Hotel and Short Stay Accommodation

June 2026

Examination Library reference: BGP.008

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1. Introduction

1.1 This Background Paper provides an overview of how the hotel and short-stay accommodation need for the plan-period 2025-2045 was developed. It draws on the existing published evidence in the form of the Hotel and Short Stay Accommodation Study for Oxford (2023), undertaken by Bridget Baxter Associates.

1.2 It does not seek to introduce new evidence but rather to present, interpret and where appropriate update, some of the key findings from the Hotel and Short Stay Accommodation Study for Oxford (2023). A discussion about the approach taken in the study to calculating the level of need for bedspaces for hotel and short stay accommodation is included. This background paper also uses the findings from the Hotel and Short Stay Accommodation Study for Oxford (2023) to extrapolate the estimated demand for bedrooms for the twenty-year plan period from 2025-2045.

1.3 A brief discussion regarding certain aspects of the Hotel and Short Stay Accommodation Study for Oxford (2023) is presented here. This features, for example, the locational analysis undertaken in relation to future potential opportunity areas of the city for new hotel and short stay accommodation.

2. The Hotel and Short Stay Accommodation Study

Introduction

2.1 The Hotel and Short Stay Accommodation Study for Oxford (2023) undertaken by Bridget Baxter Associates (hereafter the "Hotels Study") provides an analysis of the current and potential future for leisure and business tourism in Oxford. It looks at supply and demand for a variety of different types of hotel and short stay accommodation, comparing the situation in Oxford to other similarly sized UK cities.

2.2 The report provides estimations of future bedroom demand in Oxford and considers where in the city there could be opportunities for future hotel and short stay accommodation developments. This section of the Background Paper considers some of the key findings from the Hotels Study in the aforementioned areas.

Existing Situation

2.3 The Hotels Study relates to the pre-Covid period 2018/19 and is based on information provided by Experience Oxfordshire. A quick comparison of the most recent dataset from 2024 published on the Experience Oxfordshire website shows that the Economic Impact Report from 2019 showed very similar findings to that of the equivalent report from 2024. For instance, the total tourism value in 2019 was £988,431,900, whereas in 2024 this figure was £957,073,000. The annual variation from the year-on-year comparisons in the 2019 report in relation to overnight trips (nights stayed) was 12% whereas the 2024 report showed the annual variation in overnight trips as 10%. Given the broad similarities between the two reports, the City Council considers that the Economic Impact of Tourism Report 2019 report can be used as a proxy for the 2024 Report. This is due to the broad alignment of the findings from each respective report.

2.4 As such, the analysis contained within the Hotels Study of the current situation for Leisure and Business Tourism represents a reasonable proxy for situation today.

Existing Supply

2.5 The next section of the Hotels Study takes a detailed look at supply in terms of the different types of hotel and short stay accommodation that makes up the Oxford hotel market considering the structure of the hotel market, as well as looking at the size and type of each property as well as a geographical analysis.

2.6 The study considered additions and losses to the Oxford hotel market as well as considering potential additions to the supply of bedspaces within Oxford and provides an analysis of changes to supply outside the city that may have an impact on the Oxford hotel market.

2.7 The study goes on to consider the increased seasonal offering of bedspaces associated within accommodation at the Oxford Colleges and other academic venues before drawing conclusions in relation to their findings.

2.8 The Hotels Study identifies 32 hotels within the city boundary offering 2,868 bedrooms. In addition, it notes that there are around 45 guest houses/bed and breakfast establishments, which offer circa 400 bedrooms. The Hotel Study also identified a handful of inns/public houses offering accommodation and noted that, there was an absence of branded aparthotels located in the city.

2.9 In drawing conclusions on its findings, the Hotels Study set out that that although there were notably more hotels in the city centre, these hotels tend to be smaller than those outside it. The study found that higher end hotels were more dominant in the city centre area, while more budget hotels were located outside it and these hotels were generally found on arterial roads and at/ near business parks and more industrial areas of the city.

Oxford Hotel Demand

2.10 The Hotels Study went on to provide an overview of the performance of the Oxford hotel market. A key consideration in understanding the potential for new hotel development is to understand how local hotels are performing compared to the overall national situation and to local demand patterns.

2.11 As part of the Hotels Study face-to-face interviews were undertaken with selected hotels in order to gauge historic and current performance trends. This analysis showed that pre-pandemic hotel performance was positive and that despite an increase in rooms available, average daily room rates were rising. Oxford was shown to be performing well against the Regional UK performance forecasts. The study noted that the Oxford hotel market is strong; consistently outperforming provincial UK hotels in terms of occupancy and average daily room rates.

2.12 The Hotels Study also provided a locational and qualitative hotel market analysis which showed that while occupancy rates were broadly similar for hotels within the city centre and for those outside it. The average daily room rates for hotels in the city centre, was more than double those outside it. Analysis of hotel performance by type was also undertaken which showed broad alignment between the occupancy rates of all hotel types, with budget hotel occupancy marginally higher than the fully serviced hotels. The study highlights that this shows the strength of the Oxford Market.

2.13 This section concludes that the Oxford hotel market historically has performed exceptionally well and that while the supply of bedspaces has increased, this has had a very limited impact on demand levels and average daily room rates, which have shown a positive increase. The Hotels Study notes that hotel demand is largely dominated by the individual leisure segment, which includes international and domestic tourists and people visiting family members at the city's two Universities as well as attending cultural events. While commercial visitation is stronger outside the city, particularly for hotels located on arterial roads and those hotels associated with the city's commercial areas.

Short stay Accommodation in Oxford and Comparator Cities

2.14 The study provides a detailed overview of short stay accommodation (including AirBNB) in Oxford and comparator cities. However, the study notes that none of the hoteliers mentioned that AirBNB properties were competing for bedroom business, however, they did mention that the high cost of housing in the city was one contributing factor relating to difficulties finding staff.

Comparison of the Oxford Hotel Market to other UK Cities

2.15 The study also includes a comparison of the Oxford hotel market with a selection of similarly sized cities in the UK. It provides an in-depth analysis of Oxford's hotel market against the hotel markets in Cambridge, Bath and York. The Hotels Study found that the Oxford hotel market performs strongly against the other comparator cities. The report found that Cambridge is the most direct comparator in terms of source of business while Bath has a largely leisure market. Both Oxford and Cambridge are leading cities visited by overseas staying visitors, while York is considered to be stronger domestic rather than international destination.

3. Estimates of Future Bedroom Demand in Oxford

Introduction

3.1 The Hotels Study provides an estimation of demand for future floorspace from a base year of 2022. The study uses potential annualised supply increases for a range of schemes between 2023-2026. It goes on to make allowances for the 2027-2029 time period and then provides longer term estimations for 2030 and beyond.

3.2 Table 1 presents the estimated future bedroom demand presented in the Hotels Study. The first three rows of the table are greyed out as these represent historic information presented in the study. Although providing a useful context, this information is not directly relevant to the future bedroom demand calculations for the Oxford Local Plan 2045.

3.3 The following five rows (2025/26 – 2029/30) are shaded green to represent that this data from the Hotels Study is directly relevant to calculating bedroom demand for the Local Plan 2045.

Method One: Longer term (post-2030) growth levels at 4% per annum

3.4 The Hotel Study provides a detailed breakdown of potential annual supply increases in bedspaces between 2023-2026 from known schemes. Then, from 2027-2030, an allowance has been made for a steady increase in bedroom supply of around 150-200 rooms per year, applying a more conservative growth level (between 5-6% per annum).

3.5 It also, helpfully provides a degree of futureproofing in its analysis of future market demand in Oxford. While the report shows the number of additional rooms projected year-on-year between 2022-2032, the longer term (post-2030) growth levels have been "stabilised" at 4% per annum.

3.6 Table 1 shows the estimated future bedroom demand from 2025-2045 based on assumptions in the Hotels Study and extrapolating the longer-term demand throughout the remainder of the plan period.

3.7 Table 1 shows that by 2045 the total number of estimated future bedrooms in Oxford is expected to rise to 8,238 from a 2022 baseline of 2,868 bedrooms. The total number of bedrooms at the start of the plan period (i.e. at the end of the 2024 monitoring year) would be 3,221 and an additional 5,107 rooms are expected to be delivered in the plan period to 2045. This would result in an estimated annual bedroom demand of 251 per year.

Table 1: Estimated future bedroom demand in Oxford from 2025 to 2045

Year	Additional Rooms	Total Rooms	Year-on-year change (%)
2022/23	-	2,868	-
2023/24	87	2,955	3.0
2024/25	266	3,221	9.0
2025/26	295	3,516	9.2
2026/27	333	3,849	9.5
2027/28	200	4,049	5.2
2028/29	150	4,199	3.7
2029/30	200	4,399	4.8
2025-2029	1,178		
2030/31	175	4,574	4.0
2031/32	183	4,757	4.0
2032/33	190	4,947	4.0
2033/34	198	5,145	4.0
2034/35	206	5,351	4.0
2035/36	214	5,565	4.0
2036/37	223	5,788	4.0
2037/38	232	6,019	4.0
2038/39	241	6,260	4.0
2039/40	250	6,510	4.0
2040/41	260	6,771	4.0
2041/42	271	7,041	4.0
2042/43	282	7,323	4.0
2043/44	293	7,616	4.0
2044/45	305	7,921	4.0
2045/46	317	8,238	4.0

Source: Hotels Study (2023)/ Analysis by Oxford City Council Planning Officers

Method Two: Longer term (post-2030) growth levels fixed at 175 bedrooms per annum

3.8 An alternative way to project forward estimates of future bedroom demand in Oxford is set out in the study. The Hotels Study sets out that, from 2027, increases in bedspaces in the 2027-2029 time period were based on an assumption that a hotel with an average size (around 175 rooms) would be delivered every year.

3.9 Table 2 (overleaf) sets out the alternative to approach to estimating future bedroom demand in Oxford.

Table 2: Alternative estimated future bedroom demand in Oxford (2030-2045)

Year	Additional Rooms	Total Rooms	Year-on-year change (%)
2025-2029	1,178		
2030/31	175	4,574	4.0
2031/32	175	4,749	3.8
2032/33	175	4,924	3.7
2033/34	175	5,099	3.6
2034/35	175	5,274	3.4
2035/36	175	5,449	3.3
2036/37	175	5,624	3.2
2037/38	175	5,799	3.1
2038/39	175	5,974	3.0
2039/40	175	6,149	2.9
2040/41	175	6,324	2.8
2041/42	175	6,499	2.8
2042/43	175	6,674	2.7
2043/44	175	6.849	2.6
2044/45	175	7,024	2.6
2045/46	175	7,199	2.5

Source: Hotels Study (2023)/ Analysis by Oxford City Council Planning Officers

3.10 Table 2 shows that by 2045 the total number of estimated future bedrooms in Oxford is expected to rise to 7,199 from a 2022 baseline of 2,868 bedrooms. The total number of bedrooms at the start of the plan period (i.e. at the end of the 2024 monitoring year) would be 3,221 and an additional 3,987 rooms are estimated to be delivered in the plan period to 2045. This would result in an estimated annual bedroom demand of 199 per year. The alternative future bedroom demand would be equivalent to an average growth rate of 3% for the years 2030-2045.

4. Conclusions

4.1 This next section highlights some of the key differences arising between the two approaches and provides recommendations about how the two approaches are used to support the Oxford Local Plan 2045.

4.2 Table 3 highlights the key differences between the two approaches. Method One represents the headline figures extrapolated from the datasets that use the longer term (post-2030) growth assumptions set at 4% per annum. While Method Two represents the headline figures extrapolated based on the longer term (post-2030) growth assumptions that an average of 175 bedrooms are delivered per year.

Table 3: Key differences arising from using the two alternative approaches to estimating future bedroom demand in Oxford

	Method One	Method Two
Long-term growth assumptions (Post-2030)	4% per annum	175 bedspaces per year
2022 Baseline	2,868	2,868
No of Bedrooms at the start of the plan period	3,221	3,221
Total Bedrooms (2045)	8,238	7,199
Total Bedroom Demand (2025-45)	5,017	3,798
Annualised Bedroom Demand	251*	199*

* Figures rounded to the nearest bedspace.

Source: Oxford City Council Analysis based on Hotels Study datasets

4.3 As can be seen from Table 3, the extrapolated demand for bedspaces in Oxford between 2025-2045 is best presented as a range. The total estimated demand for bedspaces in Oxford is therefore between 3,789-5,017 for the plan period 2025-2045. When expressed as an annualised demand for bedrooms, the estimated number of bedrooms per year is between 199-251.