

# PORTSMOUTH HOTEL MARKET FACT FILE

**September 2019**

# INTRODUCTION

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

- The current hotel supply in Portsmouth and Southsea;
- Recent hotel development;
- Current hotel development proposals;
- Recent hotel performance (2016-2018)
- The key markets for hotel accommodation in Portsmouth and Southsea;
- The prospects for growth in demand for hotel accommodation and what will drive this.

All of the data and information included in the Fact File is drawn from a survey of Portsmouth hotel managers undertaken by consultants Hotel Solutions between May and July 2019, supplemented with hotel performance data for the city purchased from STR Global.

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

Mark Pembleton  
Economic Growth Manager  
Portsmouth City Council

Tel: 023 9268 8857

Email: [mark.pembleton@portsmouthcc.gov.uk](mailto:mark.pembleton@portsmouthcc.gov.uk)

# PORTSMOUTH HOTEL SUPPLY

## Current Hotel Supply

- Portsmouth is currently served by 37 hotels in Portsmouth and Southsea, with a total of 2,162 letting bedrooms. In addition, there are an estimated 150 residential apartments that are currently being let as serviced apartments through Airbnb, HomeAway, Holiday Lettings and serviced apartment letting agencies such as Town or Country; Work, Rest & Sta; Starlight Serviced Apartments; Citybase Apartments; Silverdoor Apartments; ESA; SITU; and SACO.
- Portsmouth's hotel supply is split between the city centre (9 hotels/ 745 bedrooms) and M27 Corridor (8 hotels/ 773 bedrooms). Its is dominated by 3-star and budget/limited service hotels, which account for 75.4% of the city's total hotel supply. Portsmouth only has one 4-star hotel – the Marriott in the M27 Corridor – although there is a further 4-star hotel at Southsea (the Holiday Inn Portsmouth). The city only has one small boutique hotel and does not have any aparthotels.

### CURRENT HOTEL SUPPLY – PORTSMOUTH SEPTEMBER 2019

Standard <sup>1</sup>	Hotels	Rooms	% of Rooms
4 Star	1	174	10.4
Boutique	1	13	0.8
3 Star	5	315	18.9
2 Star	1	74	4.4
Upper-tier Budget <sup>2</sup>	2	280	16.8
Budget	7	662	39.7
Serviced Apartments <sup>3</sup>		150	9.0
<b>Total Hotels</b>	<b>17</b>	<b>1668</b>	<b>100.0</b>

Notes:

1. AA, booking.com and Expedia ratings
2. Brands including Holiday Inn Express, Ramada Encore and Hampton by Hilton
3. Hotel Solutions' estimate

## PORTSMOUTH HOTEL SUPPLY

- Southsea has one 4-star hotel (the Holiday Inn Portsmouth), two 3-star hotels (the Queen's and Royal Beach), and a cluster of 11 small boutique hotels, seven of which are operated by the Southsea-based Mercer Collection. It otherwise has two small 2-star hotels (the Ocean and Southsea Rocks), a Premier Inn budget hotel, and the ungraded Sandringham Hotel. Solent Forts also operates two forts off Southsea as exclusive use luxury venues.

### CURRENT HOTEL SUPPLY – SOUTHSEA – SEPTEMBER 2019

Standard <sup>1</sup>	Hotels	Rooms	% of Rooms
Luxury venues	2	31	4.8
Boutique	11	113	17.5
4 Star	1	165	25.6
3 Star	2	197	30.6
2 Star	2	40	6.2
Budget	1	48	7.5
Ungraded	1	50	7.8
<b>Total Hotels</b>	<b>20</b>	<b>644</b>	<b>100.0</b>

Notes:

1. AA, booking.com and Expedia ratings
  2. Brands including Holiday Inn Express, Ramada Encore and Hampton by Hilton
- The quality of Portsmouth and Southsea hotels is generally good. A few hotels (the Keppel's Head, Farmhouse Innlodge and Sandringham) are receiving only average ratings on Tripadvisor and frequent comments about them being tired and dated.
  - In addition to this hotel supply, the Student Housing Company lets 165 en-suite student bedrooms at Catherine House on a bed and breakfast basis through booking.com and other OTAs in the summer vacation period (late June to early September). Unite Students also does the same with 250 en-suite student rooms at its Chaucer House student accommodation operation and 50 en-suite rooms at its Greetham Street site. These student rooms thus add to the competitive accommodation supply for Portsmouth's hotels during the summer. The University of Portsmouth also rents out 890 standard and en-suite student bedrooms in the summer. These are used primarily for language schools and university group bookings and conferences, so do not really compete with the city's hotels.

# PORTSMOUTH HOTEL SUPPLY

## PORTSMOUTH & SOUTHSEA HOTEL SUPPLY – SEPTEMBER 2019

Hotel	Standard/Type	Bedrooms
<b>Portsmouth</b>		
Marriott Portsmouth	4 Star	174
Ship Leopard Boutique Hotel	Boutique	13
Village Hotel Portsmouth	3 Star	153
Royal Maritime Club	3 Star	101
Keppel's Head	3 Star	30
Duke of Buckingham	3 Star	15
Red Lion Hotel Innkeeper's Lodge, Cosham	3 Star	16
Farmhouse Innlodge	2 Star	74
Holiday Inn Express Gunwharf Quays	Upper Tier Budget	130
Holiday Inn Express Portsmouth North	Upper Tier Budget	150
Premier Inn Portsmouth City Centre	Budget	84
Premier Inn Portsmouth North Harbour	Budget	65
Premier Inn Portsmouth Port Solent	Budget	108
Travelodge Portsmouth	Budget	108
Travelodge Portsmouth Hilsea	Budget	33
Ibis Portsmouth	Budget	144
Ibis Budget	Budget	120
<b>Southsea</b>		
Spitbank Fort	Luxury Venue	9
No Man's Fort	Luxury Venue	22
Holiday Inn Portsmouth	4 Star	165
Number Four	Boutique	10
Somerset House	Boutique	7
Florence House	Boutique	7
Florence Gardens	Boutique	6
Florence Suite	Boutique	8
Stattons	Boutique	9
The Clarence	Boutique	8
G! Boutique	Boutique	14
Ashby's	Boutique	9
Seacrest	Boutique	28
Q8 Boutique	Boutique	17
Queen's	3 Star	73
Best Western Royal Beach	3 Star	124
Southsea Rocks	2 Star <sup>1</sup>	20
Ocean	2 Star	20
Premier Inn Southsea	Budget	48
Sandringham	n/a	50

Notes:

1. While the Southsea Rocks Hotel is graded as a 3-star hotel on Expedia it describes itself as an 'economically-priced hotel' so is shown as a 2-star hotel

# PORTSMOUTH HOTEL SUPPLY CHANGES

## Changes in Supply 2015-2019

### New Hotels

- Three new hotels have opened in Portsmouth over the last 4 years – the midmarket Village Hotel at Lakeside North Harbour, a third Premier Inn, and the 3-star Southsea Rocks Hotel. With a combined total of 257 bedrooms, these three new hotels have increased Portsmouth's hotel supply by 13.5%.

### NEW HOTELS IN PORTSMOUTH 2015-2019

Hotel	Location	No. Rooms	Date Opened
<b>3 Star Hotels</b>			
Village Hotel Portsmouth	Lakeside North Harbour	153	Nov 2017
<b>2 Star Hotels</b>			
Southsea Rocks <sup>1</sup>	Southsea	20	May 2018
<b>Budget Hotels</b>			
Premier Inn Portsmouth City Centre	City Centre	84	Oct 2015

#### Notes:

1. Although graded on Expedia as a 3-star hotel, the Southsea Rocks Hotel describes itself as an 'economically-priced hotel' so is shown as a 2-star hotel
- In addition to these new hotels, the Student Housing Company started to let the 165 en-suite student bedrooms at its new Catherine House hall of residence in Portsmouth City Centre on a bed and breakfast basis during the summer vacation period from June 2018. Unite Students also started letting en-suite student bedrooms at its Chaucer House and Greetham Street sites.

### Changes in Hotel Ownership/ Hotel Rebrandings

- The Queen's Hotel in Southsea was sold to a consortium headed by local property developer Farid Yeganeh in April 2017. The new owners are planning to restore, expand and upgrade the hotel to a 4-star standard.

# PORTSMOUTH HOTEL SUPPLY CHANGES

## Investment in Existing Hotels

- The former Portsmouth Park Hotel reopened in spring 2016 as the Holiday Inn Express Portsmouth North following a redevelopment and expansion programme undertaken by its new owners, Atlas Hotels. The development included an additional 31 bedrooms.
- The former Palm/Saville Hotel was converted into the Q8 Boutique hotel and seven residential apartments in June 2018.
- The bedrooms and public areas of the Holiday Inn Express Gunwharf Quays were refurbished in 2017.
- The Portsmouth Marriott completed a £5m refurbishment programme in 2018, which has included the recladding of the hotel's exterior, new windows, and the upgrading of the hotel's bedrooms, conference facilities and public areas.
- The Royal Maritime Club has upgraded to a 3-star standard and refurbished its swimming pool.
- The public areas of the Ibis Budget hotel were improved in 2018.

## Proposed Hotel Development

### Hotels Under Construction

- There are two new hotels currently under construction in Portsmouth:
  - A 152-bedroom Travelodge budget hotel is being built next to the Catherine House student accommodation building in Stanhope Road.
  - A 120-bedroom Premier Inn is under development at Queen Street opposite the Historic Dockyard.

Opening dates for the two hotels have not yet been announced.

# PORTSMOUTH HOTEL SUPPLY CHANGES

## Proposed Hotels

- There are currently 7 proposals for new hotels in Portsmouth (listed in the table below) at various stages in the planning system, which have a combined total of 296 letting bedrooms.

### PORTSMOUTH & SOUTHSEA– PROPOSED HOTELS (AS AT SEPTEMBER 2019)

Proposed Hotel/Site	Standard	No Rooms	Status	Details
Hampton by Hilton, Portsmouth Point, Stanhope Road	Upper Tier Budget	180	Planning permission lodged October 2017. Awaiting decision	THAT Group is seeking planning permission for a mixed-use development spilt across two towers, to include 140 residential apartments, a 180-bedroom Hampton by Hilton hotel, 18,000 sq ft of office space, an event space, sky bar and retail and restaurant units at ground and first floor level. The planning application is for a 222-bedroom hotel, but THAT Group's website refers to a 180-bedroom hotel.
Knight & Lee building, Southsea	Boutique	43	Planning application submitted 9 September 2019	THAT Group proposal for a mixed-use scheme to include a 43-bedroom boutique hotel, bars, café, retail, gym, cinema and offices.
Keppel's Head Car Park, The Hard	Unknown	23	Planning permission granted January 2018	Outline consent for a 6-storey hotel with a café at ground floor level.
Lord Palmerston, Palmerston Road, Southsea	3 Star	24	Planning application lodged November 2018. Awaiting decision	Proposal to convert upper floors above the pub into hotel bedrooms. J D Wetherspoon
20 Elphinstone Road, Southsea	Unknown	10	Planning permission granted April 2019	Change of use from HMO to hotel
22 St Helen's Parade, Southsea	Unknown	8	Planning permission granted February 2017	Change of use of dwelling house to hotel
10 Victoria Road, Southsea	Unknown	8	Planning permission granted August 2016	Change of use of dwelling house to hotel

# PORTSMOUTH HOTEL SUPPLY CHANGES

## Planned Development of Existing Hotels

- In terms of planned investment in existing hotels:
  - A 48-bedroom extension is currently underway at the Premier Inn Portsmouth Port Solent. It is due to open in February 2020.
  - The new owners of the Queen's Hotel in Southsea are in the process of restoring and upgrading the hotel. They plan to re-establish it as a landmark 4-star hotel. This will involve upgrading all of the hotel's bedrooms and public areas, adding up to 30 new bedrooms and penthouse suites, and introducing leisure facilities and possibly new conference rooms.
  - The Royal Maritime Club is converting 18 single bedrooms into 9 twin/double rooms in the first quarter of 2020, and plans to refurbish 40 other bedrooms.

# PORTSMOUTH HOTEL PERFORMANCE

## Occupancy, Achieved Room Rates and Revpar

- Average annual room occupancies, achieved room rates and revpar figures for Portsmouth hotels for 2016, 2017 and 2018 are summarised in the table overleaf, alongside the UK provincial averages for 3/4-star chain hotels (as a benchmark for Portsmouth 3/4 -star/ upper-tier budget hotel performance) and all standards of hotel (as a benchmark for overall hotel performance in Portsmouth and Southsea for all standards of hotel).
- Hotel occupancies are very strong overall for Portsmouth and Southsea hotels, ahead of the national averages in 2017 and 2018, and achieved room rates are broadly in line with the national averages for all standards of hotel.
- Portsmouth 3/4-star/ upper-tier budget hotel occupancies were on a par with the national averages for UK provincial 3/4-star chain hotels in 2017 and 2018, but achieved room rates were some way behind the national norms. The average figures mask significant differences in achieved room rate performance between hotels, with two hotels posting results that are well ahead of the national averages, and two reporting much lower achieved room rates. The Americas Cup provided a boost to achieved room rates in 2016, which was not maintained in 2017, with 3/4-star/upper-tier budget hotel achieved room rates dropping back a little. They reduced further in 2018, largely as a result of the opening of the new Village Hotel, which traded at very competitive room rates in its first year of operation, and impacted on the achieved room rate performance of existing hotels. 3/4-star/upper-tier budget hotel occupancies increased in 2018 however, indicating that the Village Hotel has attracted significant new business to the city and recaptured corporate and leisure business that was previously being displaced to hotels in surrounding areas.
- Budget hotel occupancies are very strong in Portsmouth, and achieved room rates are in line with the norms for budget hotels in other UK cities. Occupancies and achieved room rates were lower in 2016, largely as a result of this being the first operating year for the Premier Inn Portsmouth City Centre, which was still getting established in the market, and took some business from the city's existing budget hotels. Budget hotel occupancies dropped back a little in 2018 for some of the city's budget hotels, due to internal marketing issues at one hotel and the impact of the Village Hotel.

# PORTSMOUTH HOTEL PERFORMANCE

## PORTSMOUTH HOTEL PERFORMANCE 2016-2018

Location/ Standard of Hotel	Average Annual Room Occupancy %			Average Annual Achieved Room Rate <sup>6</sup> £			Average Annual Revpar <sup>7</sup> £		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
<b>UK Provincial 3/4 Star Chain Hotels<sup>1</sup></b>	<b>75.6</b>	<b>76.5</b>	<b>76.7</b>	<b>83.22</b>	<b>86.43</b>	<b>88.95</b>	<b>62.66</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>76</b>	<b>69</b>	<b>71</b>	<b>72</b>	<b>52</b>	<b>54</b>	<b>55</b>
Portsmouth 3/4 Star/ Upper Tier Budget <sup>3</sup>	72.8	75.3	76.5	83.63	81.51	80.53	60.91	61.42	61.59
Portsmouth Budget Hotels <sup>4</sup>	81.7	85.3	83.2	53.36	58.50	59.42	43.58	49.91	49.43
Southsea Hotels <sup>5</sup>	74.1	71.1	73.6	72.86	73.68	75.12	54.02	52.38	55.31
Portsmouth & Southsea Hotels (All Standards)	75.3	78.0	83.0	68.83	70.07	71.98	51.83	54.26	59.72

Source: Hotel Solutions survey of Portsmouth hotels May-July 2019 + hotel performance data purchased from STR Global

### Notes

1. Source: TRI Hotstats UK Chain Hotels Market Review
2. Source: STR Global
3. Sample: Marriott Portsmouth, Village Portsmouth, Holiday Inn Portsmouth, Holiday Inn Express Gunwharf Quays, Holiday Inn Express Portsmouth North, Royal Maritime Club
4. Sample: Premier Inn Portsmouth City Centre, Premier Inn Portsmouth Port Solent, Travelodge Portsmouth, Ibis, Ibis Budget
5. Sample: Queen's, Best Western Royal Beach, Holiday Inn Portsmouth, G! Boutique, Seacrest
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

- Southsea hotel occupancies and achieved room rates are lower than for the rest of Portsmouth and behind the national averages. Occupancies dropped in 2017 following the boost that was provided by the Americas Cup in 2016. Occupancies improved in 2018 for some hotels, but have reduced for most of Southsea's boutique hotels. This is likely to have been due to the increase in hotel provision in Southsea. One boutique hotel owner also felt that the increased availability of apartments through Airbnb and the letting of en-suite student accommodation in the summer months were also factors that had contributed to a fall in occupancy and achieved room rate.

### Patterns of Demand

- Estimated average weekday and weekend occupancies for Portsmouth hotels in 2018 are summarised in the table below.

#### PORTSMOUTH HOTELS - WEEKDAY/ WEEKEND OCCUPANCIES – 2018

Location/Standard of Hotel	Typical Room Occupancy %			
	Mon-Thurs	Fri	Sat	Sun
Portsmouth 3/4 Star / Upper Tier Budget Hotels	83	75	85	55
Portsmouth Budget Hotels	86	87	93	64

Source: Hotel Solutions survey of Portsmouth hotels May-July 2019/ STR Global

- Midweek hotel occupancies are high in Portsmouth at all levels in the market. Demand is strongest on Tuesday and Wednesday nights, with the majority of hotels consistently filling and turning business away and commanding high room rates on these nights. Monday occupancies are also high (85%+) for some hotels, but not as strong for others. Thursday occupancies are generally lower for all hotels, typically dipping to around 70%.
- Friday and Saturday occupancies and achieved room rates are very high for Portsmouth hotels between May and September, with most hotels consistently trading at, or close to, full occupancy and denying business on these nights during this period. Saturday occupancies remain high in the winter but room rates are lower. Friday occupancies and room rates reduce between November and April. Sunday is the quietest night of the week for the city's hotels. Sunday occupancies are a little stronger in the summer but can be very low in the winter.

## PATTERNS OF DEMAND

- Midweek occupancies are not as strong for most of the hotels in Southsea, due to the market here being more leisure-driven. Weekday occupancies are generally higher between June and September, but can be very low in the winter. One hotel achieves very high midweek occupancies all year round however by targeting the group tour market. Weekend demand for hotel stays in Southsea is much stronger, with most hotels consistently fully booked and turning business away on Friday and Saturday nights between May and September. Saturday occupancies are also high throughout the winter. Some hotels also achieve high Friday occupancies in October, November and December. Friday occupancies are lower between January and March. Sunday occupancies are generally very low, other than for one 3-star hotel that attracts contractors arriving for the week ahead.

## Midweek Markets

- The key midweek markets for Portsmouth's 3 and 4-star and upper-tier budget hotels are corporate demand from Portsmouth companies and government business from the MoD. The corporate market in Portsmouth is dominated by a small number of large companies that are able to command very competitive room rates from the city's hotels because of the volumes of business that they are placing with them. Government business is also lower rated. A lot of corporate business in Portsmouth is project-related. Corporate demand can therefore fluctuate from one month to the next and year to year. There is a strong long-stay corporate market in Portsmouth from international business visitors and those working on company projects for extended periods.
- Residential conferences are a secondary midweek market for some of the city's 3 and 4-star hotels, accounting for around 10-15% of their midweek occupancy.
- Midweek break stays are the primary weekday market for one city centre hotel, and a secondary source of midweek business for other 3 and 4-star and upper-tier budget hotels.
- Other minor midweek markets for the city's 3/4-star and upper-tier budget hotels are:
  - Ferry passengers;
  - Overseas tourists;
  - Group tours for one 3-star hotel;
  - Contractors working on construction projects;
  - University visitors and delegates attending conferences on the university campus;
  - University graduations.

## PORTSMOUTH HOTEL MARKETS

- Key midweek markets for Portsmouth's budget hotels are contractors, government business from the MoD and business visitors. Contractors are the main source of weekday trade for some budget hotels. Others attract a more balanced mix of midweek markets. Ferry passengers are the key weekday market for one budget hotel and a secondary source of midweek trade for others. Other sources of weekday business are midweek leisure break stays, cruise passengers, overseas tourists, university students, university graduations, and people that need rehousing that are placed in budget hotels by the City Council's Housing Department.
- The midweek market for hotel accommodation in Southsea is more leisure-driven than in Portsmouth. Hotels here attract a mix of weekday business in terms of midweek leisure breaks, corporate demand from Portsmouth companies, and government business from the MoD. Group tours are a key midweek market for one 3-star hotel. Other midweek markets are ferry passengers, contractors, overseas tourists and people that need rehousing.

### Weekend Markets

- The main weekend market for Portsmouth 3 and 4-star and upper-tier budget hotels is weekend breakers coming to visit the Historic Dockyard, the Mary Rose Museum, Gunwharf Quays, the Emirates Spinnaker Tower, and the Isle of Wight. This is also the key weekend market for hotels in Southsea and a weekend market for the city's budget hotels.
- Events are the other key driver of weekend demand for Portsmouth and Southsea hotels, at all levels in the market. Events that generate strong weekend demand for hotel accommodation are:
  - The D-Day 75 commemorations in June 2019
  - The Americas Cup in 2016
  - Great South Run
  - The Victorian Festival of Christmas at Portsmouth Historic Dockyard
  - Portsmouth Comic Con
  - Portsmouth Tattoo Extravaganza
  - Concerts and comedy nights at The Guildhall
  - Music gigs at the Pyramid Centre
  - Productions at the New Theatre Royal and Kings Theatre Southsea

## PORTSMOUTH HOTEL MARKETS

- Portsmouth FC home matches – particularly for budget hotels
- Victorious Festival, Southsea
- Portsmouth International Kike Festival, Southsea
- Isle of Wight Festival
- Cowes Week
- Goodwood Festival of Speed, Revival and Glorious Goodwood
- South Central Festival, Cosham
- Boxing tournaments at the Mountbatten Centre
- Southampton Boat Show

There are numerous other smaller events that enhance the appeal of a weekend stay in Portsmouth and Southsea, although may not be the main motivation for a visit.

- Ferry passengers are a key weekend market for budget hotels between June and August, and a minor source of weekend trade for some 3/4-star and upper-tier budget hotels.
- Other minor weekend markets are:
  - Group tours for some 3-star hotels – UK and overseas groups visiting Portsmouth as part of a tour of the South Coast, or stopping off before or after a ferry journey. Due to its low-rated nature, this market is currently largely constrained in Portsmouth, as hotels are able to fill with business from other more lucrative markets;
  - Stag and hen parties/clubbers – for budget hotels and one 3-star hotel;
  - People attending weddings and family parties;
  - People visiting their friends and relatives and Navy personnel in the city – primarily a market for budget hotels;
  - Parents of university students dropping off and collecting their children at the beginning and end of term, or visiting during term time;
  - Overseas tourists;
  - Cruise passengers;
  - Navy reunions – for one 3-star hotel;
  - Masonic lodge weekends – for one 3-star hotel;
  - Weekend conferences;
  - Contractors and business visitors staying over the weekend or arriving on Sunday night.

# MARKET TRENDS

## Market Trends

- Corporate demand for hotel accommodation in Portsmouth has increased over the last 3 years as the city's economy has grown and employment has increased. The new Premier Inn City Centre and Village hotels have evidently recaptured a lot of the corporate business that was previously being displaced to hotels in surrounding areas.
- One budget hotel reported an increase in MoD business.
- At a national level, the UK conference market grew strongly in 2018, following a downturn in 2017 compared to 2016. Those hotels in Portsmouth that have good conference facilities are likely to have seen a similar trend in residential conference business over the last three years. One 3-star hotel reported growth in residential conference business in 2018. Others are also likely to have seen some growth.
- Contractor demand for budget hotel accommodation in Portsmouth has increased as a result of construction projects in the city.
- Portsmouth hotels appear to have benefited from the national growth in the staycation market. A number of hotels reported growth in midweek and weekend break stays. The new Premier Inn City Centre and Village hotels have increased capacity for weekend breaks and events-related demand. One budget hotel and one Southsea hotel reported lower levels of leisure break business, which they attributed to a loss of business to the new hotels that have opened in the city and the increased provision of accommodation that is available through Airbnb.
- One hotel has successfully targeted the group tour market to maintain its occupancy levels.
- Ferry passenger demand reduced in 2017 and again in 2018. The number of ferry passengers travelling through Portsmouth reduced by 2% in 2017 and a further 0.65% in 2018.

# DENIED BUSINESS<sup>1</sup>

## Denied Business<sup>1</sup>

- Most of Portsmouth's hotels regularly fill and turn business away on Tuesday and Wednesday nights, often to a significant degree, especially in the summer months. Some budget hotels also deny business on Monday nights, although not usually to the same extent as on Tuesday and Wednesday nights.
- Most of the city's hotels also consistently fill and turn business away on Saturday nights for much of the year. Budget hotels and some 3/4-star and upper-tier budget hotels and Southsea hotels also frequently deny business on Friday nights during the summer months.

---

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

# FUTURE GROWTH PROSPECTS

## Prospects for 2019

- The Village hotel is likely to see strong growth in occupancy and achieved room rate performance in 2019 as it becomes more established in its second year of operation.
- Portsmouth's other hotels generally expect to see strong growth in both occupancy and achieved room rate in 2019. 3/4-star/upper-tier budget hotel occupancies were significantly up in the first four months of the year and there was some growth in achieved room rates in March and April, although still some way to go before they return to 2017 levels. The city's budget hotels also reported a strong start to the year. The D Day 75 commemorations in June will have boosted hotel occupancies, and especially room rates in the city.
- In contrast, Southsea's boutique hotels have been having a tough trading year in 2019, with a drop in occupancy and little improvement in achieved room rates.

## Prospects for 2020 and Beyond

- Looking ahead to 2020 and beyond, the opening of the new Travelodge and Premier Inn and extension to the Premier Inn Port Solent are likely to impact on hotel performance in Portsmouth in 2020 and 2021, especially at the budget level. The proposed Hampton by Hilton is also likely to affect hotel performance for a period, depending on when it opens, and how the city's hotel market has grown and recovered following the opening of the Travelodge and Premier Inn.
- Going forward, there are positive indicators of likely future growth in demand for hotel accommodation in Portsmouth that will support these and further new hotels:
  - The **regeneration of Portsmouth** is set to deliver transformational change for the city over the next 15 years. The new economic and regeneration strategy 2019-2036 aims to make Portsmouth Britain's premier waterfront technology and innovation city, and to build on the 'Great Waterfront City' brand. This includes creating a marine/maritime engineering and/or clean growth quarters, building on the strengths of the manufacturing and engineering cluster; putting the right infrastructure in place, particularly in terms of transport and the waterfront; creating the right business environment, including strengthening the visitor, cultural and creative economy and knowledge-based sectors. The strategy targets a growth of 7000 jobs as well as increased productivity.

## FUTURE GROWTH PROSPECTS

- Some of the key strategic developments planned to deliver this transformational change include:
  - **City centre regeneration** (Gross Development Value £1bn) – the Council has ambitious plans for the city centre, particularly the northern part, previously known as the Tricorn site, which is at a key gateway to the city. The area is currently being masterplanned, and the Council will take an active role in delivery here and in stitching the city centre back together. Due to the air quality and health and wellbeing issues this development will be built on excellent public transport, cycling and walking. The Council has signed a Joint Venture with Delancey to bring residential and leisure led regeneration forward and is also working with partners to bring renewed retail and leisure offers to Commercial Road and the Cascades shopping centre, investing in high quality public realm around Portsmouth & Southsea train station, expanding the range and quality of the city centre market, and introducing new street food options to the area – all to help create a vibrant and economically successful and business led high street and city centre.
  - **Tipner regeneration** (Gross Development Value £1bn+) – Tipner is an ambitious development scheme at the gateway to the city which will play a key role in establishing Portsmouth as a beacon of growth and opportunity in the Solent region. Significant levels of government funding have been secured to unlock the Tipner West and Horsea Island sites. The scheme here includes provision for over 4,000 new homes and 1m sq ft of commercial development including a high tech marine and maritime hub. The current Park & Ride's capacity will be massively increased to facilitate fundamental modal shift addressing air quality and health and well-being concerns. The scheme includes 27 hectares of land reclamation from Portsmouth Harbour.
  - **Southsea coastal scheme** (Gross Development Value £110m) - a major engineering project to put in place new sea defences, at the same time stimulating further regeneration by unlocking investment opportunities as well as enhancing Portsmouth's seafront and securing Southsea's future. The vision for Southsea is to create a more vibrant place for residents, businesses and visitors alike, protect the community and preserve the area's unique heritage. Key sites for redevelopment along the seafront that could include visitor accommodation/visitor economy uses include The

## FUTURE GROWTH PROSPECTS

Point/Wightlink workshops in Old Portsmouth, Clarence Pier, The Pyramids Centre, and the Royal Marines Museum. A leisure focus will also form part of the development at Southsea Castle, Southsea Common, South Parade Pier, St George's Road, Eastney Swimming Pool and Eastney Point. Key additional themes in taking schemes forward are health & well-being, heritage, the natural environment and transport & access.

- The development of **Portsmouth International Port** is to continue, to grow demand both from passengers and cargo handling. £33m of development funding has been secured from Portsmouth City Council to undertake a series of infrastructure projects to underpin this growth. This includes improvements to cruise berths to accommodate larger ships and additional mooring points to permit 2 liners to dock at once; changes to the terminal building to provide dedicated facilities to handle cruise and ferry passengers more efficiently, and a new passenger boarding tower; plus £15m to improve facilities for the commercial shipping services operated by Portico to enable them to increase the amount and types of cargo they handle. The port handles 2m passengers to continental Europe every year. The Masterplan forecasts growth of 1.5% p.a. in this market. The port also handles 250,000 freight movements, and is forecast to grow by 2.5% p.a. The **cruise market** has seen particularly strong growth, increasing from 14 cruise ships in 2010 to 50 in 2019. These 50 ships used Portsmouth as both a turnaround port for embarkation and disembarkation, and as a port of call (less than 20 ships), visiting the city as part of an itinerary. The ambition is to double this to 100 ships by 2022, and to increase passenger numbers from 50,000 to 150,000, which proposed facilities will permit.
- The **University of Portsmouth** has plans to continue to grow and to invest in its facilities, articulated in its Estate Masterplan (2016). A £400m programme of investment has been identified, to deliver a requirement for an additional 60,000 sq m of space across the campus. This increase in floorspace is required to meet a target increase in student numbers - from 23,000 to 26,000, including an increase in international students from 3,000 to 4,000 – but also to improve the student experience, facilitate collaborative learning, and grow research and innovation facilities. The Plan covers a 10-12-year period and involves redevelopment and intensification of existing sites as well as new development.

## FUTURE GROWTH PROSPECTS

- The **development of the visitor economy** is at the heart of Portsmouth's culturally-led regeneration strategy.
  - The City's **Visitor Marketing Strategy 2017-2020** supports the aspiration to identify Portsmouth as the 'Great Waterfront City: a vibrant modern city with a strong positive national and international reputation'. It looks to grow the visitor economy by identifying key target markets that best match the city's unique product offering of maritime heritage and a vibrant seafront. The target for growth is to increase overall visitor numbers by 5% and increase the number of overnight stays by 8% between 2016 and 2019. Primary target markets are day visitors (including groups) from within 2 hours drive time; the short break market from the West Midlands and Northern Home Counties; and overseas visitors particularly from Europe, the US and China. Secondary markets are visitors to friends and relatives, the business and conference market, and overseas visitors from the rest of the world. Attracting younger and higher spending markets is a particular priority. Key messages are about a modern city with 800 years of maritime heritage, with fabulous shopping, dining and culture on the water's edge, ever-changing sea views, and an emerging vibrant culture. Key 'Attack' brands are identified as Gunwharf Quays, Emirates Spinnaker Tower, the Historic Dockyard, and Southsea seafront, all located on the waterfront.
  - **Events** are a key part of the Portsmouth offer, and the city has been developing a growing programme of high-quality events of national and international importance. There is an aspiration to become a global events destination, building on high profile events such as the America's Cup World Series races, and a strategy to develop more major events given their greater benefits to the city's economy. These events, such as the Great South Run and Victorious Festival attract a large proportion of visitors from outside the area who stay overnight. The strategy also seeks to use events to make Portsmouth an attractive year-round destination and to reinforce the vision of 'A Great Waterfront City', and focuses on putting in place the right systems, partnerships and funding to deliver.

## FUTURE GROWTH PROSPECTS

- Portsmouth Guildhall is an important venue for events, conferences and functions that has been expanding its programmes and investing heavily in up-grading its facilities. The **Guildhall Renaissance** initiative is an ambitious and exciting plan to transform Portsmouth's Guildhall that envisages a potential £15 million redevelopment prepared by Portsmouth Cultural Trust in cooperation with leading design and architectural firms, Wayne Hemingway and Foster Wilson. The focus of this plan is around creating a commercially sustainable music and heritage venue that would provide a state-of-the-art cultural hub.
- There is potential for Portsmouth hotels to take more **group tour business** to maintain their occupancies if they need to as the city's hotel supply grows. New hotels may also target this market in their initial operating years, as they build demand from other markets. This is however lower-rated business, which hotels will want to limit and phase out as demand from other, more lucrative markets increases.
- **Population growth** will continue to generate demand for hotels in terms of visits to friends and relatives and people attending weddings and family parties. Portsmouth's population is forecast to grow by 17,300 between 2019 and 2036, from 214,700 to 232,000. Portsmouth is looking to deliver over 17,000 new homes over the new Local Plan period to 2036, and has an active housing development programme worth over £80m GDV that will deliver high quality, energy efficient affordable and social homes.
- The major regeneration schemes, infrastructure projects and house building proposed in and around Portsmouth are likely to generate substantial levels of hotel demand, especially at budget level, from **contractors** involved in building and fitting out these schemes, as well as other professionals involved in the design and delivery of development projects.

## SOURCES OF FURTHER INFORMATION

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

Mark Pembleton  
Economic Growth Manager  
Portsmouth City Council

Tel: 023 9268 8857

Email: [mark.pembleton@portsmouthcc.gov.uk](mailto:mark.pembleton@portsmouthcc.gov.uk)

