in the run up to the London 2012 Olympics and beyond.

5.2.8. Group Tours

While there could be scope for growth in group tour business, it seems likely that hotels in the city will continue to limit the amount of business they take from this market, due to its low-rated nature.

5.2.9. School/ University Groups

From our discussions with the city's hostels it is evident that Oxford could attract more overseas and UK school and university groups if more hostels were developed in the city centre. Existing hostels are currently denying significant levels of business from the school/ university groups market.

5.2.10. Backpackers

Our research suggests potential for growth in backpacker demand for hostel accommodation in Oxford, given the development of further good quality hostels in the city centre.

5.2.11. Weddings and Functions/ VFR Market

The weddings and functions, and visiting friends and relatives markets, are likely to grow in line with the growth in the city's population and the expansion of the University.

5.3 Projected Future Requirements for Hotel Development

5.3.1. Methodology Used for the Projections

In order to provide an indication of the number of new hotel bedrooms that might be needed in Oxford over the next 20 years, Hotel Solutions has prepared projections of future growth in roomnights for different standards of hotel to 2011, 2016, 2021 and 2026. Projections have been prepared under two scenarios:

Scenario 1 – Without the proposed conference centre – citywide

Scenario 2 – With the proposed conference centre – city centre only

Projections under Scenario 2 have only been prepared for the city centre as it is assumed that the conference centre will primarily generate demand for city centre hotel accommodation, as the majority of conference delegates will want to stay in the on-site hotel, or within walking distance from the conference centre.

The projections assume that growth will be unconstrained by site availability and planning policy.

Projections have been made for growth in business/ residential conference and leisure demand by applying assumed low, medium and high growth rates to our estimates of current satisfied and denied roomnights for each standard of hotel. Denied roomnights have been estimated on the basis of information provided by the hotel managers that we interviewed in the city.

Separate calculations of the roomnights that the proposed conference centre could generate have been made using assumed numbers of conferences and average sizes and durations of conference. Assumptions have then been made about the likely split in demand between 4 star and other standards of hotel.

Using these projections of future hotel demand we have then calculated the number of hotel bedrooms of each standard that our roomnight projections would support, assuming an average annual room occupancy of 70% for all hotels (the level at which it is generally accepted that hotel demand starts to be denied). 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.

Under scenario 1, projections have been made for:

- 4/5 Star/ Boutique Hotels – City Centre
- 4 Star Hotels – City Outskirts
- 3 Star Hotels – Citywide
- Budget Hotels – Citywide

We do not have the baseline data to provide separate growth projections for city centre and out-of-city-centre 3 star and budget hotel demand. We suspect, however, that there is potential for growth in demand for these standards of hotel in both locations.

Under scenario 2, we have prepared projections for:

- 4/5 Star/ Boutique Hotels – City Centre
- Other standards and types of hotel (3 star, budget, upper-tier budget, serviced apartments) – City Centre

Making any sort of market forecasts is an uncertain process: all forecasts are based on judgement and assumptions, and are susceptible to unforeseen changes. The projections we have prepared should thus be taken as indicative only. They have been prepared to provide an illustration of the numbers of new hotel bedrooms that might be needed under different growth scenarios. They are not intended to be accurate projections of how the market will grow, however. Clearly the further ahead that one looks, the more difficult it is to project growth accurately. Projecting as far ahead as 15-20 years is very difficult. The projections to 2021 and 2026 should thus be treated with caution.

5.3.2. Assumed Growth Rates

a) Corporate and Residential Conference Demand (3/4/5 Star Hotels)

The Oxford Employment Land Study[3] includes two forecasts for employment growth in Oxford under a 'business as usual' scenario and a 'higher growth' scenario. The 'business as usual' forecast (prepared by Cambridge Econometrics) puts growth in employment in B class jobs at 11% between 2005 and 2021. This is equivalent to an average annual growth rate of 0.69%. The 'higher growth' scenario (prepared by Nathaniel Lichfield and Partners) forecasts growth at 13%, equivalent to an average annual growth rate of 0.8%. Growth in employment is however projected in sectors that are productive for hotel demand, including R&D, high-tech and biomedical industries and business and professional services. Growth in the corporate market for hotel accommodation could be at a higher rate than growth in employment, therefore. We would also anticipate supply-led growth in the residential conference market as new 4 star hotels attract this market. We have thus assumed the following average annual growth rates for corporate and residential conference demand for the city's 3,4 and 5 star hotels:

3/4/5 Star Hotels – Oxford
Assumed Growth Rates for Corporate and Residential Conference Demand
(Unconstrained Growth)

Growth Scenario	Average Annual Growth Rate 2006-2026 %
Low	0.5% p.a.
Medium	1% p.a.
High	1.5% p.a.

For simplicity's sake we have based our projections on an average annual growth rate. Clearly growth in demand will fluctuate from one year to the next. There is insufficient data to factor in different growth rates per year, however.

We anticipate similar levels of growth in both the city centre and the out-of-city-centre corporate markets. The same growth rates have been applied for both locations, therefore.

[3] Oxford Employment Land Study – Nathaniel Lichfield and Partners – March 2006

b) Business and Contractor Demand (Budget Hotels)

Our research suggests potential for significant growth in contractor demand for budget hotels, together with continued growth in demand from business visitors and travellers. Average annual growth rates for business and contractor demand for budget hotel accommodation have been assumed as follows:

Budget Hotels – Oxford
Assumed Growth Rates for Business and Contractor Demand
(Unconstrained Growth)

Growth Scenario	Average Annual Growth Rate 2006-2021 %
Low	1% p.a.
Medium	1.5% p.a.
High	2% p.a.

c) Leisure Demand

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. Given the strength of Oxford as a leisure break destination and the levels of leisure break business that the city's hotels are currently denying, there is likely to be significant growth in leisure break demand in the city if new hotels are developed. New hotels will also generate additional leisure break business through their own marketing. Strong growth is also to be expected in overseas tourist visits. The latest VisitBritain forecasts for inbound tourism to the UK project a growth of 4% in total visits in 2007. Growth is likely to accelerate in the run up to the London 2012 Olympics. Population growth, which is likely to determine growth in the weddings and functions and visiting friends and relatives markets, is forecast at a lower average annual level of 0.78%. Taking account of these factors we have assumed the following average annual growth rates for leisure demand for the city's hotels through to 2026:

Oxford Hotels
Assumed Growth Rates for Leisure Demand
(Unconstrained Growth)

Growth Scenario	Average Annual Growth Rate 2006-2021 %
Low	2% p.a.
Medium	3% p.a.
High	4% p.a.

These growth rates have been applied to both city centre and out-of-city-centre leisure demand. While growth in leisure demand is likely to be stronger in the city centre, new hotels on the outskirts of the city are also likely to be able to attract good leisure business, albeit at relatively low rates.

d) Demand Generated by the Proposed Conference Centre

In estimating the potential demand for hotel accommodation that we think the proposed conference centre might generate we have assumed that it will attract the following numbers of conferences. Assuming an average conference size of 350 delegates, an average conference duration of 3 nights, and a 60% 4 star/ 40% other split in demand by standard of hotel, this equates to the following number of hotel roomnights:

Proposed Oxford Conference Centre
Estimated Hotel Demand

Demand Scenario	Number of Conferences	Estimated Roomnights 4 Star Hotels	Estimated Roomnights Other Standards/ Types of Hotel
Low	25	15,750	10,500
Medium	27	17,010	11,340
High	30	18,900	12,600

Source: Hotel Solutions

5.3.3. Projected Future Hotel Development Requirements

The results of our calculations in terms of future numbers of hotel bedrooms required by standard and location are summarised in the tables below:

Oxford – Projected Requirements for New Hotel Development – 2011-2026

Scenario 1 – Without Conference Centre - Citywide

Standard of Hotels/Year	Projected New Rooms Required		
	Low Growth	Medium Growth	High Growth
4/5 Star/ Boutique – City Centre			
2011	58	74	90
2016	85	120	157
2021[1]	115	173	237
2026[1]	147	232	332
4 Star – City Outskirts			
2011	136	160	184
2016	174	227	283
2021[1]	217	303	399
2026[1]	262	388	534
4/5 Star – Citywide			
2011	194	234	274
2016	259	347	440
2021	332	476	636
2026[1]	409	620	866
3 Star – Citywide			
2011	47	57	68
2016	65	89	114
2021[1]	86	125	169
2026[1]	106	166	233
Budget – Citywide			
2011	123	144	166
2016	166	214	264
2021[1]	214	292	379
2026[1]	265	381	513
TOTAL – ALL STANDARDS/ TYPES OF HOTEL			
2011	364	435	508
2016	490	650	818
2021[1]	632	893	1184
2026[1]	780	1167	1612

Note:

1. It is very difficult to project change over a 15-20 year period. The projections for 2021 and 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.

We are unable to split the requirement for 3 star and budget hotel accommodation between the city centre and out of city centre/the city outskirts.

Scenario 2 – With Conference Centre – City Centre Only

Standard of Hotels/Year	Projected New Rooms Required		
	Low Growth	Medium Growth	High Growth
4/5 Star/ Boutique – City Centre			
2011	119	140	164
2016	147	186	231
2021[1]	177	239	311
2026[1]	209	299	406
Other Standards/ Types of Hotel – City Centre			
2011	78	89	102
2016	92	112	136
2021[1]	106	137	174
2026[1]	122	167	220
TOTAL – ALL STANDARDS/ TYPES OF HOTEL			
2011	197	229	266
2016	239	298	367
2021[1]	283	376	485
2026[1]	331	466	626

Notes:

1. It is very difficult to project change over a 15-20 year period. The projections for 2021 and 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 & SHORT STAY ACCOMMODATION DEVELOPMENT OPPORTUNITIES

6.1. Hotel Development - City Centre

6.1.1. Without the Conference Centre

a) 4/5 Star/ Boutique Hotels

Our Medium Growth projections (which we think are probably the most realistic to consider) show potential for the development of an additional 74 to 232 new 4/5 star/ boutique hotel bedrooms in the city centre over the next 5-20 years. This suggests potential for further small to medium-sized boutique hotels (through the conversion of suitable properties and possibly a new-build boutique hotel) in the short to medium term, and possible longer term potential for a large new 4 star hotel (of say around 100-150 bedrooms). There could also be potential for city centre 3 star hotels to upgrade to 4 star/ boutique standard.

We think it unlikely that the city centre could support a large new 4 star hotel in the next 5-10 years (unless the conference centre goes ahead), without significantly impacting on other city centre hotels, particularly in terms of competing for corporate and University business. This is not to say that a 4 star hotel developer would not go ahead in the short term (if they are able to secure a site) if they feel they would be able to compete well in the Oxford hotel market and generate new residential conference and leisure business.

b) 3 Star Hotels

Our Medium Growth projections show potential for a further 57-166 3 star hotel bedrooms across the city over the next 20 years. This suggests potential for the expansion of existing 3 star hotels in the short term, and possible scope for a large new 3 star hotel (of say 100-120 bedrooms) in the longer term. This hotel could be developed in either the city centre or on the outskirts of the city.

c) Budget/ Upper-Tier Budget Hotels

Our Medium Growth projections show potential for an additional 144-381 budget/ upper-tier budget hotel bedrooms across the city between 2011 and 2026. This would equate to up to 3 or 4 new budget or upper-tier budget hotels. These could be developed in either the city centre or on the outskirts of the city.

6.1.2. With the Conference Centre

From our understanding of the type of conference business that a conference centre in Oxford might attract we would suggest that a large 4 star hotel (150-200 bedrooms) would be needed on site to support the conference centre, together with at least one large new 3 star, upper-tier budget, or possibly budget hotel (100-150 bedrooms) within walking distance.

The Market Feasibility Study that has been prepared for the proposed conference centre[1] suggests that it will attract conferences primarily of between 200 and 500 delegates. We envisage that Oxford will attract top-end national and international association conferences. From our knowledge of the conference market, these types of conference usually require an on-site 4 star hotel (for the conference headquarters) and a choice of other standards of hotel accommodation within walking distance of the conference venue. With the limited stock of hotel accommodation in the city centre, additional hotels will be needed to support the conference centre, over and above an on-site 4 star.

Our growth projections show a requirement for 140-299 4 star bedrooms in the city centre over the next 20 years if the conference centre goes ahead. Assuming that this includes a large 4 star hotel of 150-200 bedrooms, there would also be a requirement for additional city centre boutique hotels. The timing of the development of the conference centre will be the key factor determining requirements for new 4 star and boutique hotels in the city centre. If it were to go ahead in the next 5-10 years, the on-site 4 star hotel could fully meet the requirements for additional 4/5 star/ boutique hotel accommodation through until 2016. Additional boutique hotels would not then be needed until 2021-2026. If it goes ahead later than this, there would be a more immediate requirement for additional boutique hotels. In reality, however, there is likely to be early developer interest in boutique hotels even if the conference centre and hotel happen relatively soon.

Our growth projections show potential for 89-167 hotel bedrooms of other standards in the city centre over the next 20 years if the conference centre goes ahead. This could be through the expansion of existing city centre 3 star hotels, and the development of a new 3 star, budget or upper-tier budget hotel. In reality a new 3 star and a new budget hotel are likely to be needed to fully support the conference centre.

The development of a conference centre in the city centre would bring forward the requirement for a large city centre 4 star hotel to when the conference centre opens

[1] Market Feasibility Study of Proposed Oxford Conference Centre – MBA Summer Consulting Project, Said Business School – September 2005

(assumed to be 2011 for the purposes of our projections). It would also mean the need for a larger 4 star hotel than would otherwise be needed (180 rooms as opposed to 130) and would require a large 3 star hotel (140 rooms) to be built in the city centre as opposed to out of city centre/ the city outskirts, again opening at the same time as the conference centre.

The level of hotel development needed to support a conference centre is likely to result in an oversupply of hotel accommodation in the city centre at times when there are no conferences being held, at least in the short to medium term, potentially resulting in a reduction in city centre hotel occupancies and achieved room rates.

6.2. Hotel Development – Out of City Centre/the City Outskirts

a) 4 Star Hotels

Our Medium Growth projections show potential for an additional 160-388 4 star hotel bedrooms on the outskirts of the city over the next 20 years. This would equate to 2 or 3 new 4 star hotels.

b) 3 Star Hotels

Our growth projections show potential for 57-166 new 3 star hotel bedrooms across the city between 2011 and 2026. They suggest potential for a large new 3 star hotel in the longer term. As we have already identified, this could be developed either in the city centre or on the outskirts of the city.

c) Budget/ Upper-Tier Budget Hotels

Our Medium Growth projections show potential for an additional 144-381 budget/ upper-tier budget hotel bedrooms across the city over the next 20 years. This would equate to up to 3 or 4 new budget or upper-tier budget hotels. As we have identified above, these could be developed in either the city centre or on the outskirts of the city.

6.3. The Impact of New Hotels

6.3.1. Impact on Existing Hotels and Guest Accommodation

New hotels in the city centre are likely to have at least a short-term impact on existing city centre hotels. Much will depend on the level of new hotel development that takes place and how quickly it comes on stream. Clearly there will be much less impact if new hotels open in line with market growth. This is very difficult to achieve however. New hotel development usually follows periods of frustrated demand. Occupancies for existing hotels usually fall as new hotels open but recover as the market grows. The impact of new boutique hotel openings is likely to be less severe as they will most probably be fairly small units. A large new 4 star hotel in the city centre will almost certainly take business from existing city centre 4/5 star/ boutique hotels, even if it is developed in conjunction with the conference centre. New city centre 3 star, upper-tier budget and budget hotels will impact on city centre 3 star hotels.

New city centre budget hotels are likely to have a significant impact on guest accommodation establishments, both within and outside the city centre. Lower standard guesthouses outside the city centre, , are likely to be the hardest hit as they will be unable to compete with new city centre budget hotels on quality, price or location. Many of these guesthouses already appear to be operating on the margins of viability. City centre budget hotel development is likely to hasten their demise, we would suggest, and many more guesthouse operators are likely to want to exit the market.

New 4 star, budget and upper-tier budget hotels on the outskirts of the city will impact on other competing hotels in these locations. The impact will depend on the number and size of new hotels that are developed and how quickly they come on stream.

6.3.2. Traffic and Parking Impact

Our research suggests that any new hotel in Oxford will create additional car traffic and demand for parking. While city centre hotels have more opportunities to attract guests that will arrive by train or coach, particularly international visitors, evidence and opinion fed back by existing operators suggest that the majority of their customers (probably 70-75%) will continue to arrive by car. Most of the customers of hotels on the outskirts of the city will arrive by car. However, from a development perspective, hotel companies recognise the limitations on on-site car parking as a given constraint in an historic city centre such as this.

If a large new 4 star hotel were to be developed in the city centre (with or without the conference centre being developed) it is likely to have to draw corporate business from companies located on the outskirts of the city: the city centre corporate market is unlikely to be sufficient to enable it to achieve good weekday occupancies. This will create additional car or taxi traffic, therefore, as corporate guests travel in and out of the city to do business during their stay.

6.4. Other Types of Short Stay Accommodation

a) Serviced Apartments

Our research suggests potential for additional serviced apartments in the city centre. We are unable to quantify this potential over the next 20 years, but would suggest immediate scope for a further serviced apartment complex of at least 30-40 units.

b) Hostels

The significant levels of business that the existing hostels in the city centre are turning away at present, suggest potential for further hostel accommodation in the city centre.

c) Guest Accommodation

Our research suggests that there is still a future market for guest accommodation in Oxford, but that it is likely to be eroded by new budget hotel development in the city, particularly if it takes place in the city centre. There are likely to still be segments of the business and leisure markets that will opt for guest accommodation in preference to hotels. The growth in contractor demand and the overseas tourist market should also benefit guest accommodation establishments.

Demand for guest accommodation is likely to remain strong in Headington due to demand from for accommodation here generated by the hospitals. There could be potential for further guest accommodation establishments to open here. The guest accommodation market is also likely to remain strong in the city centre and North Oxford, although some of the poorer quality establishments in the city centre are likely to be affected by new budget hotels here. With a weaker market for establishments on Iffley Road and Abingdon Road, guest accommodation businesses in these parts of the city are more likely to be affected by the development of any new city centre budget hotels, possibly forcing more of them to exit the market. The City Council will need to consider if this is a strategy that it wishes to pursue.

6.5. Required Hotel and Accommodation Development Sites

The following tables attempt to identify how many hotel and short stay accommodation development sites could be needed in the city over the next 20 years if all of the projected market potential for new hotels and short stay accommodation were to be satisfied. The tables are based on the Medium Growth scenarios, which we would suggest are probably the most realistic to consider. The tables consider 3 scenarios:

Scenario A – City Centre Site Requirements – Without the Conference Centre

Scenario B – City Centre Site Requirements – With the Conference Centre

Scenario C – Out of City Centre/City Outskirts Site Requirements

Scenarios A and C assume that the identified potential for a new 3 star hotel will be accommodated on the outskirts of the city and that the market potential for new budget and upper-tier budget hotels would be met equally between the city centre and out of city centre/the city outskirts. Scenario B assumes that the conference centre will open within the next 5 years. The sizes of hotels are indicative suggestions only.

Oxford - Required Hotel Sites – 2011-2026
(Unconstrained Growth – Medium Growth)

Scenario A - City Centre – Without Conference Centre

Standard of Hotel/ Type of accommodation	Future Requirements (Unconstrained Growth)			
	By 2016		By 2026[1]	
	Estabs/ Sites	Rooms	Estabs/ Sites	Rooms
Boutique	2	90	3	120
Large 4 Star			1	130
Expansion of existing 3 Star Hotels		30		30
Budget/ Upper-tier Budget	1	100	2	200
Serviced Apartments	1	50	2	130
Hostels	1	70	2	100
Total	**5**	**340**	**10**	**710**

Notes:

1. Including requirements to 2016

Scenario B - City Centre – With Conference Centre

Standard of Hotel/ Type of accommodation	Future Requirements (Unconstrained Growth)			
	By 2016		By 2026[1]	
	Estabs/ Sites	Rooms	Estabs/ Sites	Rooms
Boutique	1	30	3	120
Large 4 Star	1	180	1	180
Expansion of existing 3 Star Hotels		30		30
3 Star	1	140	1	140
Budget/ Upper-tier Budget	1	100	2	200
Serviced Apartments	1	50	2	130
Hostels	1	70	2	100
Total	**6**	**600**	**11**	**900**

Notes:

1. Including requirements to 2016

Scenario C – Out of City Centre/City Outskirts

Standard of Hotel/ Type of accommodation	Future Requirements (Unconstrained Growth)			
	By 2016		By 2026[1]	
	Estabs/ Sites	Rooms	Estabs/ Sites	Rooms
4 Star	1	150	2	300
3 Star[2]			1	140
Budget/ Upper-tier Budget	1	100	2	200
Total	**2**	**250**	**5**	**640**

Notes:

1. Including requirements to 2016
2. If the conference centre goes ahead, the 3 star hotel suggested for the city outskirts would be more appropriately located in the city centre. The total number of sites required on the city outskirts would then be only 4 for a total of 500 rooms in 4 star and budget/ upper-tier budget hotels.

Total Requirement – Without Conference Centre

Standard of Hotel/ Type of accommodation	Future Requirements (Unconstrained Growth)			
	By-2016		By-2026[1]	
	Estabs/ Sites	Rooms	Estabs/ Sites	Rooms
Boutique	2	90	3	120
4 Star	1	150	3	430
Expansion of existing 3 Star Hotels		30		30
3 Star			1	140
Budget/ Upper-tier Budget	2	200	4	400
Serviced Apartments	1	50	2	130
Hostels	1	70	2	100
Total	**7**	**590**	**15**	**1,350**

Notes:

1. Including requirements to 2016

Total Requirement – With Conference Centre

Standard of Hotel/ Type of accommodation	Future Requirements (Unconstrained Growth)			
	By-2016		By-2026[1]	
	Estabs/ Sites	Rooms	Estabs/ Sites	Rooms
Boutique	1	30	3	120
4 Star	2	330	3	480
Expansion of existing 3 Star Hotels		30		30
3 Star[2]	1	140	1	140
Budget/ Upper-tier Budget	2	200	4	400
Serviced Apartments	1	50	2	130
Hostels	1	70	2	100
Total	**8**	**850**	**15**	**1,400**

Notes:

1. Including requirements to 2016
2. If the conference centre goes ahead we have assumed that the requirement for a new 3 star hotel would be met in the city centre rather than on the outskirts of the city. The total requirement for 3 star hotels would be one hotel with 140 bedrooms.

These calculations suggest a need for up to 15 sites for hotel, hostel and serviced apartment development in the city up to 2026, to fully meet the identified market potential for new provision. 10-11 sites would need to be in the city centre and 4-5 on the outskirts of the city.

7. THE DEVELOPER PERSPECTIVE

7.1 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%.

7.2 The Nature of Hotel Investment

As a backcloth to assessing potential hotel developer interest in Oxford, it is important to have an appreciation of the nature of hotel investment and operation, as well as the structures that are used for the financing of hotels. There are four principal vehicles for hotel development and operation:

- Some hotel companies wholly own and manage their hotels themselves. They raise the capital, and as hotel development is capital intensive and returns longer term, this can restrict the pace at which such companies can develop.

- Other hotels are run via management contract – an agreement between the owner of the hotel and a hotel company for the latter to run the hotel. The hotel would still appear to the public to be part of the operating chain. The hotel operator gets a fee for this task, usually a percentage of turnover.

- A further option is a lease, whereby an operator pays a rent for use of the building or land; the risks are then with the operator not the owner, as the latter has a fixed return.

- Franchise agreements are also commonly used in the hotel industry, giving an operator or investor the right to use a brand name although the hotel is in separate ownership from the chain. Fees are charged for this relating to royalties, reservations and marketing.

The levels of risk and capital outlay required by a hotel company therefore vary considerably between these options. Many more operators are likely to be interested in options put to them that involve management contracts than in building and funding development themselves, as access to capital will naturally restrict the latter and require hotel companies to prioritise their investment locations. Many of the chain hotel companies will have a mix of the above structures in place, though some do prefer a single route. Often franchisees are looking to build the asset value of the company with a view to exit within a 5-10 year period, and in such situations are less likely to be interested in lease options.

It can be seen from the above that the owners of hotels need not themselves be hotel companies, and include property and institutional investors. Due to the levels of investment involved in larger high quality 4 star hotels, there is a greater likelihood of these being developed via management contract, franchise and lease. A number of the newer, expanding brands such as Tulip Inn, Ramada Encore and Days Inn are also going down the franchise route in order to expand the brand quickly.

7.3 Hotel and Accommodation Developer Interest in Oxford

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

- Current or potential interest in developing in Oxford;
- Image of the area as a hotel investment location;
- View of the hotel market here;
- Key issues influencing hotel investment decisions;
- The size and standard of hotel they would seek to develop;
- Preferred locations for hotel development;
- Progress with site acquisition or obstacles faced;
- Type of deal they would be interested in;
- Support required in furthering any interest;

- In the case of any companies not interested in investing in Oxford, the identification of reasons behind this, and the conditions that would be required for this to change.

The testing was not intended as a comprehensive trawl but as a taste of the market across the range of providers for which a demand has been identified. Whilst the responses provide a useful basis for follow-up at a later date, a good deal of the value they offer currently is to provide a steer on some of the key issues surrounding potential sites and locations for development.

A total of 45 developers, operators, investors and agents were contacted. 30 responses were received. Interest was expressed by 25 brands in locating in Oxford, and a larger number of investors and franchisees. We provide a summary of their responses in terms of their interest in hotel development in Oxford below:

HOTEL AND ACCOMMODATION DEVELOPER INTEREST IN OXFORD

HOTEL OFFER	BRAND INTEREST
4 STAR	• Hilton • Golden Tulip • Crowne Plaza • Ramada • Marriott
BOUTIQUE	• The Place Hotels • Hotel du Vin • Borough Hotels
3 STAR	• Jury's Inn • Park Inn • Hilton Garden Inn • Courtyard • Village (De Vere)
UPPER TIER BUDGET	• Ramada Encore • Hoxton Urban Lodge • Express by Holiday Inn • Sleep Inn
CORE BUDGET	• Premier Travel Inn • Travelodge
SERVICED APARTMENTS	• Apartments in Oxford • Base2Stay
SUITE HOTELS	• Staybridge Suites
HOSTELS	• Euro Hostels • Smart City Hostels • Central Backpackers
QUALITY PUB ROOMS	• Greene King

All of the companies we spoke to were interested in new hotel development in Oxford, and in most cases they or their agents had been actively looking for sites in the destination for some time. This applies across the range of provision, from top end offers through to budget hotels, with a number of innovative and more specialised offers also interested in making Oxford one of the first locations for their product.

Oxford appeals because of its size (most operators are looking for a minimum population of 100,000) and its leisure appeal, particularly at the upper end of the market. Recent hotel investment – particularly the opening of the Malmaison - is also a draw to other hotel companies, and there was a perception of quality and value in the market. There was a clear awareness of the difficulty of getting into the market, the strength of demand, and the perception that the city is under-hotelled.

In terms of the location of development, the majority of operators were prepared to look at both city centre and out-of-town i.e. arterial road or destination sites, simply because they know how difficult it is to get into Oxford at all. Most preferred to be in the centre of Oxford because of the benefits this would bring the hotel from the leisure market in terms of the historic environment and access to shopping, restaurants and the attractions of the city. There were one or two exceptions to this, as certain operators only locate in city centres e.g. Jury's, Park Inn, whilst others have a land take that tends to push them out of the centre e.g. Village (minimum 3 acres).

In the city centre, proximity to 24-hour parking and the railway station was felt to be an advantage, and to the drivers of leisure and business demand; in reality however the city is very compact, so many locations could meet this requirement. Some types of offer will be looking for a character property e.g. boutique hotel offers which again may dictate location.

Outside the city centre, operators want good access and visibility from a major routeway and proximity to business users. Business parks and office parks/clusters are often favoured for this reason. Proximity to the Park and Ride bases was felt to be an advantage in terms of easy access to the city centre. The only negative responses received about out of town locations from one or two operators related to the Kassam Stadium, which was felt by some to be a little too isolated albeit well-signed. Budget hotel operators would look at roadside sites on routes into the city that weren't necessarily part of a larger 'destination' development, and would also potentially look at shared building uses e.g. upper floors above retail or part conversion of an office block.

The type of deal sought by consultees varies according to their interests. Whilst in some circumstances certain operators will only take freehold or long leasehold sites – and a number of those we spoke to did prefer this option – in Oxford where opportunities are so few and far between most would look at the range of options including shorter leases, joint ventures and management contracts just to get representation here.

The availability of parking is recognised as an issue in Oxford, but hotel operators were not put off by not having dedicated parking. Most like, if possible, to have a small allocation and potentially a drop-off facility, but feedback from the majority was that provided there was public parking within a reasonable walking distance, with 24 hour access, this would be workable.

In terms of size of hotel, most hotel brands have one or more standard models that they employ in different situations: boutique and town house hotels tend to be relatively small (20-50 rooms); core brand budgets are commonly 40-60 rooms; upper tier budgets 80-120 rooms, and 3 and 4 star hotels 120-250 rooms. In Oxford, most of the respondents wanted to develop their larger models, and if they have several models in terms of standard were often looking at the more up-market offer – or even developing more than one offer. This is a function again of the difficulty of getting into the market here, and of making the most of any site that can be secured. There is an expectation of having to pay top end rates in terms of site deals and of high development costs due to the sensitivity of a heritage city. Making the most of the site in terms of volume and room rate charged therefore is a natural strategy to maximise returns and make the development and operation stack up.

7.4. Barriers to Investment

By far the biggest obstacle to investment identified by hotel developers, investors and operators was the difficulty of securing sites. All those we spoke to flagged this up, with the main problems being:

- Availability of land –a tight city centre with limited ability to develop to any significant height, and Green Belt constraining development out of town;
- 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, which hotels often struggle to compete with;
- Ownership and control of sites – much of which is with the colleges and on a leasehold basis;

- Timing in terms of when identified sites might come forward – some of those in the current Local Plan could still be 10 years off.

In terms of looking at alternative sites for development, the fact that many Councils don't recognise the employment-generating benefits of hotels can often preclude them from being considered for development on protected employment land. Some Councils are however beginning to move on this.

Many hotel companies were having to consider mixed use schemes as their only option, both in Oxford and other tight city centres, 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, or squeezed out of the development altogether.

Congestion in the city centre and availability of parking were recognised as difficulties in Oxford but at this stage, and given the perceived strength of the market/under-supply of rooms were not putting investors off – rather most felt this was something that could be overcome. Several quoted experiences of having found solutions in other tight city centres through e.g. shared parking with complementary users and negotiating space in public car parks.

Whilst there remains this extremely strong level of interest in Oxford, a number of developers and operators indicated that they were not spending any focused time and effort on the city and routing out opportunities because they were so well aware of the difficulties in securing something here. A lot of hotel development is opportunistic, and so their attention tends to get diverted to other strong locations where they can make something happen – and often where local authorities and regeneration agencies are aiding this process.

7.5 Site Assessments

Over 20 sites have been assessed during the course of this study, with a view to identifying their potential for hotel use and their suitability in terms of hotel developer requirements. More detail on each of these locations can be found in the table at Appendix 8.

In overview, we offer the following comments:

- Only three of the sites on the list feature in the current Oxford Local Plan as being suitable for hotels as part of mixed use developments; the remainder are the result of brainstorming with consultees, feedback from developers and our own observations whilst in the destination. Only one site. on the outskirts of the city, currently has planning permission for hotel use (the Grenoble Road site, with permission for an 87-bedroom hotel).

- There is little that is actually on offer to developers in the immediate future – sites in the West End Area are unlikely to move forward before the Action Plan is in place (later in 2008) and some could involve medium to longer term delivery.

- The fact that many of the sites are likely to be part of mixed use schemes or otherwise tied in with a wider development programme is one reason for this, but it also makes them more complicated to deliver.

- However, it might also present an opportunity to 'enable' hotel development by developing schemes that include higher value uses.

- Sites that are in the ownership/control of the Local Authority or other public body will often be favoured by hotel operators, and offer a greater opportunity for the stakeholders to influence the development and the deal.

- Some of the sites we have looked at could be developed for alternative uses, in part or in full, either residential or commercial, for which the city also has identified needs. This however could result in the potential hotel use being squeezed out on value if left to market forces, or without some form of intervention, planning or otherwise.

- Parking is a recognised issue in the city centre - the potential to create some limited on-site space and make arrangements with nearby car parks will need to be thought through as sites are worked up and end users more clearly defined.

The strongest sites are those that can meet as many of these 'win' criteria identified by developers and operators as possible, being:

- In Council/public sector ownership;
- In the city centre or, if out of town, on a main routeway or adjacent to a key demand driver such as a business park;
- Affordable in terms of alternative use value – particularly residential – or have the opportunity to benefit from associated development value;
- Be available freehold or on long leasehold;
- Have fit with market potential;
- Have on-site parking or access to parking nearby;
- Able to come forward in the short to medium term.

7.6 Summary of Key Points

Our research has clearly shown:

- Strong demand and growth potential in the market;
- Even stronger levels of interest from hotel developers, operators and investors;
- A real shortage of sites, with only 3 sites identified in the city centre in the current Local Plan and one on the outskirts of the city with planning permission for a hotel;
- A danger that identified sites could get squeezed out on value by competing uses and hotel use not be delivered;
- A preference by developers for city centre sites but a willingness to develop out-of-town also;
- A demand from part of the business market for out-of-town hotels that has the potential to cause an increase in traffic movement and congestion if served by city centre hotels;
- A potential need for up to 1,400 new rooms to 2026 and up to 15 hotel and short stay accommodation development sites.

In the next section of the report we look at the key conclusions and the issues these raise in more detail.

8. THE FUTURE STRATEGY FOR HOTEL & SHORT STAY ACCOMMODATION DEVELOPMENT IN OXFORD – KEY ISSUES

8.1. Key Conclusions & Considerations

Our research shows strong market potential and developer interest for significant new hotel and short stay accommodation development in Oxford, of all types and standards, in both the city centre and on the outskirts of the city. Key considerations for the future strategy for hotel and short stay accommodation development in Oxford then are as follows:

- How much, and what type of, new hotel and short stay accommodation does Oxford really need to support the economic development and tourism strategies for the city?
- How much new hotel and short stay accommodation development can the city centre support bearing in mind the traffic and parking demand that new accommodation will generate?
- What should be the balance between hotel development in the city centre and on the outskirts of the city?
- How far can sites be realistically brought forward for new hotel and short stay accommodation development, bearing in mind the demand for competing, higher value land uses in the city?
- What are the future implications of new hotel development on the demand for guest accommodation in the city?

We discuss each of these issues below and present three possible scenarios for hotel and short stay accommodation development that could be considered for the city centre.

8.2. The Need For New Hotels & Short Stay Accommodation

8.2.1. Overview

The number of new rooms required by Oxford in the period to 2026 will vary according to the vision that the Council wishes to see delivered and the strategy adopted to achieve this.

The forecasts that we have prepared show how demand could grow in low, medium and high growth rate scenarios. The City Council will need to decide which of these scenarios best meets its view of the destination in 2026, both in terms of quantity (the volume of growth and number of rooms) and quality (the type of accommodation offer required – upmarket hotels to attract high value markets, or a diverse choice of accommodation to attract a broader range of markets).

The difference between 'need' and 'potential' is worth identifying here. Our research shows clear potential for significant new hotel and short stay accommodation development in Oxford (both in terms of market potential and developer interest). Not all of this potential may necessarily need to be realised, however, for the City Council to achieve its economic and tourism strategies for the city.

8.2.2. City Centre

Our research suggests a need for some new hotel and short stay accommodation development in Oxford city centre in order to:

- Service the anticipated growth in corporate demand from city centre companies and organisations, and the University:
- Meet the expected growth in demand from the contractors market;
- Develop staying leisure tourist business from overseas and the UK.

Our growth projections suggest a need for only modest new hotel development to meet the anticipated growth in the city centre corporate market.

The amount and type of hotel and short stay accommodation development required in the city centre to develop the leisure tourism market will depend on the level of growth required by the City Council's Tourism Strategy and the visitor markets that the City Council wishes to attract to the city in the future. Our research suggests strong latent leisure tourist demand for all types of hotel and short stay accommodation in the city centre. If the City Council wishes to attract all of these markets, a range of different types and standards of new hotel and short stay accommodation will be needed from 4 star and boutique hotels to budget hotels, hostels and serviced apartments. If, however, the strategy is to focus on higher value markets, the priority will be more for boutique and 4 star hotels and possibly serviced apartments: budget hotels and hostels would not be a priority in this case.

If the proposed conference centre goes ahead the need for additional hotel development in the city centre will be much greater: a large (150-200 bedroom) 4 star will be needed on the conference centre site, together with at least one or two 3 star, upper-tier budget or budget hotels within walking distance.

New budget hotel accommodation is likely to be needed in the city centre to service the growth in the contractors market anticipated in view of the significant level of construction work that is planned in the centre of the city.

8.2.3. Out of City Centre/City Outskirts

Our growth projections show significant potential for new hotel development on the outskirts of Oxford, particularly 4 star and budget/ upper-tier budget hotels, and potentially also a 3 star hotel. This potential relates as much to servicing the needs of companies in other areas, most notably Abingdon and Milton Park, as it does to meeting the accommodation requirements of Oxford companies. Should hotel development take place in these areas surrounding the Oxford catchment, they could cater for some of the forecast increase in demand identified here. However, undoubtedly there will still be a need for new hotels on the outskirts of Oxford to service the growth in corporate demand from new companies attracted to the Oxford Business and Science Parks and the increased demand from BMW as it expands.

The identified potential for new budget hotels could equally be met through city centre budget hotel development projects, rather than new budget hotels on the outskirts of the city. Budget hotel operators that we spoke to indicated a preference for being in the city centre.

8.3. Traffic & Parking Issues

New hotels in the city centre will, we suggest, generate additional car traffic and demand for parking. This is an important consideration in determining the level of new hotel development that should be permitted in the city centre; the amount of parking to be allowed as part of new hotel development; the location of new hotels in relation to public car parks and the train and bus stations; and the amount of future public car parking proposed for the city centre.

Our research suggests that although parking constraints will not put hotel developers off developing in the city centre, adequate parking provision in new hotels would undoubtedly significantly improve guest satisfaction. Their lack of parking was cited as a major source of guest dissatisfaction by existing hotels, which sometimes lose business because of this issue.

The siting of new hotels adjacent, or very close, to 24-hour secure public car parks would be the alternative strategy to pursue. Locations close to the train and bus stations should also be a priority to encourage as many guests as possible to arrive by public transport.

8.4. The Balance Between City Centre & Out Of City Centre Development

Current planning policy directs new hotel development to city centres. The sequential test dictates that central sites must be considered first and that it must be demonstrated that these are not suitable (or available) before out of town sites can be approved. Although from a planning point of view the District Centres could provide acceptable locations for hotel development, there was no apparent interest from hotel developers in locating here.

A focus on the city centre however raises a number of issues relating to the market and impacts that will need to be addressed in agreeing a forward strategy.

Firstly, our research has shown that there are distinct city centre and out-of-city-centre markets for hotel accommodation in Oxford, and a need for additional hotel provision in both locations. Indeed, based upon existing patterns of demand, our research suggests a greater need for additional hotel accommodation on the outskirts of the city than in the city centre, in terms of meeting the anticipated growth in the corporate market. It is not possible to predict what proportion of this demand would be prepared to use city centre hotels if suitable supply was in place here.

Secondly, there are clearly major issues of traffic congestion and parking in Oxford city centre that new city centre hotels might potentially exacerbate. There may therefore be a need to complement increased provision in the city centre with sites on the outskirts of the city. If suitable locations could be found close to Park & Ride sites, this would reduce the need for hotel guests to travel into the city centre by car. The Northern Gateway Action Plan Area adjacent to the Peartree Park & Ride site presents an obvious opportunity in this respect. Elsewhere outside the city centre, the urban extension to the south of the city proposed in the Regional Spatial Strategy, could also offer potential in the longer term, and there may also be scope for the redevelopment of existing sites along the main arterial roads into the city.

Finally, the limited number of sites potentially available in the city centre for new hotels, and the competition for these sites from other, higher value uses, suggests that accommodating all of the required hotel development in the city centre is likely to present a significant challenge. Sites on the outskirts of the city will thus also need to be considered.

8.5. Site Availability

From our research it is evident that there are few designated hotel sites either in the city centre or out of city centre/on the city outskirts, and significant competition for other potential sites from other, often higher value uses. There is a danger, therefore, that the new hotel development that Oxford needs to support economic and tourism growth in the city will not happen unless the City Council is able to intervene in some way.

The City Council will need to think through how this can be achieved, particularly given a potential requirement for up to 15 sites. This is clearly more straightforward for sites that the City Council owns, that could be allocated specifically for hotel use. On other sites the City Council may be able to encourage hotel and short stay accommodation through negotiation with site owners and/or allowing permission for other high value uses on sites that can cross-subsidise the development cost for hotels and short stay accommodation. This is likely to be a particular requirement in the case of budget hotels and hostels (if the City Council wishes to see such forms of accommodation develop in the city centre), which are unable to afford high land prices.

8.6. City Centre Hotel Development Scenarios

The following three scenarios for City centre hotel and short stay accommodation development are suggested for consideration by the City Council:

Scenario 1: Incremental Expansion

- The development of further small to medium-sized boutique hotels, through the conversion of existing properties;
- The expansion of existing 3 star hotels (both the Eastgate and Linton Lodge indicated a desire to expand);
- The development of a new serviced apartment complex (30-40 units).

This scenario is likely to meet the requirements for additional accommodation from the City centre corporate and University market, but would only go some way to meeting the potential for growth in leisure tourism. It would not meet the requirements of the contractors market or the latent demand for City centre budget hotel accommodation. It is likely to have a minimal impact in terms of traffic congestion and parking.

Scenario 2: More Significant Development

- The development of further small to medium-sized boutique hotels, through the conversion of existing properties;
- The expansion of existing 3 star hotels;
- A new-build boutique/ 4 star hotel (100-150 bedrooms);
- A budget hotel (100-150 bedrooms):
- The development of a new serviced apartment complex (50-100 units);
- A new hostel (50-100 rooms).

This scenario would more than meet the requirements of the city centre corporate and University market, and would enable more significant growth in leisure tourism. It would also start to meet the anticipated growth in contractor demand in the city centre and some of the demand for budget hotel accommodation. It is likely to have a more significant impact in terms of traffic generation and parking demand.

Scenario 3: Significant Development (+ Conference Centre)

- The development of further small to medium-sized boutique hotels, through the conversion of existing properties;
- The expansion of existing 3 star hotels;
- A large 4 star hotel (150-200 bedrooms) adjacent to the conference centre;
- A new 3 star or upper-tier budget hotel (100-150 bedrooms) within walking distance of the conference centre;
- 1/2 budget hotels (100 bedrooms each):
- The development of 1/2 new serviced apartment complexes (30-100 units);
- 1/2 new hostels (50-100 rooms).

This scenario would be needed to support the conference centre: the development of the conference centre will necessitate a significant increase in city centre hotel development if it is to compete effectively in the national and international association and corporate conference markets. It would exceed the requirements of the city centre corporate and University market. New hotels are likely to need to pull in corporate business from companies on the outskirts of the city to achieve good weekday occupancies. The scenario would result in a significant growth in leisure tourism and would meet the anticipated growth in demand from the contractors market and the potential for budget hotel accommodation in the city centre. It would also extend the choice of accommodation in the city centre through the provision of new serviced apartments and hostel accommodation. It is likely to have a significant impact in terms of traffic generation and demand for parking.

8.7. The Impact Of City Centre Budget Hotels On Future Demand For Guest Accommodation

The final issue that we would suggest needs to be considered is the impact that new city centre budget hotels, in particular, will have on the demand for guest accommodation in the city. Our research shows that many guesthouses in the city, particularly those on Iffley Road and Abingdon Road where the market appears weaker, are now trading at the margins of viability. New budget hotels in the city centre would almost certainly take much of their business; as such guesthouses would be unable to compete on quality, price or location. It is likely, therefore, that many of these guesthouses will want to exit the market in this case. This suggests a need to review the policy on change of use for guesthouses, to consider allowing these businesses to exit the market fairly quickly if, as we suspect will happen, new city centre budget hotels take their business away from them.

9. THE POLICY CONTEXT

9.1. The Big Picture

Clearly it is important that the hotel infrastructure of Oxford helps to support and grow the tourism industry and the wider economy, and help deliver the strategic economic and tourism objectives for 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.

9.1.1. National Planning Guidance

National guidance for tourism development was contained in PPG21until 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 7. 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.

9.1.2. 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.

9.1.3. 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.*

9.1.4. 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. Oxford is identified as a 'diamond for growth' and a catalyst for stimulating prosperity, with a key role also in developing the Oxford-Cambridge Arc as a leading centre of the knowledge economy.

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. Oxford's designation as a Growth Point under the Government's New Growth Point Initiative means that it will be playing its part in delivering new homes for the South East, over 5500 by 2016. 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 and other short stay accommodation needs.

9.2. Local Policy and Development Priorities

9.2.1. Oxford Local Plan

The **current policies** relating to hotel development and change of use are contained in section 13 (Tourism and the Arts) of the Adopted Oxford Local Plan 2001-2016, November 2005. The strategy:

- Recognises the importance of tourism in generating trade and jobs;
- Seeks to promote long-term sustainable growth in tourism;
- Encourages longer stays as a more efficient use of infrastructure;
- Recognises the need for more hotel accommodation provision and seeks to improve the range and diversity of the accommodation offer.

Four sites are identified as being acceptable for hotel development as part of mixed-use redevelopment:

- Part of Oxford Castle site (now developed by Malmaison)
- Part of land at Worcester St car park
- Part of land at Oxpens
- Part of land at Oxford Railway Station

Additional sites are to be considered against need and in accordance with the sequential test.

The key policy relating to tourist accommodation is policy TA4. The policy aims to support the provision of additional accommodation as well as to retain the existing stock of guesthouses in a range of locations on identified roads into Oxford and within the city centre, subject to certain criteria.

POLICY TA 4 – TOURIST ACCOMMODATION

Planning permission will be granted for development that maintains, strengthens and diversifies the range of short-stay accommodation subject to the following criteria:

a. It is located on the following roads into Oxford: Abingdon Rd, Banbury Rd, Botley Rd, Cherwell Drive/Marston Ferry Rd, Cowley Rd/Oxford Rd, Church Cowley Rd, Headley Way, Henley Avenue, Hollow Way, Iffley Rd, London Rd, Marston Rd, Old Rd, Rose Hill, The Slade, Windmill Rd, Woodstock Rd; or in the city centre;
b. It is acceptable in terms of access, parking, highway safety, traffic generation, pedestrian and cycle movements;
c. Part of the existing dwelling is retained for residential use;
d. It will not result in an unacceptable level of noise and disturbance to nearby residents.

Planning permission will only be granted for the change of use of short-stay accommodation when either of the following criteria are met:

e. No other occupier can be found following a realistic effort to market the premises for the existing use; or
f. Evidence of non-viability is submitted.

On a general level, these policies are felt to be largely workable, but there are one or two areas where difficulties have been encountered:

- In relation to new development, the chief problem would seem to be that there are not enough sites and that those identified as suitable for hotel development are only coming forward very slowly. There are no formal allocations solely for hotel use, meaning that hotels have to compete with other uses or within a mixed-use scheme.

- There are also two big questions relating to the location of future hotel development, and transport methods used by hotel guests:

    - New hotels in the city centre, for which there is clear market potential, will undoubtedly bring more cars into the city, generating a greater need for parking and contributing to congestion; how can this be dealt with in a sustainable way?

  - Some new provision on the outskirts of the city, close to business generators and well-located in relation to main arterial routes and public transport access into the city, would prevent some of hotel-related traffic going into the city centre; is there a role for this as part of a package of measures to support a sustainable vision for the sector and the destination?

- In relation to extensions, TA4 does support the extension of existing hotels and guest houses. There are some existing hotels that would like to extend, but anticipate planning difficulties due to their location i.e. not being in a priority area as identified in TA4, or a matter of scale/impact on neighbours.

- In relation to change of use, a number of guesthouse operators have exited the market since the previous Oxford Guest House and Small Hotel Study[1], and it seems likely that this pressure will continue. The Inspector's report on Objections to the Draft Local Plan weakened the process recommended in the study for dealing with change of use applications – a 2 stage process requiring marketing as a going concern followed by demonstration of non-viability. This is now an either/or criterion. In addition, the practicalities of implementing this policy in terms of the time and resources required to understand and challenge viability evidence has been difficult from the Council's point of view.

- There are also one or two 'grey areas' relating to planning policy for hotels and short stay accommodation offers, particularly as new products emerge:

  - Serviced apartments and aparthotels are an emerging offer that is expanding from London and major cities to other locations across the UK. There seems to be an anomaly as to whether these units are treated as short stay, i.e. temporary, accommodation or permanent residential provision. There are implications to this for new serviced apartment development if this type of accommodation is to be viewed as residential, namely the requirement to deliver 50% affordable housing for residential development above the 9 units. The trigger for the affordable housing requirement seems to be whether the units are self-contained. This requires further exploration and explanation in relation to serviced apartments.

[1] Oxford Guest House and Small Hotel Sector Study – Tourism Solutions/ ACK Tourism – June 2004

- Hostels are not currently identified in the Local Plan policies as a form of short stay accommodation. Within the Use Classes Order, hostels are specified as a Sui Generis use – they are not categorised as a C1 use i.e. hotels, boarding and guest houses. Yet the new breed of hostels emerging, such as Euro Hostels, present an offer that is more akin to a 'super budget' hotel and this can cause operators a challenge in terms of licensing, for which they need a full hotel license. In terms of location they would usually want to be centrally located, and in reasonable walking distance of railway and bus stations as well as public car parking. They would not be so well suited to arterial roads and residential areas where other forms of serviced accommodation are encouraged under current policies. The tourism section of the Local Plan recognises the important contribution that tourism makes to the economy. However tourism uses are not considered to be 'employment generating' uses suitable for the limited supply of employment land in Oxford. This definition of 'employment generating' use is defined in the adopted Local Plan and reflects Government advice set out in the Employment Land Review Guidance Note.

9.2.2. West End Area Action Plan

The West End Area Action Plan covers the southwest corner of the city centre. It is recognised as under-utilised and in need of improvement to match Oxford's worldwide reputation. It provides an opportunity for change on a significant scale and the potential to bring significant regeneration benefits. The development of Oxford Castle, including the Malmaison boutique hotel, has been the first step in this renaissance. The proposals seek to create a vibrant mix of new homes, retail and employment uses, community facilities and cultural attractions for both residents and visitors, as well as improvements to access, movement and environmental quality.

The WEAAP includes a section on hotel accommodation that:

- Recognises the recent increase in supply of hotel rooms in the city centre with the Malmaison opening;
- Identifies a lack of hotel accommodation for business visitors in the city centre, particularly a large branded hotel;
- Identifies a shortage of mid-range hotel accommodation in the city centre.

All three of the sites identified as having hotel potential in the Local Plan are located in the West End Area as are many other sites reviewed as part of this study (Appendix 8). The Oxpens site has the most specific thinking currently in terms of the type of development that might be sought here – a 4 star+ hotel of 150 rooms with conference centre, concert hall, civic offices, public square, student accommodation and residential.

The West End Area Action Plan was submitted to the Secretary of State on the 15th June 2007. The date for its likely adoption is September 2008. Its preparation is ahead of the Core Strategy/LDF preparation.

The findings of this study have a number of implications that need to be considered in the West End Area Action Plan in terms of:

- The need and scope to identify and possibly allocate a greater number of development sites in the West End Area for hotels, serviced apartments and hostels, potentially up to 11 sites to meet all of the identified market potential for new provision;
- The need to recognise that the development of the proposed conference centre will create a demand for additional 3 star and budget/ upper-tier budget hotels within close proximity to it, in addition to the envisaged 4 star hotel on the site;
- The need to consider the potential traffic and parking implications of new hotel development in the West End area, and the impact of the proposed conference centre in these respects.

9.3. Hotel Sector Planning Policy Guidance

Tourism South East has worked with Hotel Solutions and partner local authorities in the region - including Oxford – on a number of accommodation studies over the past 5 years. These studies have resulted in a series of best practice planning guidance documents being produced which are intended to aid Local Authority Planning, Tourism and Economic Development Units in shaping future policy and action with regard to the accommodation sector. Here we provide a summary of each and reference the source material that can be accessed via the Tourism South East website.

9.3.1. 'Here To Stay' – Tourist Accommodation Retention and Loss (October 2006, Tourism South East)

This document looks at the case for retaining tourist accommodation and various approaches to accommodation retention policy across a range of destinations. It then identifies key issues and guiding principles relating to retention policy and sets out an evaluation tool that can be used by Local Authorities and adapted as required to local circumstances.

With more and more cases going to appeal, particularly where a residential permission is likely to deliver a hotel owner a significantly higher return than the sale of the property as a going concern, many Local Authorities have recognised the need to tighten up their policies and procedures.

Whilst Oxford City's Planner's have made a direct input to this work, some of the outputs of which formed part of the recommendations in the Oxford Guest house and Small Hotel Sector Study, for completeness and up-date we summarise the approach outlined below.

The guidance identifies a number of key retention policy planning principles that should guide policy preparation in this area. Policies should be:

- **Well-defined and transparent –** clearly spelled out in terms of the rationale behind the policy and how it will be implemented.

- **Consistently applied –** out of fairness to applicants but also so that Officers, Members, Inspectors and applicants/their advisors cannot challenge the Council in its approach.

- **Objective** – criteria/evidence-based **– c**riteria-based policies seem to be the way forward, and provide a set of requirements that the applicant must respond to and provide evidence against.

- **Economically realistic –** viability is at the core of many of the change of use arguments requiring an understanding by the Council and Inspectors of the economics of hotel operation.

- **Reasonable** – in terms of knowing when to let establishments go, both in terms of the individual circumstances surrounding a property and the contribution it is making to the bigger picture.

- **Related to prioritised needs of the destination –** in terms of identified core areas where it is desirable that accommodation is retained.

- **Linked to tourism strategy** – to support identified market priorities and priorities for the location of development/investment.

- **Flexible** – responsive to changes in the market, the economy and the destination (albeit that timeframes may require determination).

- **Market-led -** which requires the monitoring of market and performance trends.

- **Should not perpetuate accommodation for which there is no market –** again requiring an understanding of market needs and the required product response.

- Based on **consultation with the local tourism/hotel industry**.

Application of these principles requires a local authority to:

- Think through how the implementation of policies will impact on the destination;

- Set out clearly the criteria and evidence to be presented by any change of use applicant;

- Have the support tools and data to be able to debate and indeed where required counter the argument being put forward by the applicant with the benefit of commercial assessments and advice.

The starting point for developing the policy approach and system for evaluation should be a clear vision for the destination and the role the accommodation sector plays in this. What are the accommodation needs of different markets and where should this be located? What mixture of new development, retained stock and managed loss will best achieve this? This needs to be based upon sound market evidence and not unrealistic aspirations.

In relation to retention, the evaluation tool set out in the guidance identifies:

- **the criteria against which applications should be assessed**, principally:
    - proof of marketing for sale;
    - evidence of business performance;
    - evidence of professional management;
    - evidence of attempts to save the business.

- **the type of evidence sought from applicants** to demonstrate that they meet these criteria – or otherwise, including:
    - Independent valuation;
    - Sale marketing materials and responses ;
    - Accounts;
    - Occupancy and Achieved Room Rate data;
    - Business Plans;
    - Marketing Plan, schedule and brochures;
    - Investment schedule and plans;
    - Details of plans to up-grade/re-position with full costings.

- **the response required from the Local Authority, including sources of information and expertise**, which could include:
    - Tourism Strategy inputs/consultation with Tourism Team;
    - Independent property valuations/local agent inputs on hotel sales;
    - Monitor of supply, loss and development;
    - Monitor of demand across the destination and by area;
    - Assessment of hotel standards and fit for purpose;
    - Benchmark data on business performance by size and type;
    - Accountancy inputs on viability of current and potential schemes;
    - Surveyor inputs on required investment costs.

Clearly Oxford City Council has gone some way to adopting this approach as a result of the 2004 study, but there remains room for improvement and further development of the policy approach.

9.3.2. Attracting Hotel Investment (Tourism South East, 2004)

Tourism South East has also issued planning guidance to Local Authorities on attracting Hotel Investment. The guidance identified four cornerstones of good practice in attracting hotel investment:

- Effective communication;
- Positive planning;
- Pro-active inward investment;
- Market-focused monitoring.

The key recommendations from this as appropriate to the potential identified in Oxford have been built into the 'Moving Forward' section of this report.

9.4. Future Policy Direction

9.4.1. New Hotel Development

Future policies relating to new hotel development need to continue to encourage this but also to create a more enabling framework for this to happen.

Our projections of potential future demand for hotels have shown how the market for each type and standard of accommodation could grow. The City Council now needs to refine:

- its strategic approach, to decide on the scale of growth that can be supported, bearing in mind the potential impact in terms of traffic and parking, site availability and the City Council's ability to influence development, and:
- its tourism strategy to decide what its qualitative priorities are from the mix of potential accommodation offers that the city can attract.

The policy framework will then need to be shaped accordingly.

In terms of location of development, the city centre remains the developer's preferred location which national planning policy would support. The research showed no evidence of demand for hotel development in the District Centres, but interest was also expressed in development out of centre/on the outskirts of the city relating to key routes and generators of demand in destination hubs. Further work needs to be conducted by the City Council to identify how feasible it is to deliver the required volume of growth in the city centre, in terms of the number of sites required and the impact of this development on traffic and parking. For a variety of reasons we think it likely that hotel development will also need to take place out of centre and on the outskirts of the city, The policy framework will need to reflect this. Land at Peartree adjacent to the Park & Ride, which is part of the 'Northern Gateway' Action Plan Area, offers clear potential, and the urban extension (to the south of the city) proposed in the Panel Report for the Regional Spatial Strategy may be a possible longer term location for hotel development. There may also be scope for the redevelopment of existing sites along the main arterial routes into the city.

The three sites currently identified in the Local Plan for hotel development as part of mixed-use schemes will clearly not meet the forecast levels of demand. The identification of additional deliverable sites will therefore be a priority. The Oxpens site presents a unique opportunity to deliver a large internationally branded 4 star hotel should the conference centre route be the City Council's preferred development approach. Additional 3 star and budget/upper-tier budget hotels will also be needed in close proximity.

The City Council will also need to consider how it can best ensure that hotels on these sites are delivered. Ultimately this may require allocation solely for hotel use, to avoid hotels being squeezed out of mixed-use schemes on value. The opportunity to enable the hotel element of the scheme through negotiation of planning for associated higher value uses should be used where possible to help deliver the hotel element.

Policies relating to new development also need to recognise the potential for new forms of accommodation development in the city centre, particularly serviced apartments and hostels. There needs to be further consideration of any specific planning issues relating to these forms of accommodation and their location, and definitions and associated requirements need to be fully explained. From the research we have undertaken it would appear that the 50% affordable housing rule is potentially holding back investment in the serviced apartment sector. We would recommend that the relevance of this clause to establishments that are demonstrably in tourism use should be reviewed.

We recommend that the hotel development industry should be consulted as part of the plan-making process. Often local authorities consult their local hotel industry, but fail to take on board the views of those who are not yet in the destination but would like to develop here. The consultation provides an opportunity to get direct input from these specialists on issues of concern relating to location, sites, parking and associated development needs.

9.4.2. Retention of Existing Accommodation

Oxford has lost a small amount of guesthouse accommodation in the past 3 years, but in spite of this supply at an overall level has increased. The strong levels of interest from hotel operators indicates that new supply will continue to come on stream if the constraints on development – and particularly the availability of sites - can be overcome.

The city needs to ensure that it has both the quantity and type of accommodation it requires to service its business and leisure markets, and these need to be tailored to the City Council's strategic vision and tourism strategy. Within this a decision needs to be made about the role of small hotels, guesthouses and B&Bs in delivering this vision. They are likely to be put under increasing pressure by the development of new branded hotels, particularly budget offers in the City centre, with the weaker elements of the supply being hit the hardest. In these circumstances it seems a little unfair to resist all loss – particularly if supply at an overall level is growing – and logical to permit some exit where an exceptional case can be proved.

Current policies will permit this to happen, with a failure to sell on marketing or the presentation of a non-viability case being a reflection of these market conditions. A more flexible approach may be appropriate should city centre budget supply increase significantly. It will be important to continually monitor losses and gains to understand what is happening to supply at an overall level.

It is early days yet in terms of implementing the retention policy procedures recommended in the 2004 study. This approach is being actively promoted by Tourism South East, and many other local authorities are facing the same difficulties of understanding viability arguments and having the data to adequately challenge them. A better support structure would seem to be required. We have come across examples of this in other destinations. Tourism South East is planning to hold a series of seminars to share this best practice and help local authorities put these support structures in place.

10. MOVING FORWARD

Oxford is in an enviable position – a strong hotel market with significant potential for growth, and a queue of hotel developers, operators and investors eager to get representation in the city.

Going forward, there are a number of next steps actions that the City Council will need to start putting in place:

- **An Agreed Strategic Vision and Tourism Strategy**

  This study has quantified the potential for new hotel and short stay accommodation by type, under various scenarios. In moving forward the City Council has some key decisions to make to define its strategic vision for the city's accommodation sector and determine the scale and type of accommodation development needed to help achieve the new Tourism Strategy for the city as it develops. This means clarifying what a strategy of 'managed economic growth' means for the tourism sector and setting out in the new Tourism Strategy the target markets and their accommodation requirements. This should then shape the future hotel and short stay accommodation strategy for the city.

- **Measuring Impacts**

  In defining its strategy, the City Council has to come to a clearer view about what can be realised without compromising the heritage and environmental integrity of the City centre to ensure a sustainable approach to future development.

  This means being much better informed about the impacts of key developments – including hotel schemes and the proposed conference centre – particularly on traffic movements and requirements for parking. A full feasibility study for the Oxpens conference centre and hotel including impact analysis would be a good starting point, particularly as within the West End Area this could be one of the earlier sites to come forward.

- **Tackling the Sites Issue**

From a planning perspective there is a clear preference to direct hotel development to the city centre, and hotel companies are keen to be here. However, the shortage of sites is a critical constraint on development. Even if the impact issues of traffic and parking can be overcome, if the number of sites required for hotel development cannot be delivered, a strategy based on city centre hotel development alone is going to be unrealistic. The study findings also show specific requirements for new hotel development on the outskirts of the city to service the growth in demand from the corporate market here and the potential for growth in the residential conference market. Given the constraints on the availability and deliverability of sites in the city centre, the lack of opportunities in developing in the District Centres, and the distinct demand from hotel customers, there would seem to be a rationale for permitting some development out of city centre/on the city outskirts even given the requirements of the sequential test.

As part of the research for this study, the consultants have provided an initial evaluation of around 20 sites that came out of an initial brainstorming exercise with City Council Development Team. The majority of these offered potential for hotel use from the developer/operator perspective in terms of location. The next stage is to take a much more serious look at these and other potential sites to understand how realistic their delivery could be, and any obstacles to bringing them forward. It will be important to work with site owners on this exercise as well as to be mindful of the issue of value and how to ensure delivery of a hotel in the face of competition for sites from higher value uses.

- **Working with Hotel Developers**

If the City Council is to seriously tackle the barriers to hotel investment identified by hotel companies, it will be important to establish a dialogue with the sector. There is a wealth of expertise here that can be drawn upon, to provide a practical input on sites for example, or an operational view on traffic and parking impacts, as well as ideas as to how obstacles have been overcome and site potential maximised in other cities. Hotel developers and operators are willing to give their time to visit the city and talk these issues through on a no obligation basis, but there are benefits also to the City Council in getting to better understand the industry and in terms of potential future working relationships, the characters behind it.

- **An Enabling Planning Framework**

  Consultation with hotel developers and operators should also extend to the plan-making process, providing them with an opportunity to make an input to the future framework for development. This will help to ensure that the LDF and Area Action Plans reflect commercial realities and are deliverable. From this perspective, the opportunity for the planning system to help enable hotel schemes through site allocation, Development Briefs and associated development to help cross-subsidise the hotel need to be actively pursued in the City Council's forward strategy.

  The 'Future Policy Direction' section of this report makes more detailed recommendations about policy content.

- **Keeping a Finger on the Pulse**

  On-going monitoring of both demand and supply in the hotel and short stay accommodation sector will also be an important strand of the forward strategy. Understanding the big picture is critical to being able to make informed decisions about policy and its application at a micro-level. With a plan period of some 20 years, the hotel sector and the tourism industry are bound to see many changes and trends that the industry and the destination will need to respond to in order to remain competitive and which could have implications for a number of area's of the City Council's work.

It is impossible to predict what the future will bring, but it is clear that there are lots of extremely positive messages coming out of this study. The preparation of the LDF including the West End Area Action Plan present a great opportunity for the City Council to steer and support the development of the hotel and short stay accommodation sector to the benefit of the city as a whole. Whilst some further work is needed to decide how to maximise the potential and minimise any negative impacts, the buoyancy of the hotel sector and keen commitment of hotel and other accommodation operators and developers to be part of Oxford's future represent a real opportunity for the sector to make a positive contribution to the development of this world class city.

APPENDICES

APPENDIX 1

DEVELOPMENT ACTIVITY BY THE MAJOR UK HOTEL BRANDS

UK HOTEL DEVELOPMENT ACTIVITY

HOTEL COMPANY	HOTEL OPENINGS					
	2003	**2004**	**2005**	**2006**	**2007**	**2008**
ABODE (Boutique)			Glasgow Exeter	Canterbury Devon		Chester
ALIAS (Boutique)	Manchester Brighton					
APEX (Boutique)	Dundee		London			London Edinburgh
ASTON (3 star)				Dumfries	Sheffield	Neath
BANNATYNE (3 star)					Durham	
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	London-City
COLUMBUS (5 Star)					Brooklands, Surrey	
COURTYARD BY MARRIOTT (3 Star)						Gatwick

HOTEL COMPANY	2003	2004	2005	2006	2007	2008
CROWNE PLAZA (4 Star)	Marlow					Manchester
DAKOTA (Boutique Budget)		Nottingham		Glasgow	Edinburgh Farnborough	
DAYS HOTELS (Upper-Tier Budget)		Birmingham Manchester	Derby Luton			
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		Luton	
ETAP (Budget)				Birmingham	Glasgow Leeds Southampton Sheffield Cardiff Bradford	
EURO HOSTELS (Hostels)					Newcastle	

HOTEL COMPANY	2003	2004	2005	2006	2007	2008
EXPRESS BY HOLIDAY INN (Upper-Tier Budget)	Chester Portsmouth Nottingham Northampton London x2 Droitwich Swindon	Preston Bedford Edinburgh Newport Hemel Hempstead Croydon Stevenage	London Finchley Stansted Warrington Newcastle	Leicester Cardiff Airport London Earls Court London Swiss Cottage Leeds Doncaster Dunfermline Liverpool Airport Newport Norwich Stevenage Preston	Redditch Slough Walsall Witney Lakes London Golders Green London Newbury Park Hull	
FINESSE (Boutique)					Derby	
FOUR PILLARS (4 Star)					Cotswold Water Park	
FOUR SEASONS (5 Star)			Basingstoke			
FUTURE INNS (3 Star)		Cardiff		Plymouth		Bristol
GLOBETROTTER INNS (Hostel)	Edinburgh London					
HILTON (4 Star)		Newcastle		Manchester London Canary Wharf London Tower Bridge		Reading Liverpool Wembley Chester
HOLIDAY INN (3 Star)		Bristol Airport	London Brentford	Aberdeen Manchester	Norwich	Chessington
HOTEL DU VIN (Boutique)	Harrogate	Henley-on-Thames			Cheltenham Glasgow	Newcastle Edinburgh

HOTEL COMPANY	2003	2004	2005	2006	2007	2008
HOXTON URBAN LODGE (Boutique Budget)				London		
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 Derby
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	Aberdeen
MARRIOTT (4 Star)		London Canary Wharf		Leicester		Twickenham
MARSTON (4 Star)			Cambridge	Nottingham		
MENZIES (4 Star)					Leeds	
MILLENNIUM & COPTHORNE (4 Star)						Southampton Sheffield
MILSOMS (Boutique)			Poole			
MYHOTEL (Boutique)					Brighton	

HOTEL COMPANY	2003	2004	2005	2006	2007	2008
NICHE (Boutique)		Newcastle	Cardiff			London
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
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 Swansea Swindon Watford Bradford Gloucester Grantham Harwich	Reading Hemel Hempstead Andover Carrickfergus Petersfield Eastbourne North London- Hammersmith North Shields Frome Tonbridge Norwich	Belfast East Midlands Airport Bracknell East Kilbride Doncaster Wolverhampton Hinckley Stratford-upon- Avon Glasgow Ascot Guildford Burton-upon-Trent Skipton Yeovil Peterborough Thetford Cambridge Glasgow	

HOTEL COMPANY	2003	2004	2005	2006	2007	2008
QUALITY (3 Star)			Manchester			
RADISSON EDWARDIAN (5 Star)	London		Manchester London Syon Park			
RADISSON SAS (4 Star)	Glasgow	Liverpool Stansted Airport		Birmingham	St Helier, Jersey	Bristol Brighton Durham
RAMADA (4 Star)			Crewe	Coventry		Doncaster
RAMADA PLAZA (4 Star)				Wrexham		
RAMADA ENCORE (Upper-tier Budget)		London Swansea		Milton Keynes Bournemouth		Birmingham NEC Belfast
ST CHRISTOPHER'S INNS (Hostel)	Brighton Bath					
SLEEPERZ (Budget)				Cambridge	Manchester Cardiff	Newcastle
SLEEP INN (Budget)	Leeds		Tewkesbury	Derby Shrewsbury	Doncaster	
SMART CITY HOSTELS (Hostels)				Edinburgh		
STAYBRIDGE SUITES (Suite Hotel)				London South Bank Brentford		Newcastle
THE CHAMBERS (Srvcd Aprtments)			Leeds	Leeds		

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 Oxford Dundee Aberdeen Airport Pembroke Dock Ashton-under-Lyne	Ayr Barnstaple Birmingham - Fort Dunlop Birmingham - Maypole Blackpool Bristol Camberley Caterham Cockermouth Croydon Feltham Hatfield Hayle Hereford Holyhead Kendal London Holborn Ludlow Manchester-Trafford Park Peterborough Paignton Romford Sheffield Stansted Stockport Watford	London City London Euston London Southwark Farnborough Margate Luton Glastonbury Swindon Swansea Newport (Isle of Wight) Blackpool Holyhead Cheshunt Redditch Eastbourne Windsor Heathrow Sunbury Walsall	Newcastle

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
VON ESSEN (Country House/ Boutique)						London
YOTEL (Boutique Budget)					Gatwick Heathrow	

Source: Hotel Solutions – UK Hotel Development Monitor

APPENDIX 2

HOTELS, GUESTHOUSES, HOSTELS & SERVICED APARTMENTS INTERVIEWED

APPENDIX 2

HOTELS, GUESTHOUSES, HOSTELS & SERVICED APARTMENTS INTERVIEWED

Hotel	Interviewee	Personal/ Telephone
Hotels		
The Randolph	Michael Grange, General Manager	P
Old Parsonage/ Old Bank	Sue Monk, Accommodation Manager	P
Malmaison	Stephen Woodhouse, General Manager	P
Cotswold Lodge	Walter Fallon, General Manager	P
Oxford Spires Four Pillars	Wendy Procter, General Manager	P
Oxford Thames Four Pillars	Nikki Wilkins, General Manager	P
Holiday Inn	Martin Hird, Sales Manager	P
Paramount Oxford	Jane Bowler, General Manager	P
Linton Lodge	Terry Hazlehurst, General Manager	P
Royal Oxford	Marzena James, General Manager	P
Eastgate	Frank Harvey, General Manager	P
Travelodge	Faye Huggins, Manager	P
Premier Travel Inn	Laura Foster, Manager/ Neil Harris, HQ	T
Express by Holiday Inn	Chris Mason, General Manager	P
Guesthouses/ Small Hotels		
Newton House	Martyn Jelfs	T
Green Gables	Narinder Bhella	T
Lakeside Guest House	Mrs Shirley	T
Homelea	Matthew Alden	T
Milka's Guest House	Petar Gledic	T
Acorn Guest House	Henry Tracy	T
Brenal Guest House	Sue Styles	T
Heather House	Vivian Alexander	T
Brown's Guest House	Mrs McHugh	T
King's Guest House	Sarita Banta	T
Tilbury Lodge	Stefan Wynn-Jones	T
Marlborough House Hotel	Rajinder Pal	P
Cotswold House	Mr Walker	T
Remont	Amir Malik	P
Lonsdale Guest House	Mrs Adams	T
Adams Guest House	John Zheng	T
Red Mullions	Mrs Morris	T
Claddagh Guest House	Bridget Wade	T
Mulberry Guest House	Mr Miljkovic	T
River Hotel	Patricia Jones	T
Victoria House Hotel	Mr Anthony	T
Tower House Hotel	Errol Wilson	T
Hostels		
YHA	Paul Sopwell, Manager	P
Central Backpackers	Marc Schrieber	P
Serviced Apartments/ Self-Catering		
Apartments in Oxford	Roger Watts.	T
Ambassadors	Karim Easterbrook	T

APPENDIX 3

CURRENT SUPPLY OF GUEST ACCOMMODATION

APPENDIX 3

OXFORD – CURRENT SUPPLY OF GUEST ACCOMMODATION – MARCH 2007

Establishment	Location	Post Code	Grading	Rooms	Rooms En-suite	Bedspaces
Acorn House Guest House	Iffley Road	OX4	3 Star	15	8	27
Adams Guest House	Banbury Road	OX2	2 Diamond	7	0	17
All Seasons	Windmill Road	OX3	3 Star	7	5	20
Arden Lodge	Sunderland Avenue	OX2	3 Star	3	3	5
Athena Guest House	Cowley Road	OX4	3 Star	6	6	14
Mrs Baleham	Lincoln Road	OX1	3 Star	1	1	1
Barton Lane	Headington	OX3	3 Diamond	1	0	2
Bath Place Hotel	Bath Place	OX1	4 Diamond	14	14	31
Beaumont Guest House	Abingdon Road	OX1	3 Diamond	4	3	10
Becket House	Becket Street	OX1	2 Star	10	7	21
Bell House	London Road	OX3	4 Diamond	4	2	6
Brenal Guest House	Iffley Road	OX4	3 Diamond	5	4	10
Bronte Guest House	Iffley Road	OX4	3 Star	7	2	15
Brookside House	Headington Road	OX3		2	0	12
Brown’s Guest House	Iffley Road	OX4	4 Star	9	4	14
The Bungalow	Old Marston	OX3	3 Star	3	1	6
Burlington House	Banbury Road	OX2	5 Star	12	12	18

Establishment	Location	Post Code	Grading	Rooms	Rooms En-suite	Bedspaces
Chestnuts	Cumnor Hill	OX2	3 Star	3	1	5
Chestnuts Guest House	Woodstock Road	OX2	5 Diamond	7	7	14
Claddagh Guest House	The Slade	OX3		4	3	6
Cock and Camel	George Street	OX1		8	8	15
Conifer Lodge	Eynsham Road	OX2	3 Star	5	4	13
Conifers Guest House	The Slade	OX3	3 Diamond	8	8	15
Cornerways Guest House	Abingdon Road	OX1	4 Star	2	2	4
Cotswold House	Banbury Road	OX2	4 Star	8	8	20
Dial House	London Road	OX3	3 Star	8	8	19
Eurobar & Hotel	George Street	OX1	3 Diamond	12	8	24
Falcon Private Hotel	Abingdon Road	OX1	3 Star	16	16	37
Five Mile View G/House	Banbury Road	OX2	3 Diamond	6	6	13
Gables Guest House	Cumnor Hill	OX2	4 Diamond	6	6	10
Galaxie Hotel	Banbury Road	OX2	4 Diamond	33	33	70
Green Gables	Abingdon Road	OX1	3 Diamond	11	11	27
Greytiles	Cotswold Road	OX2		1	1	2
Head of the River	Folly Bridge	OX1	4 Star	12	12	24
Heather House	Iffley Road	OX4	3 Star	6	5	15
High Hedges	Cumnor Hill	OX2	4 Diamond	1	1	2
Highfield House	Rosehill	OX4	3 Diamond	8	6	17

Establishment	Location	Post Code	Grading	Rooms	Rooms En-suite	Bedspaces
Highfield West	Cumnor Hill	OX2	3 Star	5	3	10
The Hollybush Inn	Botley Road	OX2		4	0	9
Hollybush Guest House	Banbury Road	OX2	3 Diamond	4	2	6
Homelea Guest House	Abingdon Road	OX1	Applied	7	6	18
Isis Guest House	Iffley Road	OX4	2 Star	39	15	71
Kings Guest House	Iffley Road	OX4	2 Star	6	2	17
Lakeside Guest House	Abingdon Road	OX1	3 Diamond	8	6	25
Little Garden	Iffley Borders	OX4		1	0	2
Lonsdale Guest House	Banbury Road	OX2	3 Star	6	2	11
Marlborough House Hotel	Woodstock Road	OX2	4 Star	18	18	42
Milka's Guest House	Iffley Road	OX4	3 Star	6	6	11
Mulberry Guest House	London Road	OX3	3 Star	7	4	10
Nanford Guest House	Iffley Road	OX4		50	50	100
Newton House	Abingdon Road	OX1	3 Star	13	10	33
Mrs Old	St John's Street	OX1		3	0	6
The Old Black Horse	St Clement's	OX4	3 Diamond	10	10	21
The Orchard House	Iffley Road	OX4		3	2	6
Park House	St Bernard's Road	OX2	3 Star	2	0	3
Parklands Hotel	Banbury Road	OX2	4 Star	15	14	30
Pickwicks Guest House	London Road	OX3	4 Diamond	15	13	30
Pine Castle Hotel	Iffley Road	OX4	3 Star	8	8	18
Poplars	Wootton	OX1		2	0	3
Red Mullions	London Road	OX3	3 Diamond	12	11	34
Remont	Banbury Road	OX2	4 Star	25	25	50
Richmond Hotel	Walton Crescent	OX1		10	10	20

Establishment	Location	Post Code	Grading	Rooms	Rooms En-suite	Bedspaces
The Ridings	Abingdon Road	OX1	3 Diamond	4	3	7
River Hotel	Botley Road	OX2	3 Star	20	18	42
Sportsview Guest House	Abingdon Road	OX1	3 Diamond	20	16	40
St Michael's Guest House	St Michael Street	OX1		6	0	9
Tilbury Lodge	Tilbury Lane	OX2	4 Star	9	9	18
Mrs Tong	St John's Street	OX1		3	0	6
The Tower House	Ship Street	OX1	4 Diamond	7	7	16
Victoria House Hotel	George Street	OX1	4 Diamond	14	14	25
Westgate Hotel	Botley Road	OX2	2 Diamond	12	10	21
Westminster Guest House	Iffley Road	OX4		5	0	14
Whitehouse View	Whitehouse Road	OX1	2 Star	8	2	18
Mrs Williams	Holywell Street	OX1		3	0	8

APPENDIX 4

FORMER GUESTHOUSES GRANTED CHANGE OF USE PERMISSION 2004-2006

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FORMER GUESTHOUSES GRANTED CHANGE OF USE PERMISSION 2004-2006

Establishment Name	Address	No. Rooms	New Use
Ascott House	283 Iffley Road	6	HMO
Melcombe Guest House	227 Iffley Road	8	Flats
	236-238 Cowley Road	20	Flats
	287 Cowley Road	8	Student Accommodation
Ryan’s Guest House	164 Banbury Road	7	Flats

APPENDIX 5

CURRENT SUPPLY OF SERVICED APARTMENTS AND SELF-CATERING ACCOMMODATION

APPENDIX 5

CURRENT SUPPLY OF SERVICED APARTMENTS AND SELF-CATERING ACCOMMODATION – OXFORD-MARCH 2007

Establishment	Location	Grade	No. Units	Details
Serviced Apartments				
Apartments in Oxford	Central	5 Star	34	Serviced apartments – studios, 1.2 and 4 bedrooms
Ambassadors	Central		2	Serviced apartments
Self-Catering				
Executive Short Stay Homes	Central	3 Star	2	Sleep up to 4
Oxford City Apartments	Central		4	Sleep 2-3
Sun & City Rentals	Central		1	Sleeps2
Castle Apartment	Central		1	Sleeps up to 2
5 Fisher Row	Central		1	Sleeps up to 6
The Studio Flats, Jericho	Central		1	Sleeps up to 2
Oxford Short Lets	Citywide		38	Agency letting properties on short lets – sleep 2-6
Weekly Home, Thackley End	North	3 Star	2	2 units sleeping up to 4
Cherbridge Cottages, Marston	North		3	3 units sleeping 2-5
Cherwell Lodge, Summertown	North		1	Sleeps 2-3
Bannisters	East	4 Star	1	Sleeps up to 6
Mulberry Self Catering	East	3 Star	1	Sleeps up to 6
The Studio	East	Applied	1	Sleeps up to 2
Accommodation 4 You	East		1	Sleeps up to 3
Bravalla Apartments	East		2	Sleep up to 3
The Cairn, Iffley	East		1	Sleeps up to 8

APPENDIX 6

COLLEGE ACCOMMODATION

APPENDIX 6

COLLEGE ACCOMMODATION – OXFORD – MARCH 2007

College	No. Rooms	Bedspaces	En-suite Rooms	Availability
Balliol	300	300	100	Vacations
Brasenose	328	328	70	Vacations
Christ Church	360	360	70	Vacations
Corpus Christi	120	138	35	Vacations
Exeter	149	163	38	Vacations
Harris Manchester	73	100	26	Vacations
Hertford	70	70	40	Vacations
Jesus	111	111	8	Vacations
Keble	300	340	260	Vacations
Kellog	36	50	35	All year
Lady Margaret Hall	250	260	109	Vacations
Lincoln	66	66	66	Vacations
Magdalen	160	160	60	Vacations
Mansfield	105	137	61	Vacations
Merton	100	100	50	Vacations
New	180	192	120	Vacations
Oriel	200	215	100	Vacations
Pembroke	273	276	88	Vacations
Queen’s	276	294	12	Vacations
St Anne’s	400	400	185	Vacations
St Antony’s	175	207	50	Vacations
St Catherine’s	250	269	250	Vacations
St Edmund Hall	176	290	22	Vacations
St Hilda’s	216	281	36	Vacations
St Hugh’s	241	241	140	Vacations
St John’s	150	162	5	Vacations
St Peter’s	200	240	100	Vacations
Somerville	250	265	1	Vacations
Templeton	51	51	51	Vacations
Trinity	150	150	16	Vacations
University	230	230	4	Vacations
University Club	14	16	14	All year
Wadham	250	270	0	Vacations
Wolfson	28	28	28	Vacations
Worcester	270	337	75	Vacations
Ruskin	12	12	12	Vacations
Oxford Brookes University	24	24	24	All year
St Benet’s Hall	26	36	13	Vacations
St Stephen’s House	46	55	2	Vacations
Wycliffe Hall	45	60	0	Vacations
Total College Accommodation	6,661	7,284	2,376	

APPENDIX 7

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.

APPENDIX 8

SITE ASSESSMENTS

OXFORD – HOTEL SOLUTIONS' HOTEL SITE ASSESSMENTS

NAME OF SITE & LOCATION	SITE DETAILS (Location/Access/Size/ History)	STATUS (Proposals/Timescale/ Constraints/Planning Status)	HOTEL SOLUTIONS' VIEW OF SITE (Match to Operator Requirements/ Destination Objectives
CITY CENTRE			
OXPENS	Extensive site on the western entrance to the city centre; land to the south of the station car park and running along (to the west of) Oxpens Road.	Will be totally in Council ownership – currently part City Council, part Post Office, part Merrill Lynch; also includes the coach park and ice rink. Some of the site is floodplain. Allocated for joint Civic Offices, new civic square and other uses including hotel, conference centre, residential and ice rink. Steel Tower interested in developing the hotel for Hilton. Most likely approach is to state that the Council would like to see these uses on the most appropriate sites rather than identify specific sites	Strong site for hoteliers in terms of proximity to station and parking, and adjacent drivers re: offices and conference centre. Meets destination objectives in terms of revitalising this area of the city centre. Suitable for a large, good quality 4 star hotel, particularly if conference centre is developed.
OXFORD RAILWAY STATION	Site of 1 acre south of Botley Rd, detached from existing station/forecourt.	Proposal to develop additional platforms here and replace parking (2012-14). Cost £18 million – will be looking to get this value out of the development. Likely 4-storey maximum. Network Rail.	Likely to need high value uses as part of the mix. Mixed residential and hotel? Excellent budget or upper tier budget hotel site.
THE JAM FACTORY	Adjacent to the Registry Office at the end of New Road.	Owned by Christ's Church College – shorter leases.	The sort of quirky building that boutique operators would like; well-located re city centre, Castle and other hotels e.g. Malmaison.
REGISTRY OFFICE	Adjacent to the Castle and the Jam Factory on New Road.	Owned by County Council. May be developed for an alternative use.	Great location though not a character building.
WORCESTER ST CAR PARK	Land bounded by Worcester St, Hythe Bridge Rd and Park End St.	Site of around 1 acre/0.5 ha, owned by two of the colleges. Pub on the corner is	Site heavily used by existing hotels for parking, especially Malmaison and the

		an issue. Likely 4 or 5 storey development. Could be developed together with the Staples/Island site (0.6 ha). Variation of levels might make a more interesting development. Competing uses for this site. Likely 10-year timeframe.	Royal Oxford. Strong site for a hotel but suspect it will be too valuable for other uses.
FIRE STATION	To the rear of Beevor House, with access off Hythe Bridge Road. Adjacent to the Said Business School.	Possible relocation to Peartree. Timescale unclear.	Good budget or hostel site close to the station – despite lack of visibility/presence to the main road.
BEEVOR HOUSE	Office building north of Hythe Bridge Rd.	Office use – unsure if fully let.	Protected employment site. Could be suitable for conversion? Visible with good road frontage, access/proximity to station and parking close by. Most likely budget/upper tier budget interest, possibly 3 star.
ROYAL OXFORD/ STAPLES ETC	Site bounded by Park End St and Hythe Bridge Rd and Worcester St car park.	Island site – preferred by planners to sites north of Hythe Bridge Rd. Owned by Christ's Church College. Around 0.6 ha.	Strong site for hotel if can be assembled and if not challenged by alternative higher value uses. Frontage to station and route into the city from Botley Rod gives it superb presence.
CLARENDON CENTRE	Shopping centre on Queens/Cornmarket.	Offices above – potential for budget hotel?	A possibility – more complex solution than some of the other sites.
ST MICHAELS/ NORTHGATE HALL	Grade 2 Listed building opposite the Oxford Union.	Potential for a 22-room boutique hotel and jazz club/ restaurant. Negotiating with a developer/ operator. £5m to develop.	Great central site and character building for a boutique operation.
RIVER/ WESTGATE HOTELS	On the Botley Rd	Owned by Christ's Church College. Maybe look to demolish and re-build.	Good budget or hostel site at entrance to the city; existing buildings don't maximise the potential of the site.

POLICE STATION/ CROWN COURT/ TELEPHONE EXCHANGE	Collection of buildings at the end of St Aldates/beginning of Abingdon Rd, on the southern approaches to the city.	Police station will be relocated.	All offer potential but presumably would also be of interest to higher value competitor uses.
OUT-OF-TOWN			
ABINGDON RD PARK & RIDE		In the ownership of the Council. Issues to do with floodplain and loss of parking spaces. Need a good design solution.	Potential for the Council to have more influence on this site as it is in their ownership. Great site in terms of 'gateway' location when approaching from the south – plus direct access into the city without having to use the car. Excellent site most likely for a budget or upper tier budget operator.
ABINGDON RD OUTDOOR POOL	Abingdon Rd	Would be strongly opposed by local residents.	One way of a hotel getting an affordable site because not competing with commercial/employment/ residential. Probably a non-starter from local opposition angle?
OTHER PARK & RIDE SITES	Various locations around the arterial roads into the city.	Challenge of ownerships and desire not to lose parking as many already close to capacity. PPS6 and Council policy would not support hotel development on any of the Park & Ride sites.	Opportunity to manage traffic and associated problems of congestion and parking but still give ready access to the city centre. Significant policy objections make this unlikely.
OXFORD BUSINESS PARK	Eastern By-pass, Cowley	4 years of land left here – land in short supply for employment uses, reluctant to lose this to hotel.	Already have a PTI here that has been extended.

OXFORD SCIENCE PARK	Land to the south of the Eastern By-pass accessed via the Sandford Link and Grenoble Rd	Restrictive covenant on this land so likely couldn't have a hotel use on it. 6 years of land left here. Comments re supply as above.	Have the Express nearby and the Priory site about to be developed. Although Science Park is signposted the location is off-pitch.
GRENOBLE ROAD	Site adjacent to The Priory public house	Planning permission for an 87-bedroom hotel	Hotel developer feedback indicates this location is perceived to be too isolated. Performance of the Express compared to other locations backs this up.
BOTLEY RD SELF-STORE	Botley Rd.	Site opposite MFI on way into city from A34. Protected employment site. Potential for hotel above retail?	Good budget opportunity.
PEARTREE ROUNDABOUT	Land at the junction of the A34 and A40, NW of Oxford. Already the site of services including a Travelodge and a Holiday Inn	More extensive site to be the subject of an Area Action Plan – the Northern Gateway. 17 ha. Ownership includes Worcester College, Arlington and City Park & Ride. Looking at Class B uses – hi-tech, knowledge-based industries.	Already an established and successful hotel location. Additional business/office/hi-tech development here would generate more hotel demand – additional hotel supply would serve this rather than creating movement into the city centre.
URBAN EXTENSION	South of the city.	Proposed in the Regional Spatial Strategy as the location of 4000 new homes. Situated in South Oxfordshire but likely to be developed in a joint working relationship with Oxford City.	Longer term potential.