

# HART DISTRICT HOTEL MARKET FACT FILE

**July 2019**

# INTRODUCTION

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

- The current hotel supply in the district of Hart in north Hampshire;
- Recent hotel development in the district;
- Current hotel development proposals;
- Recent hotel performance (2016-2018)
- The key markets for hotel accommodation in the district;
- The future prospects for district's hotel market.

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

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# HART DISTRICT HOTEL SUPPLY

## Current Hotel Supply

- There are currently 15 hotels and inns spread across Hart District, with a total of 892 letting bedrooms.

### CURRENT HOTEL SUPPLY – HART DISTRICT JULY 2019

Standard	Hotels	Rooms	% of Rooms
5 star Country House Hotel	2	178	20.0
4 star Country House Hotel	1	112	12.6
3 star Country House Hotel	3	201	22.5
3 star	3	141	15.8
3 star Inn	3	91	10.2
Budget	3	169	18.9
<b>Total Hotels</b>	<b>15</b>	<b>892</b>	<b>100.0</b>

- Hart has a good supply of country house hotels spread across its rural areas. This includes two 5-star properties (the Four Seasons and Heckfield Place), an AA 4 red star hotel (Tylney Hall) and three 3-star hotels, including two former De Vere Venues residential conference and training centres that are now operating as hotels under their new owners.
- In terms of the district's two towns, Fleet has four hotels (the 3-star Lismoyne and three budget hotels) and Hook has two 3-star hotels. Hook is also served by Tylney Hall.

# HART DISTRICT HOTEL SUPPLY

## HART DISTRICT HOTEL SUPPLY –JULY 2019

Hotel	Standard/Type	Bedrooms
<b>Fleet</b>		
The Lismoyne Hotel	3 Star	62
Premier Inn Fleet	Budget	70
Travelodge Fleet	Budget	40
Days Inn Fleet M3	Budget	59
<b>Hook</b>		
The Raven Hotel (Greene King Inns)	3 Star Inn	41
Hook House Hotel	3 Star	16
<b>Rotherwick</b>		
Tylney Hall (Elite Hotels)	4 Red Star Country House Hotel	112
<b>Dogmersfield</b>		
Four Seasons Hotel Hampshire	5 Star Country House Hotel	133
<b>Heckfield</b>		
Heckfield Place	5 Star Country House Hotel	45
Highfield Park	3 Star Country House Hotel	58
<b>Hartley Wintney</b>		
The Elvetham	3 Star Country House Hotel	72
<b>Yateley</b>		
The Casa Hotel	3 Star	63
The Ely Hotel (Greene King Inns)	3 Star Inn	35
<b>Eversley</b>		
Warbrook House	3 Star Country House Hotel	71
<b>Odiham</b>		
Bel & The Dragon	3 Star Inn	15

# HART DISTRICT HOTEL SUPPLY - CHANGES

## Changes in Supply 2014-2019

### New Hotels

- The Premier Inn Fleet opened in October 2015.
- Heckfield Place opened in September 2018 after a 9-year renovation.

### Investment in Existing Hotels

- The George Hotel in Odiham reopened as the Bel & The Dragon inn in 2014 following a full refurbishment programme.
- In terms of recent investment in existing hotels over the last two years:
  - The Four Seasons has opened a new family adventure pool complex and new restaurant, and has completed a refurbishment of its ground floor public areas.
  - Warbrook House opened a new spa complex in December 2018, has undergone a major refurbishment programme, and converted three guest bedrooms into staff accommodation.
  - A number of other hotels have progressed ongoing refurbishment programmes. Others have seen little investment.

# HART DISTRICT HOTEL SUPPLY - CHANGES

## Proposed Hotel Development

### Hotels Under Construction

- There are no hotels currently under construction in Hart District

### Proposed Hotels

- There are currently four proposals for new hotels in Hart District.

### HART DISTRICT – PROPOSED NEW HOTELS

Hotel/ Site	Standard	Rooms	Details
Holiday Inn Express 329 Fleet Road, Fleet	Budget	71	Planning permission granted in June 2018.
Premier Inn Providence House, Hook	Budget	85	Planning permission granted July 2019
Minley Manor	5 Star	59	A pre-application submission was lodged in July 2019 for the conversion and extension of Minley Manor for use as a luxury hotel with function and conference facilities, a spa and staff accommodation. This follows the refusal in 2016 of planning permission for a larger scheme.
Wintney Court Hartley Wintney	n/a	16	Proposal by a charity (Trustees of The Brake Estate) for a small hotel/ wedding venue with function and conference facilities for 80-100 people and a music studio. Planning permission granted in December 2017 but not yet implemented.

# HART DISTRICT HOTEL SUPPLY - CHANGES

## Planned Development of Existing Hotels

- In terms of planned investment in existing hotels:
  - Highfield Park was granted planning permission in August 2018 for an additional 28 guest bedrooms.
  - The Days Inn Fleet M3 was granted planning permission in February 2018 for an extra 28 bedrooms.
  - All of the district's country house hotels are planning to develop, or further develop, as destination hotels with the addition of leisure and spa facilities; the development of their function facilities for weddings; investment in their bedrooms and ground floor public areas; and in some cases, the expansion and development of their restaurant offer. Some are also looking to have on-site staff accommodation to help them to address their recruitment and staffing needs.

# HART DISTRICT HOTEL PERFORMANCE

## Occupancy, Achieved Room Rates and Revpar

- Average annual room occupancies, achieved room rates and revpar figures for Hart hotels for 2017 and 2018 are summarised in the table overleaf.
- Annual room occupancies are low for the district's luxury country house hotels but achieved room rates are very high. This is typical for this type of hotel.
- 3-star hotel performance is weak in Hart. Room occupancies, achieved room rates and revpar figures are all well below national averages. Revpar figures are lower than for Fleet budget hotels.
- Annual room occupancies are strong for Fleet budget hotels but not as strong as for budget hotels in other parts of Hampshire, many of which trade at average annual room occupancies of over 80%. Achieved room rates are also slightly behind the levels being achieved by budget hotels in other parts of the county, which are generally achieving average annual room rates of over £60.
- The majority of the district's hotels have seen very little change in their room occupancy and achieved room rate performance over the last two years. Hotel managers variously attribute this to changes in ownership, a lack of investment, and a lack of weekend demand. Two hotels reported a drop in room occupancy and achieved room rate in 2016 following the opening of the Premier Inn Fleet, and no recovery in 2017 and 2018. With static trading but rising operating costs, a number of hotels reported a reduction in profits. One hotel reported strong growth in achieved room rate and room occupancy as a result of changes in management and marketing and recent investment. Occupancies and achieved room rates are still building for recently opened hotels.

# HART DISTRICT HOTEL PERFORMANCE

## HART DISTRICT HOTEL PERFORMANCE 2017-2018

Location/ Standard of Hotel	Average Annual Room Occupancy %		Average Annual Achieved Room Rate <sup>6</sup> £		Average Annual Revpar <sup>7</sup> £	
	2017	2018	2017	2018	2017	2018
<b>UK Provincial 3/4 Star Chain Hotels<sup>1</sup></b>	<b>76.5</b>	<b>76.7</b>	<b>86.43</b>	<b>88.95</b>	<b>66.14</b>	<b>68.19</b>
<b>UK Provincial Hotels (All Standards)<sup>2</sup></b>	<b>76</b>	<b>76</b>	<b>71</b>	<b>72</b>	<b>54</b>	<b>55</b>
Hart Luxury Country House Hotels <sup>3</sup>	n/a	54.8	n/a	244.92	n/a	134.20
Hart 3 Star Hotels <sup>4</sup>	59.2	58.8	61.04	62.09	36.14	36.51
Fleet Budget Hotels <sup>5</sup>	74.1	75.9	53.92	55.56	39.96	42.19

Source: Hotel Solutions survey of Hart District hotels May-July 2019

### Notes

1. Source: TRI Hotstats UK Chain Hotels Market Review
2. Source: STR Global
3. Sample: Four Seasons, Heckfield Place, Tylney Hall
4. Sample: The Lismoyne, Casa, The Elvetham, Warbrook House, Hook House Hotel
5. Sample: Premier Inn Fleet, Travelodge Fleet, Days Inn Fleet M3
6. The amount of rooms revenue (excluding food and beverage income) that hotels achieve per occupied room net of VAT, breakfast (if included) and discounts and commission charges.
7. The amount of rooms revenue (excluding food and beverage income) that hotels achieve per available room net of VAT, breakfast (if included) and discounts and commission charges.

# PATTERNS OF DEMAND

## Patterns of Demand

- The district's luxury country house hotels generally achieve high room occupancies on Saturday nights, frequently filling and turning business away in the summer. Friday occupancies are not usually as strong, and Sunday occupancies are generally very low. Weekend demand is stronger in the summer, between May and September. Midweek occupancies fluctuate from week to week, depending on residential conference business. Stronger months for midweek occupancy are May-July and September and October.
- Most of Hart's 3-star hotels achieve high occupancies on Tuesday and Wednesday nights. Some often fill and turn business away on these two nights. Monday, and especially Thursday night occupancies are generally a lot lower, and hotels usually have plenty of availability on these nights. Weekend occupancies are very low for most of the district's 3-star hotels. Saturday night occupancies can be stronger for hotels as a result of demand from weddings. Friday night occupancies are not as strong and Sunday occupancies are very low. Weekend occupancies are stronger between May and September but very low in the winter.
- Fleet budget hotels achieve high midweek occupancies as a result of a combination of local corporate and contractor business. They are usually fully booked and turning business away on Monday to Wednesday nights. Thursday night occupancies can be a little lower. Weekend occupancies are not usually very high, with Fleet budget hotels generally having good availability at weekends. Saturday occupancies are stronger than Friday, and Sunday occupancies are generally low. Weekend occupancies are stronger between May and September as a result of demand from weddings.

# HART DISTRICT HOTEL MARKETS

## Midweek Markets

- Residential conferences are the core midweek market for the district's luxury country house hotels. They attract strong demand from London companies and some international conferences owing to their proximity to Heathrow Airport. Incentive groups, overseas tourists and midweek leisure break stays are further midweek markets, particularly in the summer.
- Residential conferences and team building events are the main midweek market for Hart's 3-star country house hotels.
- Local corporate demand from companies in Fleet and Hook, corporate demand displaced from Farnborough, Frimley and Camberley, and overspill corporate business from Reading and Basingstoke are the key midweek markets for the district's other 3-star hotels, and a further source of midweek trade for Hart's country house hotels. Much of the displaced and overspill corporate business that Hart 3-star hotels attract from Reading and Basingstoke is relatively low-rated.
- Fleet budget hotels attract a mix of local corporate demand from companies in Fleet and contractor business, the mix of these two markets varying depending on their location.,
- The Farnborough Air Show generates midweek demand for hotel accommodation across Hart when it is held every other year. Trade shows at the Farnborough International Exhibition & Conference Centre, including the Southern Electrics and Security & Policing shows, generate demand for hotels in the Fleet area. Royal Ascot generates midweek demand for some of the district's hotels.

# HART DISTRICT HOTEL MARKETS

## Weekend Markets

- Weekend escapes are the key weekend market for the district's luxury hotels, with the hotels acting very much as weekend break destinations in their own right, due to the quality of their offer, setting and environment; their on-site leisure and spa facilities, and leisure activities and events; and their food offer and reputation. Depending on their market focus, the district's luxury country house hotels are attracting career couples, families and/or emptynester/ early retired couples, often to celebrate special birthdays or anniversaries. London is a key source market. Weddings, overseas tourists and incentive groups are secondary weekend markets.
- Weddings are the primary weekend market for the district's 3-star country house hotels. Warbrook House is now also targeting the spa break market since the opening of its spa.
- Demand from weddings that they hold and that are held at other venues are the main source of weekend occupancy for Hart's other 3-star hotels. Weekend break business is minimal due to the lack of strong leisure demand drivers in the area. One hotel attracts some business from a Dutch tour operator bringing groups on garden tours. Other sources of weekend business are passing out parades at Aldershot and Sandhurst, overseas tourists and UK holiday makers breaking their journey en-route to other destinations, and demand from exhibitors and visitors attending consumer shows at the Farnborough International Exhibition & Conference Centre, most notably the Big One fishing show and Screw-Fix Live event.
- People attending weddings and other family parties are the main weekend market for Fleet budget hotels. One hotel also attracts good weekend demand from people coming for a night out at the MooMoo Clubrooms in the town. Other weekend markets are people visiting their friends and relatives; families and friends attending passing out parades at Aldershot and Sandhurst; families visiting Legoland Windsor; people breaking their journey en-route to other places; people attending the Jalsa Salana Muslim festival at Alton; and exhibitors and visitors attending consumer shows at the Farnborough International Exhibition & Conference Centre

# HART DISTRICT HOTEL MARKETS

## Market Trends

- One of Hart's luxury country house reported growth in residential conference business over the last two years. Another reported no change in this market.
- Two of the district's luxury country house hotels have seen strong growth in weekend escapes and celebrations demand. The third reported a more price sensitive leisure market.
- Warbrook House has started to target the spa break market since the opening of its spa.
- Weddings demand tends to fluctuate from one year to the next. A number of hotels reported that 2019 has not been a particularly strong year for weddings. 2020 looks set to be a very popular year to get married in however, with forward wedding bookings strong for many of the district's country house hotels.
- There has been a downturn in local corporate demand for hotels in the Hook area over the last two years as a result of the closure of Virgin Media's operations in Hook and the relocation of Shire Pharmaceuticals from Chineham.
- The 3-star hotels in the Fleet area have seen a downturn in corporate demand since the opening of the Premier Inn. Corporate demand has reduced and become more price sensitive at Fleet in 2019 as a result of the current Brexit uncertainty, with local companies cutting travel budgets.
- Many of the district's hotels reported a reduction in demand from the Farnborough Airshow.
- One hotel in Fleet reported a drop in business from the trade shows that are held at the Farnborough International Exhibition and Conference Centre.

# DENIED BUSINESS<sup>1</sup>

## Denied Business

- Most of Hart's 3-star hotels regularly fill and turn corporate business away on Tuesday and Wednesday nights. Some hotels also occasionally deny corporate bookings on Monday nights, and sometimes turn business away on Saturday nights between May and September if they are full with wedding guests.
- Fleet budget hotels consistently deny corporate and contractor business on Monday to Wednesday nights, and occasionally on Thursday nights. Only one budget hotel regularly denies business on Saturday nights. The others usually have availability.
- Two of the district's luxury country house hotels regularly fill and turn business away on Saturday nights in the summer. These hotels otherwise rarely deny midweek business, other than occasionally when they have a large residential conference.

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

# FUTURE PROSPECTS

## Prospects for 2019

- Hart's 3-star hotel managers have mixed views about the trading prospects for their hotels in 2019. Two expect to see an increase in room occupancy and achieved room rate as a result of investment and improved management and marketing. Two hotel managers projected a drop in their performance as a result of a downturn in residential conference business and a more challenging local corporate market as a result of the Brexit uncertainty, and lower demand for weddings in 2019. A fifth 3-star hotel manager expects to see no change in 2019.
- Fleet budget hotels are all expecting to see an improvement in their room occupancies in 2019, taking them to over 80%. They also expect to see steady growth in achieved room rates.
- Heckfield Place will continue to establish itself in 2019. One of the district's other luxury country house hotels expects to see a slight improvement in both room occupancy and achieved room rate. The other expects to see little change.

## Prospects for 2020 and Beyond

- The longer-term outlook for Hart's hotel sector will depend on:
  - What happens with Brexit and the national economy, and the impact on the operations, future expansion plans and travel budgets of companies in the district;
  - The extent to which new companies are attracted to the key employment sites in Fleet and Hook;
  - The impact of new hotel openings.
- The District Council's forward strategy for employment development is to focus on the re-use and intensification of existing employment land rather than the development of new employment sites. Employment growth projections covering the district put jobs growth in the district at around 1% per annum through to 2032.

## FUTURE PROSPECTS

- Other indicators of potential future growth in demand for hotel accommodation in Hart are as follows:
  - Housing development and resulting population growth in and around the district should boost weekend demand from people attending weddings and family parties and visiting their friends and relatives in the area. Population growth forecasts for the district currently project an average annual growth rate of around 1.25%.
  - 2020 looks set to be a strong year for weddings.
  - Population growth in London and the South East should result in increased demand for weekend escapes and celebrations, giving continuing strong weekend demand for luxury country house hotel resorts in the district. The opening of new hotels in this market, e.g. The Newt in Somerset, The Langley and The Grotto in Berkshire, and The Beaverbrook in Surrey, will increase competition for the district's luxury hotels however.
  - The further development of the district's employment sites should result in some new corporate demand as new companies are attracted, building on Hart's attraction as a strategic location.
  - New housing development, including the potential new Garden Community at Murrell Green/Winchfield, town centre regeneration, and employment site development should generate contractor demand during their construction.
  - New trade shows at the Farnborough International Exhibition and Conference Centre may generate new business for the district's hotels.
  - The district's hotels may see new business from film crews if the District Council is successful in its strategy to promote Hart as a filming location.
- On the negative side, there will be no weekend public show at the Farnborough Airshow from 2020.
- It remains to be seen how the Brexit uncertainty and any economic downturn that might ensue will affect the residential conference market for luxury country house hotels.
- Brexit may also have an impact of the staff recruitment challenges that many of the district's hotels face, depending on the Government's immigration policy and whether EU hotel workers will still be able to work here.

## FUTURE PROSPECTS

- With hotel operating costs rising more quickly than revenues for many of the district's hotels, profits are being squeezed and capital available for reinvestment is being reduced.
  
- In terms of the impact of proposed new hotels:
  - The proposed Premier Inn at Hook is likely to compete strongly for local corporate business and weekend demand from wedding parties with the existing 3-star hotels and inns in the town, and perhaps also Tylney Hall.
  - The opening of the new 3-star Village Hotel in Basingstoke is likely to result in less corporate demand from Basingstoke being displaced to hotels in the Hook area.
  - The proposed Holiday Inn Express in Fleet is likely to have an impact on the trading performance of the existing 3-star and budget hotels in the Fleet area in terms of competing for local corporate business in the week and weekend demand from wedding guests.
  - The proposed expansion of the Days Inn Fleet M3 could also have some impact on other hotels in the Fleet area.

## SOURCES OF FURTHER INFORMATION

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

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