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Bridget Baker Consulting Ltd

Marches LEP Board

Research into Hotel demand across the Marches

June 2012

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Sir Ben Gill CBE MA (Cantab)
Visit Herefordshire
Discover Herefordshire Centre
1 King Street
Hereford
HR4 9BW

25 June 2012

Dear Sir Ben,

The Marches Hotel Study

Further to your instructions we are pleased to submit our final report.

Our findings and conclusions have been prepared on the basis of the information we obtained during our research programme, our own knowledge of demand sources and trends in the UK hotel market, and the status of the hotel market in the Marches area at the time of our field research in February/March 2012.

We have made no provision for any unforeseen events which could impact the hotel market in the UK. The estimates contained in this report have been conscientiously prepared using the research findings and with reference to statistical trends in the UK and Marches hotel market.

This report is provided for use only of the parties to whom it is addressed, or their appointees. It is not suitable for any other use or any other persons. Neither the whole nor any part of this report, or any reference thereto, may be included in any document, circular or statement without our prior approval of the form and context in which it will appear.

Yours sincerely

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Bridget Baker

Table of Contents **Page**

1.0 Introduction

The Marches Local Enterprise Partnership area covers Herefordshire, Shropshire and Telford. It includes the county towns of Hereford and Shrewsbury, the 'new' town of Telford and around 25 other historic market towns.

The initial demand for this study has come from anecdotal evidence from local businesses in the area and from local Tourist Information Centres, which suggests a lack of quality larger scale serviced accommodation in the area as a whole.

If the study supports this view the resulting document will be used as part of an overall strategy to assist with the long term tourism investment plans for the area and promote the Marches as a desirable location for development to hotel and leisure operators.

You have commissioned Bridget Baker Consulting Ltd to undertake an independent research programme to assess the current situation and future prospects of the hotel market in the Marches.

1.1 Your Requirements

This study will take advantage of the expertise of private and public partners in the new Marches LEP. The report will reflect the geographical coverage and will identify the opportunities which can be acted on across the Marches but where differences are found between areas, i.e. Herefordshire, Shropshire and Telford, these will need to be reflected in the report. Distinctions between areas may include the macro environment, proximity issues that influence business streams, major developments currently in action, key business sectors, destinations life cycle position, target markets and product offer and market profile.

The following key objectives are to be addressed:

- To identify gaps in the current supply of hotel accommodation in the area, relative to demand.
- To make an objective assessment of the potential for new 4 or 5 star hotel development in the Marches area.
- To provide a better understanding of the current performance of hotels in the Marches region.
- To establish a clear way forward for stimulating and attracting any hotel development for which potential has been identified.

The following elements of the objectives would be addressed in the study:

Phase 1 - Current market and Performance Analysis

- An assessment of current hotel stock in The Marches - by size, standard, type, local representation of national hotel chains and recent and proposed hotel development, using published data and guides.
- From available statistics, an analysis of the current performance of hotels in the area including any seasonal fluctuations and key sources of demand. Including Revenue Per Available Room (RevPar), occupancy, seasonality, market trends, market mix and barriers to business and denied business occurring therefore. Comparable performance against national statistics Assessment of key markets for the destinations their motivations, buyer needs and buyer behaviour taking into account available on-going research available through local authority tourism officers.
- Impact of major capital developments on destinations – in terms of generating demand and attracting new markets/end users.
- National hotel performance and Hotel Development Review.
- A review of any planned hotel developments and an assessment of how this might impact future stock levels.

Phase 2 - Assessing the potential for developing the hotel offer

- Major capital developer consultations – with investors who are already undertaking major development. Identify any related planned hotel development or outline planning on these sites.
- Stakeholder consultations – with business leaders, tour operators, hotels, major attractions convention venues and suppliers, key visitor and convention bureau staff.
- Market surveys – analyse key markets to determine buyer needs, demands, rate expectations, standard etc. Identify barriers to business caused by e.g. dominance of budget accommodation versus demand for higher quality accommodation, market trends and forecasts. In addition, we assess the impact of future economic growth to underpin demand projections.

Phase 3 – Future development strategies and opportunities – action plan

- An analysis of the research findings to determine the potential for new hotel development in the area in terms of size, standard and type of hotel(s), locations and proximity, facilities and rate. To identify the demand for renovation and/or expansion of current stock.
- Identification of the prospects for future growth in hotel demand in relation to forecast economic and tourism growth and taking into account the development of any planned new facilities that may generate additional demand for hotel accommodation.
- An initial assessment of hotel developer interest in the Marches identifying opportunities and barriers to action and specify the location requirements for hotel development sites having regards to the potential identified.
- Recommendations for how best to capitalise on identified hotel development opportunities.

To assist with the survey the following information and research documents were made available:

- A written overview of the economic and tourism related developments in the area which have been prepared by member organisations such as Visit Herefordshire and Shropshire and Telford's Tourism Strategic Board.
- Local authority research and data.
- The STEAM data for recent years researched by Global Tourism Solutions; and other hotel performance data that may be recorded.
- A full set of the tourism guides and other associated publications for the area.
- Listings of major local companies and contact details of individuals in organisations that could be interviewed by telephone during our research programme.

A letter of support was provided to inform local businesses that they may be contacted, along with key individuals in the relevant planning authorities and key tourist information centres.

1.2 Methodology

In order to prepare this report we undertook a research programme which included:

- A start-up meeting with representatives of the Marches LEP to discuss the economic issues relating to the area and to collect any relevant data.
- We found that there was very limited, and in some areas, no statistical data on the performance of hotels in the Marches. We therefore purchased samples from PKF and STR Global, although these comprise only branded hotels. Some hoteliers were happy to provide this data, others did not collect such data and others were unwilling to participate.
- We analysed any tourist statistics that were provided to us for the Marches area, again this was very limited and we sought other sources for much of this information. Our particular thanks go to the Southwater Event Group who provided detailed information on the performance of the Telford International Centre.
- Face to face interviews with selected hotel managers in various locations to understand the characteristics of demand, seasonality and market mix. As agreed in our brief the focus for this was be Hereford, Shrewsbury, Telford, although as the research progressed we identified the country house market in Shropshire (including Telford & Wrekin) as a major grouping and were able to provide information on Ross-on-Wye and Ludlow.
- A review of planned development projects and planning applications for hotel development in the Marches from details provided by the local tourism and planning offices (where available) and our own research regarding the development plans of major hotel groups.
- Interviews with representatives of the Tourism, Convention bureau management and Economic development at each of the Marches locations.
- Completed telephone Interviews with almost 40 companies, from a list of more than 60, across the Marches to understand their requirements and demand trends for hotel accommodation in the area.
- Interviews with the development departments of various hotel companies to assess their current development plans and interest in the Marches and to identify their key location site criteria and other issues that are critical to their decision making in the selection of hotel development sites.
- Based on the findings, an assessment of the likely future market conditions in the Marches and the potential for hotel demand in the medium term.

This report addresses the issues outlined above.

2.0 Executive Summary

2.1 Overview of The Marches – The Marches is a predominately rural area located between the urban sprawl of the West Midlands and the Welsh Borders. The area is made up of two relatively sparsely populated counties, Herefordshire and Shropshire and the Borough of Telford & Wrekin which is more densely populated. The new town of Telford (founded in the 1960s) is an industrial and manufacturing centre for the region.

The main business and population centres of The Marches are Hereford, Shrewsbury and Telford. Manufacturing is important throughout the area but there is also an important small business and self-employed sector. This is a pattern of employment that is common in many rural areas throughout the UK.

Recent research undertaken to produce the Arkenford Report shows that leisure travellers are more aware of the individual parts of the region (i.e. the two counties of Herefordshire and Shropshire and Ironbridge Gorge), than they are of the Marches as an entity. The area is, however, seen as an attractive destination for short breaks and weekend visitation.

2.2 The UK Hotel Market – The recession has had a major effect on the performance of hotels in the UK. Overvaluation of property portfolios, imprudent borrowing and difficult trading conditions have produced a toxic mix that has triggered a number of high profile receiverships. While some locations have fared better than others all hotels have struggled to retain the levels of profitability that they enjoyed just a few years ago. The recession has also strengthened the position of brands that can employ economies of scale to cut costs and drive market share. The rapid and continuing growth of budget brands has also had a major effect on the market with both business and leisure travellers trading down in an effort to save money. In a market that is, at best, flat-lining, the principal victims of the budget brands' success have been traditional three and four star provincial hotels. A recent example is Barcelo Hotels, operator of 21 midscale hotels across the UK, handing back the leases of its hotels due to poor performance levels.

There have however been some encouraging signs for the provincial hotel market, VisitEngland recorded some 104 million domestic overnight trips in England last year, a nine per cent increase on 2010 levels. This is the highest number of trips since 2006. Total spend rose to almost £18bn, a 13% increase and there was a 15% increase in business trips. VisitEngland predict a similar level in 2012. This clearly shows the recent trend of 'staycations' where British residents are holidaying in the UK to avoid the high cost of travel in Euroland as well replacing longer holidays with less expensive short breaks.

STR Global are predicting a modest increase of just half a percent in Average Achieved Room Rate (AARR) in the UK provinces in 2012 but this is matched with around a 1.5% drop in occupancy. From 2013 they are forecasting moderate growth levels in demand and AARR.

2.3 The UK Conference Market - Demand for conference and training facilities has suffered as a result of the economic downturn, with rates decreasing considerably and organisers opting for cheaper alternatives, including reducing their use of external venues. We consider that whilst companies will still maintain training for staff and management they are likely to continue to adopt new methods, particularly with the advent of more sophisticated technology. This is likely to mean less use of external venues for training courses.

The recession has had a major impact on the way that organisations operate and for hotels and other venues this means that event organisers are seeking ways to spend less on their meetings and events and looking for every opportunity to save money. In some cases they also need to be seen to be using cheaper venues. They are also condensing events to avoid overnight stays, choosing different meal packages, opting for lower standard accommodation and organising shorter events. They now often choose to organise an event so as to maximise use of a venue and also seek to minimise travel costs.

Whilst we expect some conference and event demand to return as economic conditions improve, research suggests that this market is likely to remain highly competitive for the foreseeable future.

2.4 The Hotel Market in the Marches – our research indicates the following breakdown of hotel accommodation in the Marches.

Figure 2.1 – Hotel Supply in the Marches (hotels with 8 rooms+)

Location	**Hotels**	**Ratio%**	**Bedrooms**	**%**	**Average no. rooms**
Herefordshire	25	30.5	816	23.4	33
Shropshire	36	43.9	1,259	37.6	35
Telford & Wrekin	21	25.6	1,270	38.0	60
Total	82	**100.0**	**3,345**	**100.0**	41

Source: Bridget Baker Consulting Research

Shropshire provides the most hotels in the Marches but Telford and Wrekin have more bedrooms than Shropshire despite having just over half the number of hotels. Herefordshire is typified by smaller hotels and has a bedroom stock of around 450 less than Shropshire. We detail as follows the type of hotels that are represented in each borough.

Figure 2.2 – Types of hotel available in each geographical area of the Marches

	Herefordshire	Shropshire	Telford & Wrekin
4-star branded	-	√	√
Country House branded	-	√	√
Country House Independent	√	√	√
Midscale branded	-	√	√
Midscale Independent	√	√	√
Upscale Boutique	√	√	-
Branded Budget	√	√	√

Source: Bridget Baker Consulting Analysis

Shropshire has a good range of hotel accommodation from branded budget to 4-star branded hotels. Telford & Wrekin also has a good range, although it lacks an upscale boutique hotel. Herefordshire does not offer any 4-star standard hotel accommodation and in terms of branded hotels only has budget hotels.

Aside from small extensions, the main new hotel projects we identified in the Marches are detailed as follows:

Figure 2.3 – Proposed Major New Hotel Supply in the Marches			
Project	**No. Rooms**	**Location**	**Status**
Premier Inn	136	Shrewsbury Centre	Under construction, opening due spring 2013
Astbury Hall	63	Nr Bridgnorth	Announced January 2012, golf leisure resort
Premier Inn	86	Central Telford	Part of Southwater Development, opening 2013
Southwater Events Group, Telford	150	Adjacent Telford Int. Centre	Planning permission not progress/start date announced
Source: Shropshire Council/Bridget Baker Consulting research			

There are two new Premier Inn projects in the Marches. Premier Inn has been one of the few UK groups that have been undergoing rapid expansion in recent years They have been less impacted by the economic downturn as many previous clients of full service hotels have been trading down to the budget brands.

The Premier Inn project in central Shrewsbury is set to increase the hotel bedroom supply in the town centre by almost 62%. This is likely to have a significant impact on the existing market.

The new Premier Inn in Telford will provide a welcome addition to the Telford supply in terms of accommodating delegates visiting the International Centre during major conferences and events. However, this new hotel is likely to mean that guests who are currently being forced to book hotels further afield during busy periods will now stay in the town centre, reducing business for hotels in the surrounding area. At other times the Premier Inn will have to compete with the existing hotels for commercial business.

The Southwater Event Group has indicated that, at present, they have no plans to commence development of an additional hotel on their site. This would seem prudent given the imminent addition of the Premier Inn and the relatively low annual occupancy and AARR achieved by Telford hotels last year.

The Astbury hall golf resort development is likely to be costly, however, we understand that it may be privately funded. Currently country house hotels in Shropshire are underperforming the national average and it is unlikely that a developer who requires bank funding would consider embarking on a project of this type in the near future.

There is very limited hotel performance data available for the Marches area generally. Last year occupancy data was collected by LJ Forecaster for between 9 and 11 hotels in Telford & Wrekin on a monthly basis. This is useful to provide a snapshot of the 2011 performance, albeit in a recession. We were able to purchase some hotel data from PKF and STR Global, but these were generally for branded hotels. We supplemented this with data provided during our hotel interviews. This data is summarised using standard industry metrics below,

Figure 2.4 – Performance of English & The Marches Hotels 2011

Area	**Room Occupancy[1]**	**AARR**	**RevPar**	**Sample**
	%	£	£	
English Hotels	70.2	61	43	PKF, 80,300 rooms mainly branded
Country House Hotels	66.5	86	57	*PKF 6,800 rooms, mainly branded*
Shropshire Country House Hotels	59.6	60	33	6 hotels, branded
Hereford	63.6	46	29	Small independents, 2 branded budgets
Ross-on-Wye	71.1	46	33	Small independents, 2 branded budgets
Shrewsbury	63.6	46	29	Branded midscale, budgets, 1 independent
Ludlow	73.0	n/a	-	Small independent, 2 branded budgets
Telford	61.2	49	30	8-11 hotels, Mainly branded
Source: PKF/Bridget Baker Consulting Research/LJ Forecaster/STR Global				

Glossary:

Room Occupancy – The ratio of total occupied rooms to total available

AARR – Average Achieved Room Rate, Rooms Revenue divided by the total rooms occupied

RevPar – Revenue Per Available Room, also known as Rooms Yield, Room Occupancy multiplied by AARR

Only the smaller towns of Ludlow and Ross-on-Wye exceed the national English occupancies in 2011. These two markets are relatively small and have a mix of branded budget and smaller midscale hotels. Hereford had some small increase to bedroom supply in 2011 which along with the recession diluted the occupancy from a level of 69% in 2010.

The Shrewsbury sample mainly includes branded hotels and we would expect this to perform better, this illustrates the weak levels of demand in the town. The wider Telford sample is only available for 2011 and, given that there are some large branded hotels in the sample, shows a poor performance against the national average.

Shropshire country houses hotels, including some in Telford & Wrekin, are also performing below the national average for hotels of this type. They are particularly adversely impacted by seasonality constraints and low demand levels in the winter months.

In terms of AARR, again all of the samples show a significant gap from the rates achieved nationally, this we would expect in towns with largely independent hotels but in towns such as Telford, with a large number of branded hotels, this is disappointing and shows a combination of an unwillingness of customers to pay higher prices and the weak market conditions which results in hoteliers discounting heavily in slow periods to maintain occupancy.

2.5 The Future and Hotel Development Opportunities - As is widely acknowledged the UK is in the grip of a recession. This has resulted in a slowdown in business travel, a reduction in travel budgets and a downturn in the conference and meetings market. Further cuts in spending are likely and will particularly impact the public sector training market.

Some hotels groups are undergoing financial difficulties and are selling rather than developing hotels and very few UK banks are lending for new hotel developments. Hotel groups are still keen to expand and gain coverage in new markets but few groups are prepared to fund new developments. They therefore seek a developer who is prepared to build a hotel and then offer a management contract or a franchise both of which offer hotels the benefits of marketing, reservation systems, group purchasing, etc. Fees are payable to the hotel company but this is often offset by higher room occupancy and AARR and other economies of scale.

Some of the hotel brands that we spoke to indicated that they are interested in further expansion in the UK provinces but it would only contemplate the method outlined above. They would all require the developer to provide a feasibility study to show that a hotel is likely to be financially viable as no hotel company wants to be associated with a struggling hotel. With a few exceptions the performance levels set out in this report are unlikely to encourage the development of a full service hotel when funding issues and construction costs are taken to account.

There may be opportunities for some of the independent hotels in the Marches to adopt the franchise route. This would allow the hotel to benefit from group marketing and reservations systems and also may allow them to attract demand from national companies that have a fixed list of branded hotels that their staff are allowed to use or with which they have negotiated rates. For a hotel to be eligible they would need to meet the brand standards and usually not be within close proximity of a hotel already operating under the same brand. There are hotels in the Marches that would probably fit this format, for example the International in Telford and the Three Counties in Hereford. Hotels can also elect to be part of a hotel consortia, such as Best Western, this gives similar advantages to the main brands but generally the stipulations regarding rooms sizes and other facilities are less strict. There are Best Western Hotels currently in Telford & Wrekin and in Herefordshire.

A full service hotel can take a minimum of 18 months to develop, usually longer when taking into account the planning phase. We would therefore hope that a newly developed hotel would be able to benefit from improved economic conditions and a return of growth in the business travel and conference markets.

Aside from the current market performance, hotel developers look at locations where there are signs of future growth in demand. This growth is usually driven by economic expansion such as new business parks, airports, new tourist attractions, etc. In the case of the foregoing the new Enterprise zone to the south of **Hereford** may well provide growth which will stimulate hotel demand warranting development. When the growth potential has been established this may well support the development of a new full-service hotel of around 100 bedrooms. Ideally this would be branded and offer a product that is currently not available in Hereford.

In the case of **Telford** the recent extension to the Telford International Centre (TIC) is yet to demonstrate that it will generate new hotel demand to the area, however, the new capacity may lead to higher bedroom occupancies in the medium term. As detailed above, there is already a new Premier Inn planned for central Telford and this will add more than 80 rooms in the town centre. Outside of major events it will compete for the other corporate business in the town. The owners of the TIC also have permission to develop a hotel of up to 300 bedrooms. As the economy improves and the TIC generates more demand from its recent extension this will be an ideal location for a new hotel, but at this time we do not consider that the market performance will support healthy demand for this hotel year round.

Country house hotels in Shropshire are performing at a very average level and this is likely to preclude new development as banks would be unlikely to be willing to fund a new hotel of this type in the medium term. If the Warner Leisure property is excluded there is no country house hotel in Herefordshire. Warner Leisure offers guests inclusive three or four night packages and their hotels are not normally available for transient guests. Warner does, however, offer an interesting example of a successful market model offering a niche product. The Belmont golf course near Hereford already has some of the elements of a country house resort, but would need additional up-scale bedrooms to meet the criteria required by this market.

The market in **Shrewsbury** is already fragile and the impact of a massive increase in supply in the town centre of more than 58% of budget bedrooms is likely to make conditions and pricing at the other hotels in the town very difficult in the medium term.

There are some hotels across the Marches that are in need of refurbishment or were built at a time when bedrooms were far smaller and there were no legal requirements relating to access issues for disabled persons, etc. Generally as new hotels open, unless older hotels are renovated to bring them up to an acceptable standard, their performance levels decline. (In some instances full renovation is not physically possible). When a hotel is not offering a product that meets modern standards guests become dissatisfied and inferior hotel accommodation can have an adverse impact on the image of a destination. This trend has been emphasised by the increasing popularity of online review sites which can rapidly give hotels with poor decor or performance wide publicity. In instances like these it is often preferable that the hotels are converted to other uses rather than continuing to decline. We envisage that situation may arise in Shrewsbury and Hereford.

2.9 Action Plan – We set out as follows some action plans that the local authorities and tourist authorities in the Marches may wish to consider when addressing their hotel development strategies for the respective boroughs to ensure that the hotel markets maximise their benefit for the local economies:

- As part of the Local Development Framework, in the tourism section, we frequently see local authorities request a 'hotel needs assessment report' for all new hotel development proposals. We would suggest that this is implemented in the Marches. These reports would need to demonstrate the economic benefit of the new hotel to the area. This could include job creation, increased visitation, a positive impact on the performance of the existing local market, etc. A report of this type assists in ensuring that that there is not over supply or inappropriate development of new hotel bedrooms in any given area. It will also give the decision makers in the planning authorities more material to assess a planning application.

- Allow change of use of hotels that have become obsolete.

- If council sites become available consider a range of options that will bring economic benefit to the area.

- Ensure that tourism authorities keep an up to date record of all hotel stock in each borough.

- Ensure that statistics, such as STEAM/Cambridge Model, are updated regularly and are available to local hoteliers, tourism and council officials and potential investors.

- Encourage hoteliers to participate in hotel performance surveys in order that up-to-date information is available to them on the current state of the market.

- Support improvement of rail links or reinstatement in some cases.

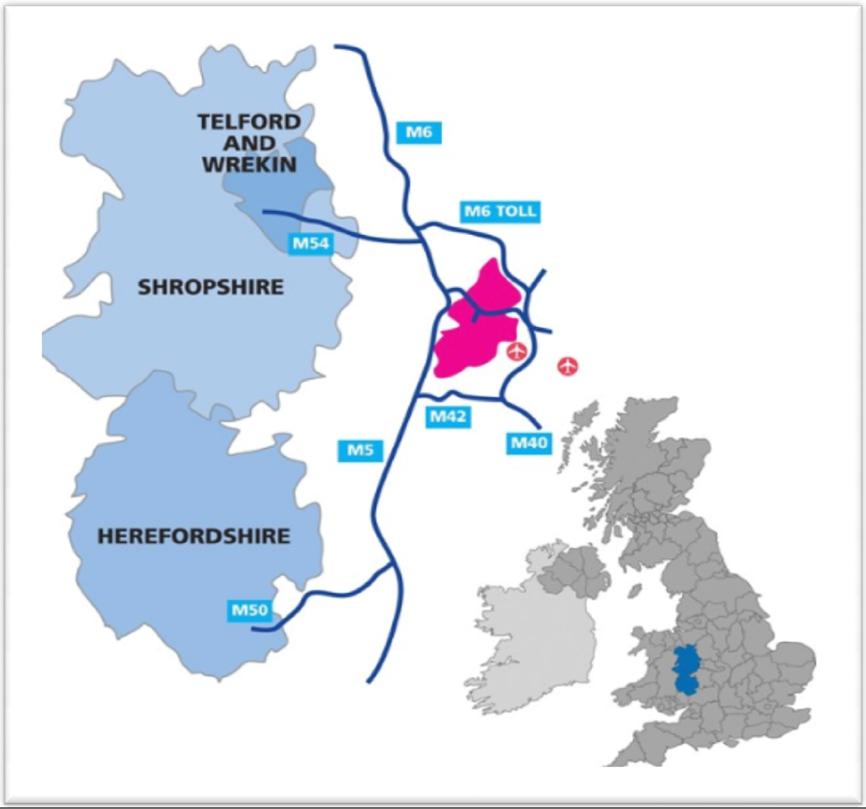
- Adopt marketing strategies to extend the stay of visitors to the Marches.

- In marketing campaigns maximise the positive attributes of the Arkenford findings, particularly in terms of leisure visitors and the short-break market.
- Where not in existence, encourage hoteliers to form a group that meets regularly to discuss local performance issues.
- Where demand exists, and sites are controlled by a local authority, try to ensure that the hotel products proposed meet the gaps in the local market provision in terms of the facilities and room sizes that are included in the scheme.
- Make local hoteliers aware of the findings of this report and the opportunities, and threats that may be relevant to their businesses.
- In individual borough focused tourism strategies recognise that hotels guests are usually not aware of the hotels location within a particular borough, particularly where the main conurbations are close to each other, for example Telford and Shrewsbury and that awareness of the activities of each should add benefit to hotel business in each area.
- Continue to promote the Marches as an attractive location for business activity.

3.0 Overview of the Marches

3.1 Introduction - The term The Welsh Marches has historically been used to describe the counties that lie along England's border with Wales. The Marches area covers Herefordshire, Shropshire and the new town of Telford. The Marches has a population of over 630,000 and is bordered by the major conurbation of Birmingham and the West Midlands to the east. Road communications with the West Midlands are good with the M5 and M6 motorways running to the east of Shropshire and Herefordshire. The M54 and M50 motorway spurs connect the north and south of The Marches to the motorway network. There are rail links to Birmingham, Bristol, Manchester and London. Birmingham airport is within easy reach. In Figure 3.1 we show The Marches together with the nearest motorways and airports.

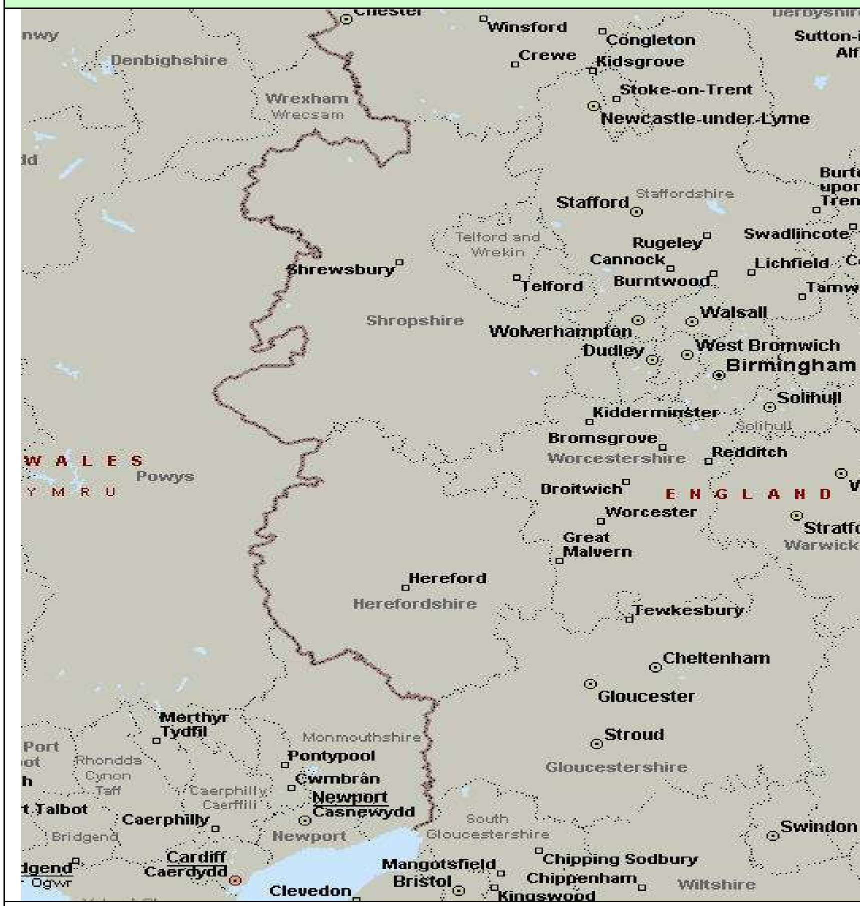
Figure 3.1 – The Marches with Main Road and Airport Links



Source – Marches Local Enterprise Partnership

To the west of The Marches lie the Welsh borders, North Wales and Snowdonia, an area that is not densely populated. As a result there are no major industrial or business centres immediately to the west of The Marches. In Figure 3.2 we show Herefordshire, Shropshire, Telford & Wrekin together with the surrounding towns and cities. This shows the proliferation of urban development to the east and also illustrates the essentially rural nature of the area immediately to the west of The Marches.

Figure 3.2 – Herefordshire, Shropshire and Surrounding Centres of Population



Source: Mappoint

The main centres of population and employment in The Marches are the towns of Hereford, Shrewsbury and Telford.

3.2 The Marches – Economic Activity & Employment – As can be seen in Figure 3.3, The Marches enjoys a slightly above average level of employment when compared both to the West Midlands and Great Britain as a whole. The area has a higher than average percentage of self-employed people a significant number of whom work from home, a working pattern common in many rural areas in the UK.

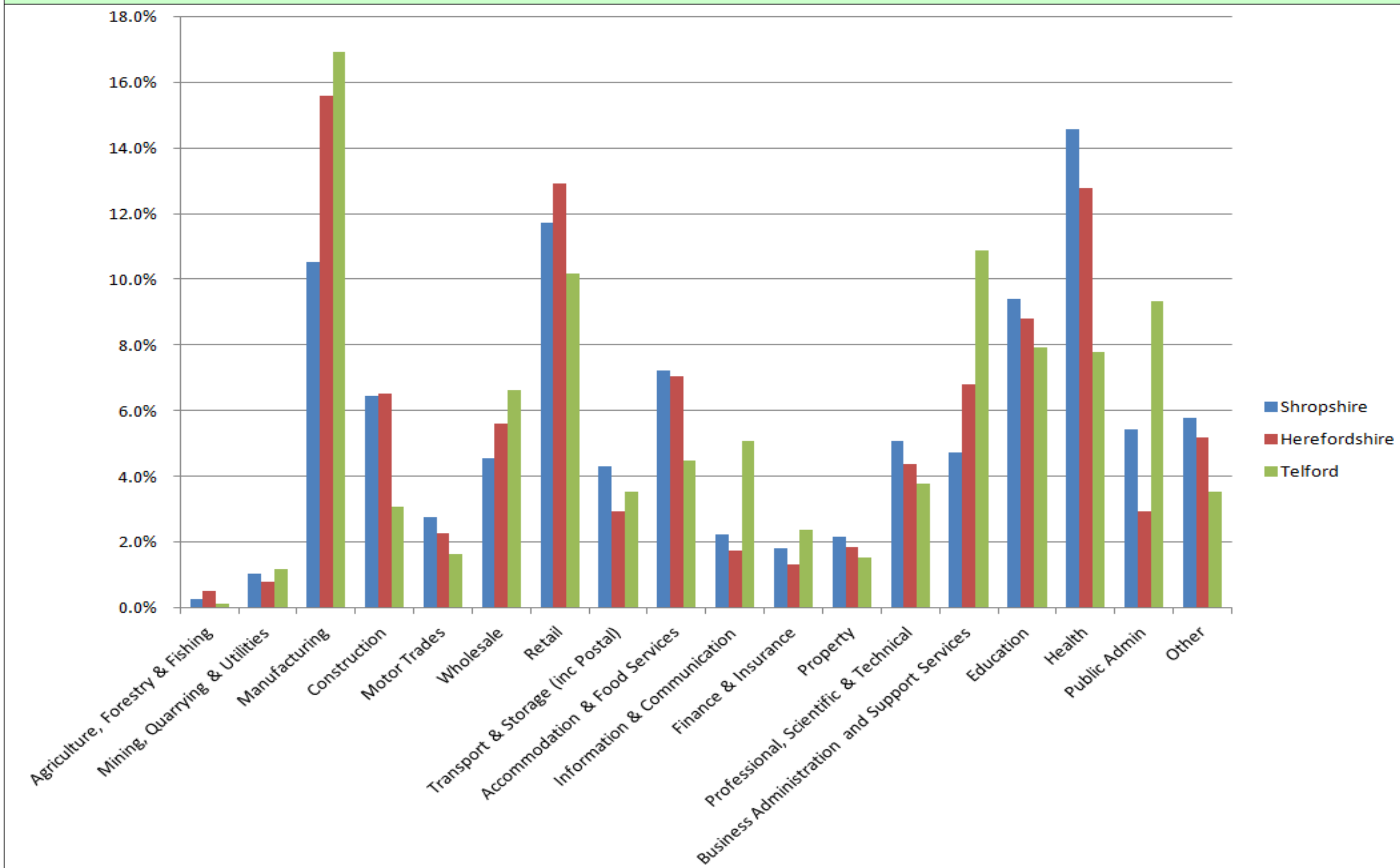
Figure 3.3 - The Marches – Employment & Unemployment (Oct 2009 – Sep 2010)			
	The Marches	**West Midlands**	**Great Britain**
	(%)	(%)	(%)
Economically active	78.2	74.7	76.3
In Employment	73.5	67.8	70.4
Employees	61.5	59.1	60.9
Self-Employed	11.3	8.2	9.0
Unemployed	5.9	8.9	7.7
Source: Office for National Statistics			

3.3 The Marches - Herefordshire, Shropshire, Telford & Wrekin – In following sections of this report we review the individual economic and employment profiles of three constituent areas of The Marches, which are the counties of Herefordshire and Shropshire and the Borough of Telford & Wrekin. It is, however, interesting to compare the employment profiles of the three parts of the region. In Figure 3.5 on the following page we show a comparison of the percentage employment by Broad Industry Group in the three areas. The figures are taken from the Office of National Statistics report on the West Midlands in 2008 and include part-time employees and working employers. The total number of those employed in each area is shown in Figure 3.4 below.

Figure 3.4 – Numbers Employed in The Marches (2008)	
Hereford	75,100
Shropshire	116,100
Telford & Wrekin	84,600
Source: Office of National Statistics	

Herefordshire and Shropshire, which are both largely rural counties, have a much larger land mass than Telford & Wrekin, an urban area with a significant level of industrial activity. However, a comparison of the percentage of the working populations of each part of The Marches which is engaged in specific areas of economic activity shows the importance of manufacturing and retail activity throughout the entire district.

Figure 3.5 – Comparison of Percentages of Employment by Broad Industry Group in Shropshire, Herefordshire and Telford & Wrekin 2008



Source: Office of National Statistics

3.4 Arkenford Report – In January 2012 Arkenford, a market research and data modelling company, presented a report to The Marches Local Enterprise Partnership. The focus of the report was tourism in The Marches and research was undertaken into the profile of current visitors to the area, the types of trips taken, the reaction of visitors to various activities and attractions, existing and potential markets and the type of marketing messages and packages to which relevant consumers would respond. As well as viewing The Marches as an entity the report covered the three local authority areas Shropshire, Herefordshire and Telford & Wrekin as individual destinations. The main conclusions on the three individual areas will be covered later in this report. The report was produced following an online survey using an online panel and a total of approximately 1,500 interviews were conducted. Of these, around 500 respondents lived within a 90 minute drive time of The Marches and approximately 1,000 lived at a greater distance.

The Arkenford Report's principal conclusions on The Marches as a tourist destination are as follows:

- There was relatively low awareness of The Marches as a destination in comparison to say The Cotswolds or The Forest of Dean.
- Individually, consumers are more aware of Hereford, Shropshire and Ironbridge Gorge than they are aware of The Marches as a region.
- Existing visitors tend to be older and travelling as couples.
- The perception of the area is that it is a destination for couples on a short break.
- The Marches is viewed as a year round offer with plenty to do and not too 'touristy' or expensive.
- Spontaneous 'top of the mind' thoughts do not immediately identify the area as a leisure destination.
- Over 90% of visitors have sought information on the area using the internet prior to visiting.

The Arkenford Report contains a wealth of detailed information on consumer profiles and the types of activity enjoyed by visitors to the area which will be valuable to marketers when promoting both the area as a whole and its individual attractions. However, the research undertaken suggests that the demand for leisure and tourism in the area is fairly stable and, while the market will undoubtedly continue to develop and awareness can be improved, a major surge of growth cannot be anticipated in the immediate future.

4.0 The UK Hotel Market

4.1 Introduction – In the following section we review the UK hotel market, current performance and significant trends.

4.2 Supply of Hotels - In March this year the statistical firm Hotel Data Ltd estimate that there are around 12,770 star rated hotels in the UK, of which some 37% are group owned hotels (4,752) and 67% (8,015) independent hotels. The breakdown of star rating of these hotels is shown in Figure 4.1

Figure 4.1 – UK Hotel & Guest House Supply March 2012

Star Rating	Group Owned	Independent	Total
5	96	20	116
4	860	267	1,127
3	1.018	1,223	2,241
2	125	614	739
1	1	18	19
5G	10	198	208
4G	131	1,501	1,632
3G	104	1,163	1,267
2G	9	141	150
1G	1	9	10
Branded Budget	1,461	0	1,461
Unclassified	936	2,861	3,797
Total	4,752	8,015	12,767

Source: Hotel Data Ltd

As shown above, four and five star hotels only account for 9.7% of the total compared to 17.6% in the three star category. Branded budget hotels such as Travelodge and Premier Inn account for around 11.5% and G (Guest) accommodation for approximately 25.5%. Almost a third of UK hotels choose to remain unclassified or are awaiting classification.

In the following figure we show the breakdown of UK hotels by star rating.

Figure 4.2 - UK Hotels & Guest Houses by Star Rating		
Number of bedrooms	**No. Hotels**	**Ratio %**
5-star	116	0.9
4-star	1,127	8.8
3-star	2,241	17.6
2-star	739	5.8
1-star	19	0.2
G Accommodation	3,267	25.6
Branded Budget	1,461	11.4
Unclassified	3,797	29.7
Total	12,767	100.0
Source: Hotel Data Ltd		

Hotel Data Ltd record the number of hotels in each county. We list below their entries for The Marches. Telford & Wrekin are not shown as a separate entry and are therefore included in Shropshire. As both Herefordshire and Shropshire are amongst the English counties with the lowest population density we have included, for the purposes of comparison, information showing the density of population per square mile for each county.

Figure 4.3 - Number of Hotels in the Marches Herefordshire compared with other Rural Counties in the UK			
	No. Hotels	**Ratio of Total UK %**	**Population Density sq/mile (2010)**
Shropshire	108	0.8	340
Herefordshire	58	0.5	210
Derbyshire	160	1.3	1,000
Norfolk	274	2.1	420
Wiltshire	149	1.2	370
Northumberland	73	0.6	160
Source: Hotel Data Ltd and ONS			

As can be seen from the information presented in Figure 4.3 both Shropshire and Herefordshire are predominantly rural counties with comparatively low levels of population density. Population density has some effect on the demand for hotel accommodation in a particular area but a number of other factors influence hotel supply and demand. Clearly the demand for business related accommodation is driven by the size of the towns and the level of commercial and industrial activity in specific locations. Leisure visitation, however, is dependent on a number of factors. Two of the most important of these are the strength of attractions of the destination and its accessibility to potential markets that can generate a high volume of visitors. In the UK the bulk of the demand for hotel based leisure accommodation is generated by short break and weekend visitation. Typically demand from this market comes from within a two to three hour travel distance, and frequently people take a short break within their own county. It is not the population levels of a region or county that generates leisure tourism but the population density of the surrounding catchment area. In 2011 it was estimated that 104m domestic overnight trips were taken in England, a nine per cent increase on 2010 levels. In recent years these holidays and short breaks have been labelled 'staycations'.

For example, Derbyshire is a scenic county and the Peak District National Park is an extremely popular leisure destination and Chatsworth House one of the UK's most visited stately homes. However, the key to Derbyshire's high level of visitation is that it easily accessible from the major urban conurbations of Greater Manchester, Sheffield and Birmingham. In other words, Derbyshire's two hour drive time tourist catchment area is home to millions of potential visitors. Similarly, Norfolk is a well established holiday destination with a number of attractions including the ever popular Norfolk Broads. In addition it is accessible to the major population centres of the Midlands, London and the South East. Conversely, Wiltshire has some tourist attractions but is not a major holiday or short break destination, however, it has a large business centre in and around Swindon and is also within easy reach of the major urban conurbations of London and the South East.

On the other hand Northumberland, which has both a low population density and a comparatively low level of hotel provision, is a county with many natural attractions including a National Park, Hadrian's Wall and a coastline that has been designated as an Area of Outstanding Natural Beauty. However, the county is lightly populated and is at some distance from most major towns and cities.

4.3 Performance Trends in the UK Hotel Market – Currently PKF, an international hotel and tourism consultancy, monitor the performance of some 94,900 hotel bedrooms throughout the regional UK, of which around 85% are in England. The PKF sample is largely taken from chain hotels and features hotels of all categories from budget to five star properties. The sample also includes hotels in rural locations, small towns and major cities.

Figure 4.4 – Performance of English Regional Hotels 2007 – 2011			
Year	**Room Occupancy**	**AARR**	**Rooms Yield (RevPar)**
	%	£	£
2008	70.5	67.93	47.86
2009	66.6	62.10	41.36
2010	69.2	61.14	42.31
2011	70.2	60.56	42.51
2011 Jan-Feb	59.4	59.82	35.56
2012 Jan-Feb	61.5	57.21	35.18
Source: PKF			

As can be seen from the information presented in Figure 4.4 provincial hotels in the UK have been badly impacted by the recession. The higher rate of VAT and the slowdown in business travel and residential conferences has had an adverse effect on both turnover and profitability. Even a slight improvement in room occupancy last year did not prevent the Average Achieved Room Rate (AARR) from declining still further. In the first two months of this year (January and February 2012) there has been a slight improvement in the room occupancy in provincial hotels but this has been at the expense of lower room rates. The resultant Rooms Yield (RevPar) is slightly down on 2011 levels. It should be noted that January and February are often the weakest months of the year and that performances have been adversely impacted by bad weather in recent years.

Figure 4.4 includes statistics from hotels throughout the UK, but there are wide variations in performances across the country. Some urban locations, such as Manchester, Aberdeen, Reading, Milton Keynes, Oxford and Brighton have bucked the trend and have shown increases in Revenue Per Available Room (RevPar) during the last year. Some of these locations are strong leisure destinations as well as having a midweek base of business travellers. Locations that showed a decline in RevPar last year included Cardiff, Birmingham, Coventry and Derby.

Other statistics from hotel specialists STR Global indicated that AARR's for economy/midscale hotels in the UK provinces was £33 in the 12 months to the end of January 2012, and upscale and upper midscale was £43. This compared to £61 and £93 respectively for London hotels of the same standard. The luxury market achieved just £64, compared to £164 in London. This gives an indication of why many hotels groups are seeking to further expand their portfolios in London but seem wary of investing in many provincial locations.

Tough trading conditions have resulted in a substantial number of hotel related receiverships in recent years. Aside from the well publicised wind up of the Von Essen Group (see Country House Hotels) there have been a number of other notable receiverships in the last year. These have included hotel groups Menzies, Butterfly and the owning group of 42 Marriott branded hotels.

Recent research by Taylor Global Advisors shows that in the spring of this year of 14 major banks only four were lending to new clients on new hotel projects in the UK, although five were lending to existing customers. This means that effectively the majority of UK banks are 'closed for business'. This trend has been ongoing over the past two years or so and makes funding and new full-service hotel developments very difficult in the UK provinces.

4.4 The Country House Hotel Market - There are only a limited number of groups that specialise in this segment of the market. De Vere and Marriott both have a portfolio of hotels in this category and until recently the Von Essen Group was a major player in the market. Mercure (part of Accor) now operates hotel in this sector and a number of these properties were previously operated by MacDonald Hotels. There are other well known and long established country House hotels including Gleneagles in Scotland, Chewton Glen in the New Forest and hotels in other popular holiday destinations such as Devon and Cornwall, the Lake District and the Peak District National Park. In addition, some London based owners and operators have developed hotels in the Home Counties. These properties are typically within easy reach of the M25 and include the Dorchester Group's Coworth Park, The Grove, and The Four Seasons' Hampshire property. There are also some emerging new groups. Robin Hutson, the founder of Hotel du Vin, has now started a new company to develop reasonably priced hotels with emphases on simple local food and 'quirky' interiors. The first hotel in the 'Home Grown Hotel Group' is The Pig in Brockenhurst, Hampshire and the company are seeking to develop in other rural locations near major towns and cities in the south of England.

The well publicised receivership of the Von Essen Group has created a great deal of turbulence in the country house hotel market during the last year. The group went into administration with debts of almost £300m in April 2011 and 28 of the company's hotels were put on the market. At the time of writing 26 of these properties have been sold. The hotels which have been disposed of include some extremely well known properties including Cliveden House in Buckinghamshire and The Royal Crescent Hotel in Bath. The hotels have been sold to a variety of new owners, some properties have been purchased by private individuals while others have been acquired by established hotel groups. For example, Cliveden has been purchased by the owners of the luxury Chewton Glen Hotel & Spa, while

Andrew Brownsword, an entrepreneur who already owns Gidleigh Park Hotel in Devon and the Abode Group, has acquired four former Von Essen hotels in Gloucestershire and West Sussex.

4.5 Performance of Country House Hotels - Currently PKF monitor the performance of some 6,800 hotel bedrooms in classified as county houses style hotels. This includes chain and independent hotels across the UK. This sample includes midscale to five star hotels.

Figure 4.5 – Performance of UK Country Houses Hotels 2007 – 2011			
Year	**Room Occupancy**	**AARR**	**Rooms Yield (RevPar)**
	%	£	£
2008	64.8	94.03	60.95
2009	63.4	85.13	53.97
2010	66.5	83.61	51.79
2011	66.5	85.65	56.96
2011 Jan-Feb	54.6	75.72	41.37
2012 Jan-Feb	54.9	74.94	41.14
Source: PKF			

As shown, the market occupancy of the country house hotels has remained relatively stable over recent years and during the last two full years has been around 66%. This is a fairly typical performance as hotels in rural areas attract the majority of their business at weekends and during holiday periods and often find it difficult to attract guests between Monday and Thursday. During the mid-week period many of these hotels are largely reliant on residential conference business which is both seasonal and price sensitive.

Given the recessionary influences it is not surprising that the market AARR has reduced since 2008. There was a marginal pick up in room rates last year but they are still well below 2008 levels. Aside from the slowdown in residential conferences many provincial hoteliers did not feel able to pass the full impact of the increase in VAT (last year) to all of their customers, which effectively reduced their AARR. The winter months are often the weakest for this type of hotel, there was a small improvement in performance in the first two months of 2012 in occupancy, but this was offset by a one per cent decline in AARR.

4.6 The Branded Budget Hotel Market - Over the past decade the budget brands have been the source of the major expansion of hotels in the UK. Major players are Premier Inn, Travelodge and Holiday Inn Express. It is estimated by Premier Inn that the budget brands account for 120,000, around 17% of the UK supply (this estimate is above the statistics collated by Hotel Data Ltd.)

These groups have a very efficient internet booking operations and sophisticated yield management systems. They have been successful at encouraging guests to book direct rather than though other intermediaries that charge hotels high commission rates. Budget hotels have largely taken business from the three and four star hotel market, often from smaller privately owned traditional properties in provincial towns and cities. The recent recession has further boosted their performance as many companies cut business travel budgets pushing business travellers into cheaper accommodation.

Over the past decade, Premier Inn, owned by Whitbread, has trebled in size and now offers 45,000 bedrooms in 606 hotels across the UK. The group added 4,000 new rooms in 2011 and a further 5,000 are due to open this year. In total over the next five years they plan to add a further 20,000 bedrooms, with 11,000 already in the pipeline with most of these projects already having been granted planning permission. In the last financial year (2010/11) the occupancy across the UK portfolio of the hotels was 76.2% and an AARR of £55. This year the group has target occupancy of 80% and AARR of £56. This would include London hotels, which bring up the average performance levels, but even taking this into account this means that in some locations a budget brand can frequently outperform higher star rated hotels. Weekend occupancy was recorded at more than 69% last year, which means that weekday occupancy was above 80%.

Travelodge have approximately 470 hotels across Britain, Ireland and Spain and are the second largest UK budget group. The group was set to add a further 41 hotels with 3,600 rooms this year, bringing the portfolio to around 39,000 bedrooms. The group claims to be the largest chain in London with 43 hotels and almost 6,000 bedrooms. In 2011 Travelodge saw profits rise 20% to around £55m on revenue up around 16% to £370m. Despite this encouraging trading performance there were rumours in early 2012 that the group faced possible administration unless a new line of funding could be secured. Reports in April 2012 indicated that a new £60m loan has been secured (replacing an existing line of credit) which should ensure that Travelodge is able to pursue its expansion plans. The Chief Executive of the company has just stepped down, to be replaced by the former Chief Executive, who has announced that growth target to have 1,100 hotels with 100,000 bedrooms by 2025 is now likely to take longer than planned.

4.7 Groups Expanding in the UK - Aside from the budget brands discussed above a number of other hotel groups are currently seeking to expand in the UK regions, most of the groups are seeking to either manage and re-brand existing hotels or put their flag on hotels that have been funded and developed by other parties, these include:

- Hilton - over recent years the Hilton group have introduced three new Hilton brands that have been introduced into Europe by the Hilton Hotels Corporation. These are the Hampton by Hilton, The Garden Inn and the Doubletree. The Hampton is a midscale brand and the Garden Inn is a 4-star standard full service hotel product. Doubletree is for hotels that do not fit into either of these categories which are often conversions or re-brandings of existing hotels. There are now 16 Doubletree hotels in the UK. Hilton has had some success in introducing these new brands to the UK, with the majority of the expansion being the result of franchise agreements with property developers or existing hotels.

- InterContinental Hotels (IHG) which operate a range of brands from budget to 5-star, including Holiday Inn and Holiday Inn Express continue to expand, although this is frequently via the franchise model and a number of hotel groups such as Kew Green and BDL have expanded in the UK provinces by taking on an IHG badge. IHG does manage some of their own hotels but rarely owns or invests in new hotels. The budget brands are usually new build properties with upwards of 80 bedrooms. The midscale Holiday Inn brand can vary in terms of product and can be suitable for conversions of existing hotels/buildings, as can the more upscale Crowne Plaza.

- German operator, Steigenberger, is seeking to locate two major hotels in London and one other major city and in the UK provinces is looking to roll out five of its 3-star InterCity brand. The group is seeking management contract, leases and franchise opportunities.

- French Group Accor is seeking to increase their portfolio across the UK. Accor operate across the spectrum from 5-star (Sofitel) to Etap (basic budget). They have already had success in rebranding some former MacDonald Hotels as Mercure properties and are interested in offering franchises to independent hoteliers who wish to benefit from group membership and access to their reservation systems.

- The De Vere Group announced recently that they plan to sell five hotels and conference venues to assist in funding the expansion of their Village brand. Village offers a midscale brand with leisure facilities and currently has 26 hotels and is looking to increase this to 44 hotels. The new properties are likely to be a mix of owned and leasehold in sites around business parks and close to major motorway junctions. Sites located on main roads close to city centres are also likely to be considered. Another country house brand Q Hotels, are also selling four hotels.

- Spanish Group Melia Hotels are also seeking to expand its portfolio in the UK in other major UK cities.

- A new UK group, Hotel la Tour, have just opened their first hotel in Birmingham and are seeking to open up to five more hotels throughout the country over the next five years.

- Conversely, Spanish Group Barcelo are exiting the UK and are to terminate the leases on 21 UK provincial hotels, which will now be operated by Chardon Management for the owners, Puma Hotels. Barcelo cite the fall off in business due to the recession as the reason they are leaving the UK market.

- Budget brand Premier Inn currently have 187 UK locations on their UK target list, none of these are in the Marches.

- As previously mentioned the recent rapid expansion of the other major budget brand, Travelodge, is likely to be curtailed due to the recent financial problems that the group has been experiencing.

- As detailed above it is now common practice for hotel operating companies to operate their hotels under a recognised badge and benefit from brand marketing, reservation systems, purchasing etc. Examples of companies using this route are BDL, Kew Green, Splendid Hotels, Focus Hotels, and other smaller scale owners.

5.0 The UK Conference Market

5.1 Introduction - In this section we provide an overview of the nature and range of existing supply in the UK conference and events market and the trends that have taken place over this market in recent years. The information presented in this section will have an impact on the type of business the venues in the Marches can attract.

5.2 Conference Venue Supply - The Conference Blue Book is widely acknowledged to be the most comprehensive publication and listing of UK conference venues, and information is also available on their website (venuefinder.com). There are currently just over 8,000 UK venues in their database. We detail as follows a breakdown of the UK venues listed on venuefinder.com. It should be noted that some venues are listed in more than one category, particularly the more unusual venues, this means that the ratios listed below are only a guideline.

Figure 5.1 – Supply of UK Conference Venues	
Hotel	35.3
Banqueting/party venue	10.5
Conference centre	10.6
Serviced Offices	1.7
Management &Training Centre	5.4
Castles/Historic Homes/Country Houses	11.00
Tourist Attractions/Museums	4.2
Exhibition Centres	4.5
University/academic venue	3.2
TV studio, theatres, cinemas	2.6
Sporting venues, leisure centres	3.3
Golf & Country Clubs/Spas	3.3
Other	4.4
Total	100.0%
NB Some venues listed in more than one category	
Source: Bridget Baker Consulting Analysis of venuefinder.com	

Over the past decade or so there has been an increase in the number of venues that promote themselves to the meetings industry, although often this is not their primary business focus. Such venues include serviced offices, museums, stately homes, visitor attractions, football stadiums, racecourses, zoos and boats. Coupled with difficult trading conditions this has made the market even more competitive.

5.3 **Conference Demand** - In order to provide an overall insight into conference demand in the UK generally, we present in this section the results of some industry research extracted from the following sources:

- The UK Events Market Trends Survey 2011 (UKEMTS) prepared for Eventia. The sample used contains approximately 360 UK venues.
- The British Meetings and Events Industry Survey (BMEIS) 2010/11 and 2011/12 published by CAT Publication Ltd. The sample used contains around 600 conference buyers.
- Grass Roots Meetings Industry report 2011. The sample comprises the conference agency's national and international clients.
- Chartered Institute of Personnel (CIPD) Learning & Development Survey. The sample comprises 600 organisations.

5.4 **Number of Delegates** - The UKEMTS reported that 67% of events were for less than 50 delegates, with the majority for less than 20 delegates. Around 5% had more than 200 delegates, and overall the average size was 76 delegates.

5.5 **Duration of Events** - According to the UKEMTS, 68% of non residential events took place over one day or less and 17% for two days, the remaining 11% were longer. This gave an average of 1.4 days, broadly the same as the preceding two years. The average residential event has remained relatively constant at around two days over the past few years.

5.6 Residential Events - The UKEMTS estimated that 69% of events were non-residential, 21% were residential at the venue and 10% stayed overnight elsewhere at the destination. The BMEIS 2011/12 reported that 30% of corporate events were residential and 21% of Association events. This is the sector that most hotels are seeking to attract.

5.7 Most Frequent Type of Events - In the following table the types of events held by each sector as detailed in the BMEIS (2010/11).

Figure 5.2 – Most Frequently held Type of Events

	Corporate	**Association**
	%	%
Annual Conference	63.8	61.4
Training	46.7	51.5
AGM	16.4	48.5
Presentation/communication	35.9	39.7
Management Meeting	43.6	32.5
Staff Conference	50.9	24.1
Team Building	31.7	16.3
Fund Raising Event	8.7	14.9
Product Launch	27.9	10.5
Sales Conference	40.4	7.1

Source: BMEIS

Of the smaller types of events, management meetings are held by around 44% of corporate organisations but just 33% of associations. Team building events and staff conferences are more prevalent in the corporate sector compared to the association market.

Annual Conferences are the type of event that is held most frequently by both sectors and these are likely to be one of the larger types of events for any organisation. However, as they are only held once a year a venue would need to attract large number of these events and they do not form a base level of business for most venues.

Training sessions are held by around half of the organisations. We would normally expect more training related events to be organised and believe that this business segment has been subject to cost cutting during the recession with more companies and organisations bringing training in-house.

5.8 Venue Selection - We outline below the top ten factors influencing venue selection by both the corporate and association markets as researched by the BMEIS. As the table illustrates, the top three factors for both sectors were location, price/value for money and access. This has remained fairly constant over recent years.

Figure 5.3 – Top10 Factors Influencing Venue Selection

Corporate	Association
Price/Value for money	Location (area of country)
Location (area of country)	Price/Value for money
Access (road/rail/air links)	Access (road/rail/air links)
Availability	Capacity of conference facilities
Quality of service	Quality of conference facilities
Capacity of conference facilities	Availability
Quality of conference facilities	Quality of service
Quality of food	Cleanliness of venue
Previous experience of venue	Staff awareness of needs
Cleanliness of venue	Reputation

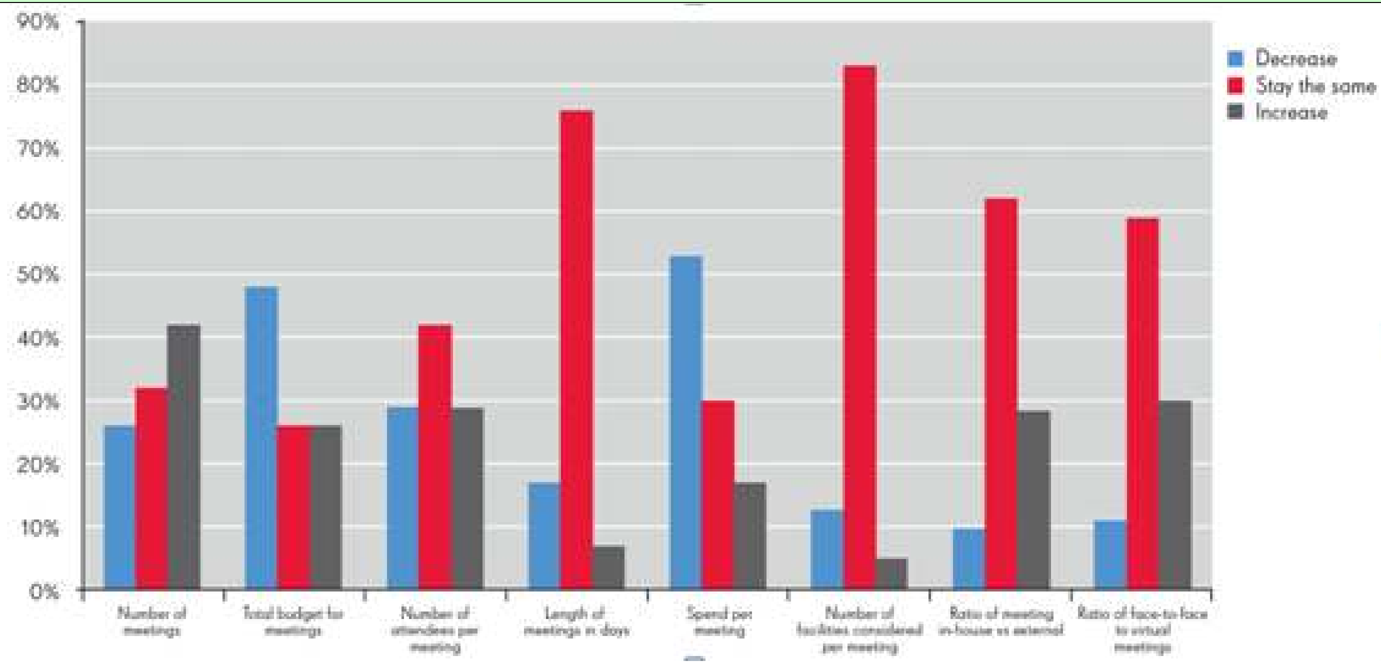
Source: BMEIS 2010/11

5.9 Outlook - Grass Roots surveyed the trends in the meetings budgets of their corporate clients in 2011. Overall it showed that budgets were showing signs of growth in 2011, but that buyers were having to achieve more with less. No research findings have yet been produced to ascertain whether the trends predicted actually occurred during last year. However, we summarise their key findings as follows:

- 25% of budgets for meetings and events were up on 2010 levels.
- 26% of budgets remained static.
- 48% of meetings budgets were less than in 2010.
- 53% of buyers reduced their spend per meeting.
- 42% of buyers planned more meetings in 2011.
- 26% of buyers planned to reduce the volume of meetings.

A summary of the meetings activity of the buyers surveyed for 2011 compared to 2010 is shown in the following figure.

Figure 5.4 – Meetings Activity of Buyers 2010 to 2011



Source: Grass Roots Client Survey

It is clear from the above that many conference buyers are under pressure to deliver events at a lower cost. This means that many organisers are seeking cost savings on a per meeting basis which could involve reducing the number of delegates or cutting the price per delegate.

The CIPD survey reported that 43% of organisations had experienced funding cuts for learning and development this year. Furthermore, 52% were expecting further cuts over the next 12 months, with only 10% anticipating an increase.

When broken down it showed that some 50% of public sector organisations were going to undertake less external training in 2011 compared to 28% of private sector organisations. Just 3% of public sector organisations were going to do more external training this year and 13% of private sector companies.

In a recent survey conducted by conference agent Zibrant of corporate event planners 42% said that their events budgets would remain the same as 2011, but 35% said they would be lower. Around a quarter indicated that they would run fewer events this year, 40% would hold the same number and 19% hoped to organise more. For those organising fewer, cost cutting was the main reason cited. Around 60% said the actual size of the meetings would remain the same, so with cost cutting this means that many buyers will be seeking good deals from venues. The technology sector seemed to be less impacted than the financial sector.

Herefordshire

6.0 The County of Herefordshire

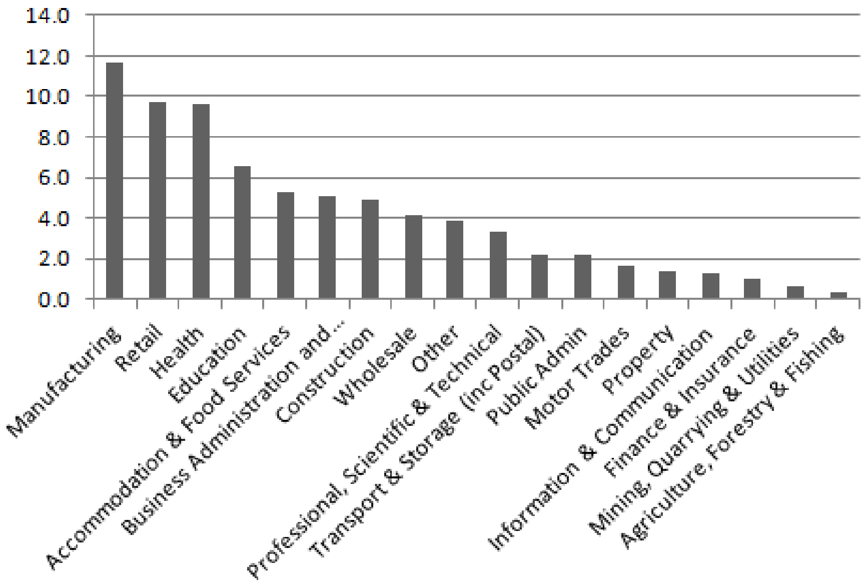
6.1 Introduction - With a population density of 210/sq mile, Herefordshire is one of the most rural and sparsely populated counties in England. The major settlements in the county include Hereford which is the county town and the only city and the towns of Leominster, Ledbury, Ross-on-Wye, Kington and Bromyard.

The county's land use is predominately agricultural and the area is famous for fruit and cider production. The county has some of the finest landscape in the UK and includes around 60% of the Malvern Hills and Area of Outstanding Natural Beauty which covers 105 square kms in Herefordshire and Worcestershire.

6.2 Herefordshire Employment, Business & Economic Activity – In the county small or medium sized enterprises predominate. A higher proportion of people work from home than the UK average. This is consistent with a profile of higher than the UK average levels of self-employment. The type of businesses in the county influences the area's economic output level (measured by Gross Value Added – GVA). GVA per head of population was at £15,175 in 2007, compared with £20,458 for England.

One of the reasons for the low GVA is related to wage levels. Herefordshire has one of the highest employment rates in the country but wage levels are low. In 2009 the median weekly earnings were £383.30 compared to the England average of £495.20. Businesses often see this as an advantage in having lower overheads but this also means less money is being spent in the local economy. The low GVA is also partially the result of the net loss of people (estimated at 5% of the working population in 2009), travelling out of the county for work. Information suggests that this tends to be higher earners with better qualifications who can enjoy the Herefordshire lifestyle whilst working outside the county.

Figure 6.1 – Employment in Herefordshire 2008 ('000)



Source: Office of National Statistics

6.3 Herefordshire Main Business Sectors and Employers – Herefordshire has a strong agricultural heritage and many acres of farmland but modern farming methods result in an increasingly low number of people actually working on the land. In Herefordshire today manufacturing and services provide a large proportion of employment and the majority of businesses are small or medium sized. Herefordshire has an important military presence and it would appear that a number of people who have been in the army stay on in the county when they leave the armed forces. This has resulted in the formation of a significant number of small to medium businesses which operate in the areas of security and defence services. There are few large employers in the county and Herefordshire Council is the organisation with the largest number of employees with more than 5,000 full-time, part-time and temporary members of staff across some 700 services. Two of the largest non-government employers are Cargill Meats and Bulmer's Cider Mill (now owned by Heineken). Hereford has a number of well regarded educational establishments including the Hereford College of Arts – the only specialist art, design, music and performing arts college in the West Midlands, Hereford Sixth form College and the Herefordshire College of Technology.

6.4 Herefordshire Tourism – The Arkenford Report on tourism and tourism trends in The Marches which as presented to The Marches Local Enterprise Partnership in January 2012 also contained information on consumer reaction to Herefordshire, Shropshire and the Borough of Telford & Wrekin as individual destinations. As a holiday and short break destination

Herefordshire has a good level of awareness with 69% of respondents saying that they would consider it for a holiday and 14% voting it 'their type of place'. All but around 1% of respondents were aware of the county while 28% had never heard of The Marches.

Herefordshire was predominately perceived to be a place to visit as a couple or with other adults as a part of a short break. Encouragingly Herefordshire is perceived as a year round destination but the main attractions of the county are seen as its' rural tranquillity and the beauty of the countryside. Herefordshire was not strongly associated with shopping, cultural exhibitions, events and festivals but, strangely, it was also perceived as being a destination offering cultural events and festivals that those interviewed would enjoy. When seeking accommodation 43% of those taking part in the survey would choose an independent hotel of a three to five star category. B&Bs and guest houses were also popular choices as were budget hotel chains and self-catering.

Hereford is home to the internationally important Mappa Mundi, cathedral and cider museum, these are the key focus of tourists to the city. There are a number of festivals that occur in the Hereford, including The Three Choirs Festival which visits the city every third year, the annual Flavours of Herefordshire food festival, The Big Chill (40,000 visitors), the Contemporary Craft Fair and the Hereford Photographic Festival. Slightly further afield is the location of the famous Hay-on-Wye literary festival, which can attract 20,000 visitors in May and the Ledbury pottery festival for 10 days in June. The Labels Outlet retail centre at Ross-on-Wye attracts some 100,000 visitors a year, including coach parties.

6.5 The City of Hereford – A cathedral city and county town of Herefordshire, Hereford lies on the River Wye approximately 16 miles from the border with Wales. Figures for 2010 show the city of Hereford having a population of 55,800. An attractive and historic city Hereford is dominated by its magnificent cathedral, home of the Mappa Mundi.

6.6 Hereford, Transport & Travel Distances - The city of Hereford is 24 miles from Worcester and 23 miles from Gloucester. Birmingham city centre is approximately 57 miles to the north east, the drive-time between to two cities is approximately an hour and 20 minutes. The economic conurbation of Newport is less than an hour's drive to the south. Cardiff is 56 miles and Bristol 65 miles from Hereford. For many years there have been plans for a Hereford by-pass which many argue is essential to relieve traffic congestion in the city. In September 2011 councillors committed the council to consult on a western by-pass and to scrap a public vote on the proposal which would have delayed the decision yet further. However, at the time of writing, the project has not yet been finally agreed.

Hereford railway station has regular connections to Worcester, Birmingham, London, Manchester and South Wales. There is no airport in or near Herefordshire, the nearest are Birmingham (65 miles), Cardiff and Bristol, the latter around 70 miles from Hereford.

6.7 Hereford Development – For much of the last century Hereford city centre remained largely unchanged with no major developments. Now a regeneration project is planned for Hereford city centre, utilising the site of the old livestock market. Phase 1 of this development will include new shops, a multiplex cinema, restaurants, cafes, 600 new car parking spaces and other facilities. We understand that Debenhams, Waitrose and Odeon are already signed up for the development and there are plans to improve pedestrian links from the site to the historic town centre.

Another major initiative is the new Enterprise Zone located some 2.5 miles to the south of Hereford at the Rotherwas Industrial estate. The former armaments site covers some 160 acres and has been designated one of 24 new Enterprise Zones indentified by the government. There is an objective of creating 2,000 jobs within the first two years and 6,000 jobs over 10 years. The Enterprise Zone hopes to attract up to 250 new companies and we understand that there has already been serious interest from 40 companies, including some international firms. There are government incentives available, such as reduced business rates and simplified planning, to encourage development. The site already benefits from the Rotherwas access road that was completed in 2008 and new roads within the site have been built. Work is due to start work on site this spring. It is hoped that the zone will become a centre for defence and security industries, building on the links to military expertise in the area. Other sectors are likely to be advanced and environmental technologies and food and drink technologies. At this stage there are no plans for a hotel on the site, and the nearest hotel is currently the Travelodge Grafton.

7.0 The Herefordshire Hotel Market

7.1 Introduction - Our research indicates that there are only around 25 hotels in the whole county Herefordshire offering around 820 bedrooms. We have included all hotel establishments with more than eight bedrooms but not included guest house accommodation, bed & breakfasts or pubs/restaurants with rooms. Hotel Data Ltd list 58 hotel establishments in the county which also includes 'G' rated properties which would include guest houses. Our research indicates the following breakdown of hotels by category in the county.

Figure 7.1 – Hotel Supply in Herefordshire (hotels with 8 rooms+)

Star Grading	Hotels	Ratio%	Rooms	%	Average no. rooms
4*	1	4.0	180	22.1	180
3*	12	48.0	300	36.8	25
2*	1	1.0	10	1.2	10
Non accredited	7	28.0	96	11.8	14
Budget branded	4	16.0	230	28.2	58
Total	**25**	**100.0**	**816**	**100.0**	**33**

Source: Bridget Baker Consulting Research

As shown the supply is dominated by 3-star standard hotels which provide almost half of the supply. That said these hotels tend to be small with an average size of just 25 bedrooms. In terms of bedrooms the branded budget segment (Travelodge, Premier Inn) have four hotels, but more than 28% of the rooms supply in the county, with an average of 58 rooms per hotel.

There is just one 4-star standard hotel in the county, the Warner Leisure operated Holme Lacy House. In the non-accredited segment there is a range of hotels from the boutique style Aylestone Court in Hereford and the recently upgraded golf hotel, Belmont Lodge. The non accredited hotels have an average of just 14 rooms. In total hotels in the county offer an average size of just 33 bedrooms.

In the following figure we detail below the range of size of rooms in the county.

Figure 7.2 - Size of Hotels by Number of Bedrooms – Herefordshire		
Number of bedrooms	**No. Hotels**	**Ratio %**
10 or less	6	24
11-25	8	32
26-50	5	20
50-70	3	12
71-100	2	8
More than 100	1	4
Total	25	100
Source: Bridget Baker Consulting Research		

As shown the market is dominated by small hotels, with 76% of the stock with less than 50 bedrooms and 24% of the hotels with 10 bedrooms or less.

7.2 Location of Hotels - The majority of hotels in the county are clustered in and around the major conurbations of Hereford and Ross-on-Wye, which have 10 hotels and eight hotels respectively. There are two hotels in Ledbury, but most other rural locations or smaller conurbations, such as Hay-on-Wye and Leominster have just one hotel of more than eight bedrooms.

7.3 Hotels in Hereford - We detail in Figure 7.3 below the larger hotels in and around Hereford.

Figure 7.3 – Hotel Supply in Hereford (more than 8 rooms)				
Hotel	**Affiliation**	**No. of Bedrooms**	**Star Rating**	**Location**
Town Centre				
Green Dragon	Independent	83	unclassified	City Centre
Castle House	Independent	24	3/boutique	City Centre
Travelodge	Travelodge	52	Budget	Edge city centre
Total		**159**		
Outskirts				
Three Counties	Independent	60	3 star	Outskirts A465 Abergavenny road
Travelodge Grafton	Travelodge	38	Budget	Outskirts A49 south
Premier Inn	Premier Inn	81	Budget	Outskirts A49 north
Belmont	Independent	30	3 star	Outskirts A465 Abergavenny road
Sub Total		**209**		
Total		**368**		
Source: Bridget Baker Consulting Research				

We comment on these hotels briefly as follows:

- The Green Dragon occupies a prime site opposite the Cathedral. It was formerly a Trust house Forte Hotel and we understand that the hotel has had several owners over recent years. The hotel offers 83 bedrooms and is in a somewhat tired decorative state.

- The Castle House is an independently operated boutique style hotel. Whilst it is only graded as a 3-star the product and service on offer far exceeds this classification. The hotel has 24 bedrooms, of which eight were added in the summer of 2011. These additional rooms are located in an adjacent townhouse a one minute walk from the hotel.

- The Three Counties is located on the Abergavenny road around a mile from the city centre. The hotel offers a good standard of bedroom accommodation and the largest conference room in the area. The hotel also has a large car park. The hotel was formerly owned by Queens Moat Houses but has been in private ownership since 1995. The hotel is of a 3-star standard. The hotel now has 60 bedrooms of which 32 were added in an annexe the mid 1990s.

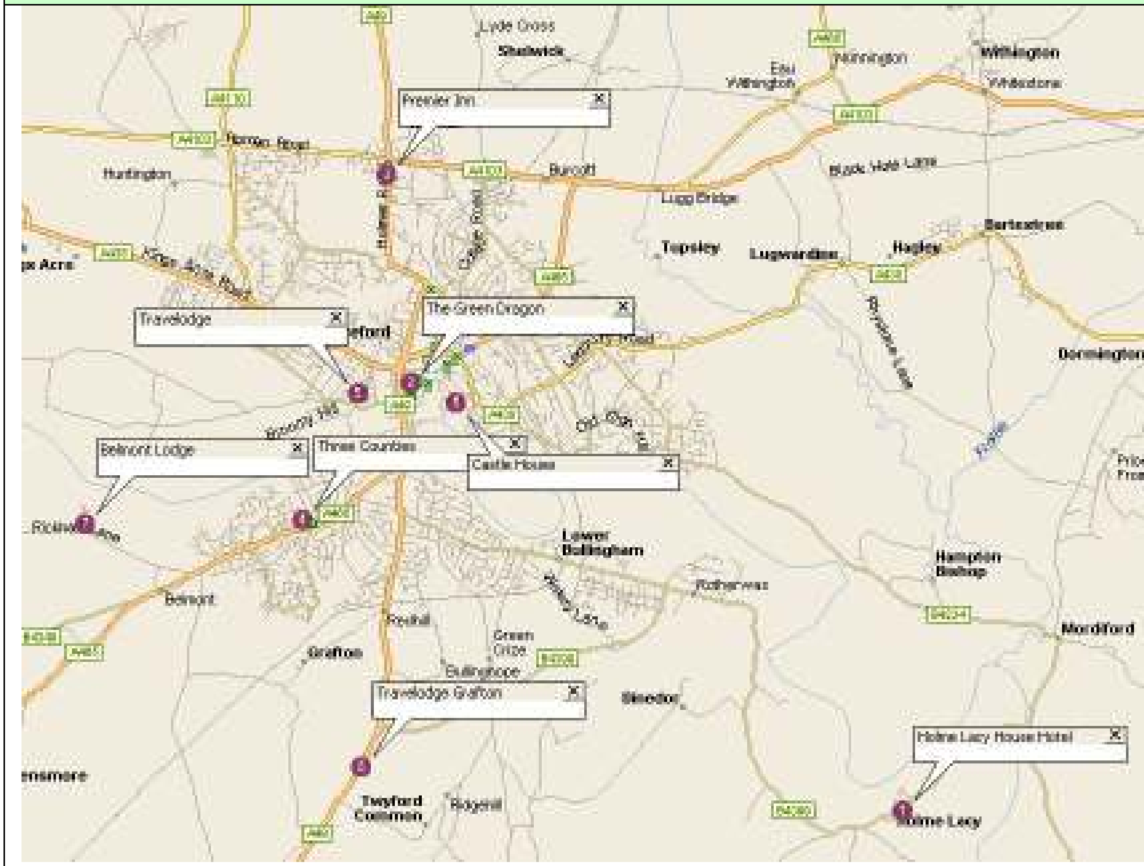
- The Belmont hotel is located at a golf course some miles to the south of the city centre. It has an attractive rural location off the Abergavenny Road. The bedrooms have recently been upgraded and provide a good midscale product. Food and Beverage facilities are available in the club-house a few minutes walk from the bedroom accommodation. There is the potential to upgrade the main house, which is listed, to provide more bedrooms.

- The branded budget sector is well represented in Hereford. There is a 52 bedroom Travelodge, opened around five years ago, around half a mile from the cathedral, and a further Travelodge, which opened three years ago, located 2.5 miles south of the city centre. This is on the on the A49 road to Ross-on-Wye, around 1.5 miles from the Rotherwas industrial estate and new Enterprise zone. The Premier Inn is located on the northern outskirts some 1.5 miles from the city centre and added 21 rooms around six years ago. These budget hotels form some 28% of the hotel bedroom supply in Hereford and are the only branded properties in the city.

- Holme Lacey House Hotel is operated by Warner Leisure, part of the Bourne Leisure Group. These hotels essentially offer short break holidays in the form of all inclusive packages to the 50-plus market and bedrooms not generally available to transient clients.

We show the location of the larger hotels in Hereford on the following map in Figure 7.4.

Figure 7.4 – Hotels in Hereford and the Surrounding Area



Source: Mappoint

7.4 Recent Additions and Potential New Supply - As detailed previously the Castle House added eight boutique bedrooms last year. We understand that the Three Counties has planning permission to add a further 30 bedrooms but this is due to expire this year. The two Travelodge's, totalling 90 bedrooms, have opened over the past 3-5 years.

We were made aware of four potential hotel sites in and around Hereford, these are detailed below and we comment on their attractiveness for hotel development.

- Blackfriars - a site on the edge of the heart of the city centre and adjacent to Hereford United Football Clubs ground. This area is undergoing major redevelopment which is to include a new department store, multiplex cinema and other retail outlets. We understand that consideration is being given to developing a budget hotel as part of the project. As can be seen later in this report we did not identify a 'need' for more budget rooms in Hereford.

- Greyfriars - The river fronted site is located some 35 feet below the Greyfriars Bridge on the main ring road. We understand that there is the potential to develop a seven storey hotel with pedestrian access to the city centre via a bridge at level four. The site would benefit from river views and car parking at the rear.

- Enterprise Zone - there is the potential to develop a hotel on the 160 acre Enterprise Zone that is currently being developed on a former armaments factory some 2.5 miles to the south east of the city centre. This is a long term project with a target of creating 6,000 jobs over 10 years. As companies move to the zone this is likely to generate increased demand for hotels in the area and, as this reaches critical mass, may well justify the development of a hotel on the site.

- Belmont Lodge & Golf Course – there is the potential to upgrade this listed mansion and potentially extend the bedroom provision at this existing business to the south of the city, just off the Abergavenny Road. The site is already an established hotel and leisure facility and could be enhanced to provide more facilities and bedrooms.

In addition, there may be the opportunity to redevelop further in the city centre, which could include the site of the existing Green Dragon Hotel.

7.5 Hotels in Ross-on-Wye - Ross-on-Wye (Ross) is the second largest conurbation in Herefordshire. It is an attractive town and has a number of medium and small scale hotels including the 36 room Chase Hotel, one branded budget hotel (Premier Inn) and the Royal which is operated by the Old English Inns Group.

Figure 7.5 – Hotels in Ross-on-Wye

Source: Mappoint

7.6 The Recent Performance of Hotels in Herefordshire - There are no published statistics relating to hotel performance in the county, we have therefore prepared estimates of the performance of the hotel markets in the two main conurbations. Our data is sourced from PKF and STR and our interviews with hotel management in the area.

Our estimates are detailed in Figure 7.6.

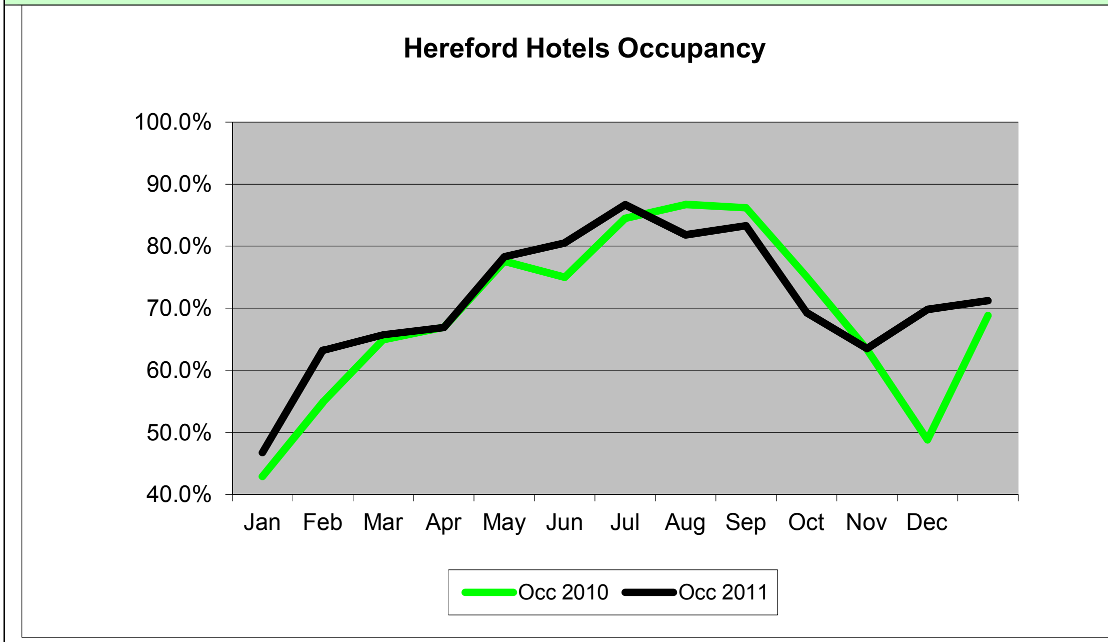
Figure 7.6 – Performance of Selected Hereford Hotels			
Year	Room Occupancy	AARR	Rooms Yield (RevPar)
	%	£	£
2010	69.0	46	32
2011	63.6	46	29
Source: PKF/Bridget Baker Consulting estimates & Research			

Our Hereford sample comprises more than half of the hotel bedroom supply in the city and is a mix of budget branded to small boutique style hotels. Despite there being a decline in room occupancy our research shows that there was an increase in rooms sold of around 8%. The lower occupancy is due to additional rooms coming on stream at the Castle House. The Belmont was also closed for refurbishment in mid November but, as this occurred during the low season, this demand was likely to have been absorbed by other local hotels.

The 69% performance in 2010 was a good and more or less in line with national average occupancy. Given that the sample is largely taken from independent hotels this is a good performance. The average room rate, however, is below that of the national market by around £20. The performance of all local hotels has been impacted by the high concentration of budget branded supply in Hereford.

7.7 Seasonality of Demand for Hotels in Hereford - From data provided by the management of local hotels and data from PKF we illustrate the monthly occupancy performance of some of the hotels in Hereford, it should be noted that it does not incorporate all of the hotels in the sample in figure 7.6 but gives an indication of the trends in monthly demand over the past two years.

Figure 7.7



Source: Bridget Baker Consulting research

As shown there has been a very poor start to the year in both 2010 and 2011, but February improved on 2010 levels. From March demand increased and reached in excess of 80% from June to September last year. Demand started to slow from October, although it should be noted that one of the hotels was closed for refurbishment in December last year, which has allowed the other hotels to enjoy higher occupancy levels than in the same month in 2010.

7.8 Sources of Demand for Hotels in Hereford - The hotels in Hereford enjoy a mix of business. There are business visitors during the weekdays, albeit from a wide range of companies. This includes companies such as BT, the law courts and business on the Rotherwas Industrial Estate. We understand that a significant proportion of local commercial business is booked directly rather than via the internet. There appears to be limited residential conference business at the hotels, although this could is to an extent limited by the somewhat limited facilities offered by the hotels in the city.

During holiday periods Hereford is popular with leisure visitors, some of whom are attending events in the town and region, such as the Three Choirs Festival, Hereford Autumn Festival (Food Fair) and the Hay on Wye Book Festival. Hereford, as with other historic towns in the Marches, is a popular base for coach groups visiting the area.

General Managers advised us that negotiated corporate rates in the area in midscale hotels start at around £65 bed and breakfast for volume buyers, this increases at the upscale boutique hotels to more than £100.

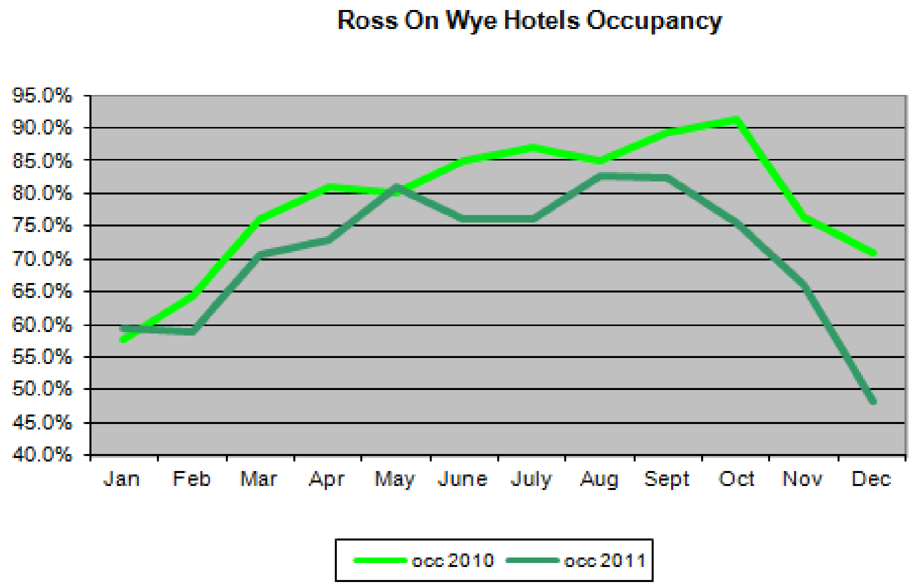
7.8 Recent Performance of Hotels in Ross on Wye - Ross on Wye is dominated by branded budget supply and this is reflected in the very healthy occupancies of between 71-79% achieved over the past two years. Our research, however, indicates that unbranded hotels are achieving well below this level. The Premier Inn added 16 rooms in the summer of 2011 and the town did not benefit from an event with the same uplift in demand as the Ryder Cup in 2010. Thus our research shows that there was a reduction in rooms sold of around 3% year on year. The AARR achieved is very similar to that in Hereford.

Figure 7.7 – Performance of Selected Ross–on-Wye Hotels

Year	Room Occupancy	AARR	Rooms Yield (RevPar)
	%	£	£
2010	78.7	45	35
2011	71.1	46	33
Source: STR Global/Bridget Baker Consulting research			

7.10 Seasonality of Demand for Hotels in Ross on Wye - From data from our interviews and PF/STR Global we have been able to illustrate the monthly occupancy performance of the Ross on Wye Market for the past two full years. This is shown in Figure 7.8.

Figure 7.9



Source:

The peak periods of demand for hotels in Ross on Wye are the summer months from July to September. The spring also shows strong periods of demand and October and November are buoyant. In October 2010 hotel occupancy in Ross was positively impacted by guests and overflow from the Ryder Cup golf tournament held at the Celtic Manor in Newport. This event produced bumper occupancies for some hotels but is, of course, unlikely to return to Celtic Manor for many years.

Not surprisingly levels of demand in January and December are far lower and have also been impacted in recent years by very severe weather conditions.

7.11 Telephone Interviews - From a contact list of around 25 organisations we were able to undertake telephone interviews with 15 companies. The others were either unwilling to participate, the bedroom booker was based elsewhere and no details were available or they were not contactable. A list of the companies that we interviewed is included in Appendix A.

Of the 15 respondents, 13 booked hotel accommodation in the county and one also booked accommodation in Shropshire (the latter was based in Leominster) and one only used meeting space. Nine of the companies booked hotels in Hereford, four in Ledbury, three in Ross-on-Wye and four in other locations, including Malvern and Tewkesbury (Worcestershire).

In total 24 hotels and guest houses were used by respondents. Those with the most mentions were in Hereford: the Castle House (7 mentions), Green Dragon (3 mentions) and Premier Inn (5 mentions), In Ross-on-Wye the Chase received four mentions and in Ludlow, The Feathers three mentions. A list of the hotels and guest houses mentioned is included in Appendix B.

None of the organisations responding to the survey used any hotels for their leisure facilities, albeit only the Belmont Lodge in the county has any form of leisure – a golf course.

Some companies have relatively small volumes of demand for hotel accommodation, less than 10 roomnights a year, although one company had a requirement for more than 450 roomnights a year. A summary is shown as follows:

Figure 7.8 - Volume of Roomnights booked per annum – Herefordshire companies

Number of Roomnights	No. Companies
Less than 10	3
50	4
100-150	2
151-200	1
201-250	1
450-500	1

Source: Bridget Baker Consulting telephone interviews

All of the companies required hotel accommodation in the Monday to Thursday period, with two on Sunday evenings and one on Friday/Saturday evenings.

All except one required rooms all year round, the other company had no demand in July, August and December.

Five companies had difficulty finding accommodation, there were varying reasons for this cited; at short notice, not enough hotels, in the summer, limited 4-star in area. Most companies were unwilling to reveal the prices they paid locally, although seven gave an indication of their budgeted bed and breakfast (b&b) rates. Four budgeted between £50 - £70, one between £71-£120 and one company between £100-£150, One organisation requires a range of accommodation and is willing to pay £50 for some visitors/employees but up to £200 for other guests. Some companies said that they didn't have a negotiated rate and paid the advertised rate at any given date. This corresponds with the information provided by hotel managers with rates at 3-star hotels from around £65 bed and breakfast. Rates at budget hotels would be lower and boutique hotels were at the top of the price range.

Nine of the companies expected their hotel requirements to stay the same and four expected them to increase. Encouragingly one of the companies that expected an increased was the largest volume generator of rooms and a second company expecting an increase already books more than 150 rooms a year.

10 of the companies that we spoke to booked meeting space in hotels. Half booked conferences and, a similar number, management meetings. A smaller number held networking events, Christmas parties and training courses.

Some of the respondents provided other comments and a selection of these are included in Appendix C and some of these are shown below:

- Need Premium Hotel in area but quite happy otherwise;
- Desperate need for quality 4 star hotel in Hereford;
- Need for good business hotel with conference facilities;
- Require high standard of rooms for Chief Executives and extremely wealthy business owners;
- Decent hotels would help attract new business to area;
- One local hotel with poor on-line reviews lets down area as a whole.

As shown above most companies have small volumes of demand for hotel accommodation, this is supported by our interviews with hoteliers who said that rooms demand comes from a variety of companies. To an extent this can allow the hoteliers a stronger negotiating position when agreeing room rates as no large discounts need to be offered to a major demand generator. Some respondents were very critical of one of the local hotels and a number expressed a need for a larger upscale hotel. The rates that companies were prepared to pay were encouraging, with a number over the £100 mark.

7.12 Future Demand for Hotel Accommodation & Hotel Development Opportunities - Currently there are limited statistics available on the hotel market in Herefordshire although during our research programme we have sought to establish patterns of demand for hotels in the county and in the larger conurbation of Hereford and Ross-on-Wye. Our research shows that there is limited overlap or overspill demand in the two towns,

The expansion of the Rotherwas Industrial Park and the granting of Enterprise Zone status should increase bedroom hotel demand in Hereford from the outset. New companies looking to locate at the site and their advisors are likely to generate a steady stream of demand during the start up phase and visitors to the companies located there as the park becomes established. When the growth potential has been established the Enterprise Zone may well support the development of a new full-service hotel of around 100 bedrooms. Ideally this would be branded and offer a product that is currently not available in Hereford.

Currently it is very noticeable that Herefordshire has no major branded hotel aside from the budget brands such as Travelodge and Premier Inn. Indeed these brands dominate the supply of bedrooms in the county town at more than 46% of the supply. The 3-star market is well supplied with the Three Counties and the Belmont offering a good midscale product.

The Castle House provides a niche boutique offer which suits the higher end of the market and there are also guest houses that appeal to visitors seeking this type of accommodation.

The dominant hotel in the city centre is the Green Dragon, it occupies a prime site but is in our opinion of a poor standard. It is also disadvantaged by a rambling layout which is makes access for some disabled and elderly guests difficult. The layout and poor state of repair, as confirmed by many reviews on Trip advisor, is likely to make upgrading costly. The hotel does however, have an attractive facade.

When comparing Hereford to nearby Shrewsbury it is clear that Hereford does not have the range of hotel supply compared to its Marches neighbour. Whereas Shrewsbury has some distinct country house hotels, boutique hotels, a quality 3-star independent in the city centre, budget brands and a midscale Hampton by Hilton, Hereford can only match this supply in terms of the boutique niche and the budget brands. There is no branded midscale hotel and although the Three Counties offers a product to this standard it has chosen not to be affiliated to a brand or consortium.

In terms of Country House style hotels, aside from Holme Lacey, which is essentially closed to transient business, there is no reason why Herefordshire should not be successful in this market as it is largely destination led. Belmont already has some of these facilities in place, including golf. However, a feasibility study would be required to assess whether there is potential to add more facilities and upgrade the mansion to provide a destination leisure hotel.

In recent years the use of the internet and third party websites to book hotel accommodation has become the norm. For a traveller planning to visit a new destination there can be reassurance in booking a branded hotel, where they can be assured of a set level of standards. Indeed it may influence the booking decision in terms of choosing a specific destination. In addition, many companies now have a fixed list of hotel groups where their staff can book accommodation when travelling on business. This is often why branded hotels achieve high levels of performance. This has already been shown in the budget branded sector with the strong emergence of Premier Inn and Travelodge over the past decade.

It is noticeable, however, that increases to bedroom supply in a largely static market take time to absorb. The performance of hotels may take months, or even years, to regain their former level. Therefore any large additions to supply could impact the overall market performance for many years. For example, currently the budget branded segment is already well represented in the city centre of Hereford. The addition of more budget hotel bedrooms may simply dilute the existing market. Local planners need to consider carefully when assessing the potential for new zoning and developments or selling council owned land for hotel related projects.

Shropshire

8.0 The County of Shropshire

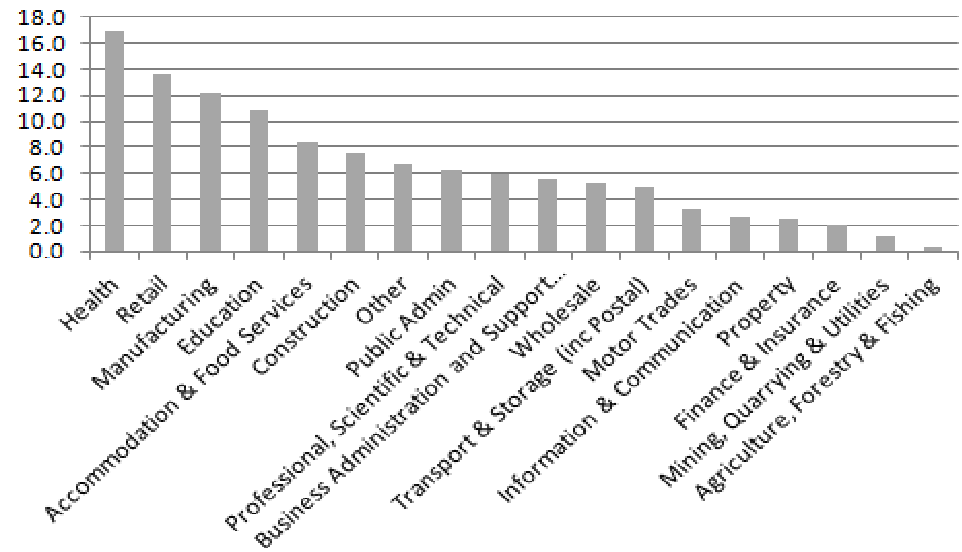
8.1 Introduction – A rural and sparsely populated county Shropshire has a population density of 340/sq mile and a traditional reliance on farming and associated industries. The county benefits from some beautiful landscape and the Shropshire Hills, which cover a quarter of the county, was designated as an Area of Outstanding Natural Beauty in 1956. The county also has attractive towns, a small business enterprise culture and growing niche sectors in food and drink. 36% of the Shropshire population live in villages and the countryside while more than a quarter live in the county town of Shrewsbury. There is also a network of market towns the five largest of which are Oswestry, Market Drayton, Whitchurch, Ludlow and Bridgnorth.

As the largest inland county in Great Britain Shropshire shares borders with five English counties and enjoys a complex economic geography with economic flows and linkages operating in numerous directions. Ties with the neighbouring unitary authority, Telford & Wrekin, are especially strong.

8.2 Shropshire Employment, Business & Economic Activity – In terms of number of businesses, Shropshire is primarily a small business economy, although there are some major employers. In 2008, 87.5% of all Shropshire businesses employed 10 or fewer employees. There is also a profile of high levels of self-employment and people working from home. In 2009, 11.4% of those in employment were self-employed. This compares with 8.0% in the West Midlands and 9.1% nationally. As in Herefordshire, the type of businesses in the county influences the area's economic output level (measured by Gross Value Added – GVA). In 2008 GVA in Shropshire was £14,093 compared to the England average of £20,458. Shropshire is also similar to Herefordshire in the number of higher wage earners who commute out of the county, a factor which also lowers GVA.

8.3 Shropshire Main Business Sectors and Employers – The economy of Shropshire was traditionally dominated by agriculture. However, in more recent years it has become more service orientated. Industry is mostly concentrated in small industrial estates around market towns. Larger employers include Muller Dairy (UK) Ltd in Market Drayton. In the business parks there are a number of smaller companies including Pure Communications and Allied Health Care. Premier Medical is located in Ludlow and in North Shropshire, ABP.

Figure 8.1 – Employment in Shropshire 2008 ('000)



Source: Office for National Statistics

8.4 Shropshire Tourism – The county town of Shrewsbury and the historic castle-dominated Ludlow are the foremost tourist areas. Other attractions include the Severn Valley Steam Railway (SVR) and the RAF Museum at Cosford. These attractions receive an average of 200,000 – 250,000 visitors annually, although The RAF Museum received a peak of more than 357,000 visitors in 2008. Bridgnorth Station, the main hub of the SWR, is to undergo a £2m redevelopment scheme. Much Wenlock, cited as the home of the modern Olympics, is located within the county and is currently receiving significant publicity and promoting its historic links to the tourist market. Due to the proximity to Telford & Wrekin, visitors would also be likely to visit the 10 museums at Ironbridge Gorge.

The Arkenford Report on tourism and tourism trends in The Marches which as presented to The Marches Local Enterprise Partnership in January 2012 also contained information on consumer reaction to Herefordshire, Shropshire and the Borough of Telford & Wrekin as individual destinations. As a holiday and short break destination Shropshire has a good level of awareness with 68% of respondents saying that they would consider it for a holiday and 13% voting it 'their type of place'. All but around 2% of respondents were aware of the county while 28% had never heard of The Marches.

Shropshire was predominately perceived to be a place to visit as a couple or with other adults as a part of a short break. Encouragingly Shropshire is perceived as a year round destination but the main attractions of the county are seen as its' rural tranquillity and the beauty of the countryside. Similarly to Herefordshire the strongest Shropshire association are the market towns, villages and the scenic countryside. Shropshire was not strongly associated with shopping, cultural exhibitions, events and festivals. As a destination it was seen as being vibrant and fresh. When seeking accommodation 43% of those taking part in the survey would choose an independent hotel of a three to five star category. B&Bs and guest houses were also popular choices as were budget hotel chains and self-catering.

8.5 The Town of Shrewsbury – The county town of Shropshire, Shrewsbury lies on the River Severn. An historic market town Shrewsbury has a largely unaltered medieval street plan and over 660 historic listed buildings, including several examples of timber framing for the 15th and 16th century. Other historic sites include Shrewsbury Castle and Shrewsbury Abbey, a former Benedictine monastery. The town hosts one of the oldest and largest horticultural events in the country, Shrewsbury Flower Show.

Located some nine miles from the Welsh border, Shrewsbury serves as a cultural and commercial centre for Shropshire and a large area of mid-Wales. The town has a number of shopping complexes and four out of five jobs in the town are in the service sector. Retail output was estimated to be in the region of £299 million per year in 2005. From the late 1990s the town has experienced severe flooding from the Severn and although new flood defences have provided some protection to the town centre the town car parks are often left to be flooded in the winter which can reduce trade in the town. Shrewsbury has never been a significant industrial base but there is some light industry and distribution centres such as Battlefield Enterprise Park which is located on the outskirts of the town.

8.6 Shrewsbury Transport and Travel Distances – Shrewsbury is Shropshire's transportation hub and the town has good road and rail links. The A5 connects Shrewsbury to Telford to the east where it joins the M54 and the motorway network. The town is approximately 47 miles from the centre of Birmingham with a drive-time of just over an hour. Five railway lines serve the town with links to Chester, Manchester, Crewe and Birmingham. The nearest international airports to Shrewsbury are Birmingham, Manchester and Liverpool, all just over 60 miles away.

8.7 Shrewsbury Development – We understand that aside from new housing, the council has a target to provide 90 hectares of employment land in the period 2006-2026. Currently there are commitments for 55 hectares and the council are seeking the remaining 35 hectares.

One of the main areas to the south of the town, which comprises 22 acres including the ground of Shrewsbury FC. A mixed use development is planned and the supermarket Waitrose is already signed up. No hotels are included as part of the scheme.

The other main developments are extensions proposed to the Battlefield and Shrewsbury Business Parks. There is already a Travelodge hotel at the Battlefield and the Hampton by Hilton at the Shrewsbury Business Park. We were not advised of any major new companies moving into the area.

9.0 The Hotel Market in Shropshire

9.1 Introduction - Our research indicates that there are around 37 hotels in Shropshire, this excludes the hotels in Telford & Wrekin, which are described in the next section. These hotels have a total of approximately 1,310 bedrooms. We have included all hotels with more than eight bedrooms in our figures but have not included guest houses, bed & breakfasts or pubs/restaurants with rooms.

Hotel Data Ltd list 108 hotels in Shropshire, which does include hotels in Telford & Wrekin and also guest houses, which probably comprise just under half of this total.

Figure 9.1 – Hotel Supply in Shropshire (hotels with 8 rooms+)

Star Grading	Hotels	Ratio%	Rooms	%	Average no. rooms
4*	6	16.7	345	27.4	58
3*	18	50.0	503	40.0	28
2*	3	8.3	44	3.5	15
Non accredited	2	5.6	87	6.9	44
Budget branded	7	19.4	280	22.2	50
Total	36	**100.0**	**1,259**	**100.0**	**35**

Source: Bridget Baker Consulting Research

Currently 3-star standard hotels dominate the market with half of the hotel supply, but as they are relatively small hotels, with an average of 28 bedrooms they comprise only 40% of the bedroom supply. There are six 4-star hotels, again these are relatively small with an average of 58 bedrooms. Budget branded hotels comprise more than 19% of the hotel supply but more than 22% of bedrooms.

We set out below the size of hotels by their number of bedrooms in Shropshire.

Figure 9.2 - Size of Hotels by Number of Bedrooms – Shropshire		
Number of bedrooms	**No. Hotels**	**Ratio %**
10 or less	1	2.8
11-25	16	44.4
26-50	11	30.6
51-70	4	11.1
71-100	4	11.1
More than 100	-	0
Total	36	100.0
Source: Bridget Baker Consulting Research		

As shown the market is dominated by small hotels with more than three quarters of supply with less than 50 bedrooms. Indeed the largest hotel has only 87 rooms.

9.2 Hotels by location in Shropshire – Almost half the bedroom supply in the county is to be found in Shrewsbury and the area immediately surrounding the town. Ludlow has seven hotels and Oswestry six hotels, but the hotels in the latter tend to be larger and comprise around 19% of bedroom supply compared to 14% in Ludlow. Other towns, including Bridgnorth, Whitchurch and Church Stretton account for around 23% of the bedrooms supply. The breakdown of rooms supply is detailed below.

Figure 9.3 – Hotels by Location in Shropshire			
Town	**No. Hotels**	**No. Bedrooms**	**Ratio %**
Shrewsbury	15	559	44.4
Ludlow	7	171	13.6
Oswestry	6	234	18.6
Other	8	295	23.4
Total	36	1,259	100.0
Source: Bridget Baker Consulting research			

9.3 Hotel Supply in and around Shrewsbury - As detailed in Figure 9.4, Shrewsbury accounts for around half of the county's hotel bedroom supply. The supply can broadly be split into two main markets, the town centre and its outskirts. We set out the hotels representing the supply in these two areas as follows:

Table 9.4 – Hotel Supply in and around Shrewsbury (more than 8 rooms)

Hotel	Affiliation	No. of bedrooms	Star Rating	Location
Town Centre				
The Lion	Independent	59	3	Town Centre
Prince Rupert	Independent/Classic British	70	3	Town Centre
Lord Hill	Independent	35	3	Edge Town Centre
Lion & Pheasant	Independent Boutique	22	3	Town Centre
Abbots Mead	Independent	16	3	Town Centre
The Bellstone now Claremont Hill	Independent	12	U	
Sandford House Metro	Independent	19	2	Town Centre
Sub Total		**233**		
Outskirts				
Albrighton Hussey	Independent	26	4	Rural outskirts
Rowton Castle	Independent	19	3	Rural outskirts
Albrighton Hall	Mercure	87	4	Rural outskirts
Travelodge Bayston Hill	Travelodge	41	Budget	
Travelodge Battlefield	Travelodge	4o	Budget	
Mytton & Mermaid	Independent	18	3	Rural outskirts
Premier Inn	Premier Inn	20	Budget	Outskirts
Hampton by Hilton	Hilton	75	3	Outskirts Business Park
Sub Total		**326**		
Total		**559**		
Source: Bridget Baker Consulting Research				

We have excluded the recently opened boutique style Silverton Hotel from the above analysis, as it only has seven bedrooms and the pub operated Shrewsbury hotel.

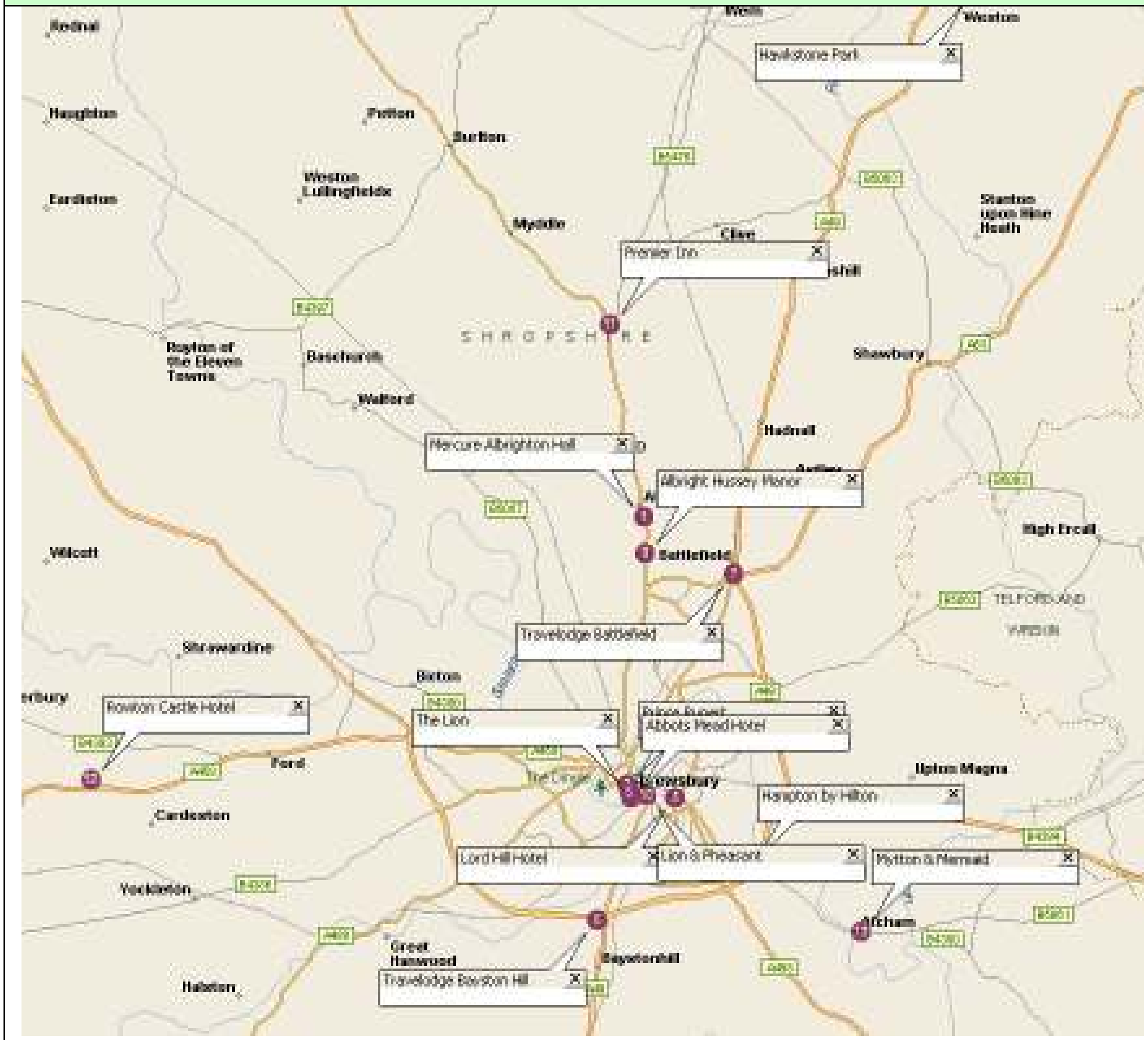
All of the hotels located in the town centre are owner operated, although the Prince Rupert is part of the Classic British Hotels Consortium. The Lion, a coaching inn style property, is currently on the market as is the Sandford House close by. The Lion & Pheasant was upgraded and re-launched around 18 months ago as a boutique style hotel. The Lord Hill is located around 10 minutes walk from the town centre and is close to the Shropshire Council offices.

The hotels on the outskirts of Shrewsbury are in different locations around the town. The Mercure Albrighton Hall is the largest hotel in the area with 87 rooms and, along with the independently operated Albrighton Hussey, is located to the north of the town in an attractive rural location. The Hawkstone Park, which is a golf resort hotel, is located further to the north of these two properties, around 13 miles from the town centre.

The budget hotels are located to the north and south of the town centre. There are two Travelodge hotels and a small Premier Inn. The midscale Hampton by Hilton, formerly known as the Purple Hotel and Sleep Inn is located on the business park to the south of the town centre. This hotel is currently for sale. Rowton Castle is a popular wedding venue and is located to the west of Shrewsbury.

We show the larger Shrewsbury hotels on the in the following figure.

Figure 9.5 – Hotels in Shrewsbury and the Surrounding Area



Source: Mappoint

9.3 Changes and New Hotel Supply – From research undertaken by Shropshire Council there have been some small additions to the local hotel supply over recent years. As mentioned above the seven bedroom Silverton Hotel opened in central Shrewsbury recently and the Lion and Pheasant has been upgraded from a small bed and breakfast style establishment to a boutique hotel with 22 bedrooms and reopened some 18 months ago. The Hampton by Hilton originally opened as a Sleep Hotel and has been rebranded a number of times. The business is now in administration and the hotel is for sale.

There are a number of other hotels in Shropshire currently openly on the market. This includes the Lion and Sandford House in Shrewsbury and Overton Grange in Ludlow. The latter has 14 boutique style bedrooms and planning permission for an additional eight rooms.

The Longmynd Hotel in Church Stretton has recently been purchased by HF Holidays, the walking holiday group. The hotel has 50 bedrooms and eight self catering lodges as well as food and beverage facilities and three meeting/function rooms. Our research and discussions with the tourism officials at Shropshire Council revealed the following potential new additions to the hotel supply in the county.

Figure 9.6 – Proposed New Supply Shrewsbury & Shropshire

Project	No. Rooms	Location	Status
Premier Inn	136	Shrewsbury Centre	Under construction, opening due spring 2013
Albright Hussey	10	Outskirts Shrewsbury	Extension, no progress
Overton Grange	8	Outskirts Ludlow	No progress
Smithfield Hotel	6	Oswestry	Extension, no progress
Astbury Hall	63	Nr Bridgnorth	Announced January 2012, golf leisure resort
Source: Shropshire Council/Bridget Baker Consulting research			

Of the foregoing the Premier Inn is the major new development and is already underway in the town centre. With almost 140 bedrooms it will significantly increase the supply of hotel bedrooms in the town centre and, in addition, is large for a budget hotel in the UK provinces. It will be the largest hotel in Shropshire by around 50 bedrooms.

The Astbury Hall project is a planned resort at the country estate of the former Judas Priest musician KK Downing. He is planning to develop upscale golf resort on this 320 acres estate. No opening date has been announced.

9.5 The Recent Performance of Hotels in and around Shrewsbury - There are no published statistics relating to hotel performance in Shrewsbury, we have therefore prepared estimates of the performance of the hotel markets in the two main conurbations, Shrewsbury and Ludlow. Our data is sourced from PKF, STR and our interviews with hotel management in the area. Our Shrewsbury sample comprises around 210 bedrooms in the town and comprises budget/midscale branded properties and an independent hotel. It does not include any country house style hotels, which are described later in this section. Our estimates are shown in Figure 9.7.

Figure 9.7 – Performance of Selected Shrewsbury Hotels

Year	Room Occupancy	AARR	Rooms Yield (RevPar)
	%	£	£
2010	62.6	45	28
2011	63.6	46	29

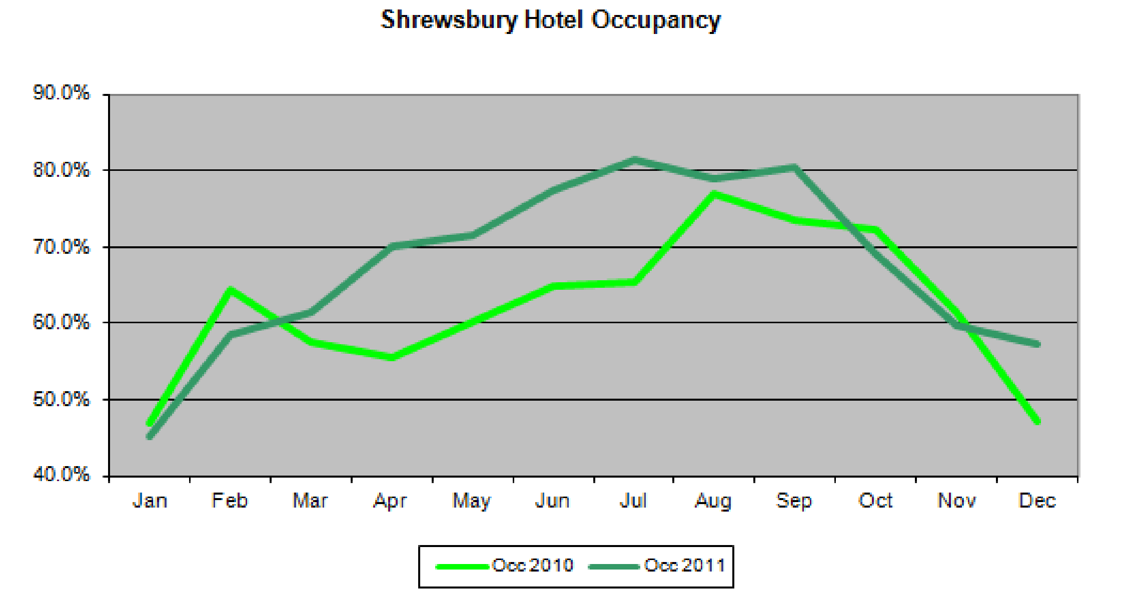
Source: PKF/Bridget Baker Consulting estimates & Research

Our research shows a relatively static market with just a slight increase in AARR and occupancy in 2011. The occupancy of under 64% is low, particularly given that the sample includes branded hotels which usually outperform independent hotels. This would indicate that the large number of independent hotels in the town are performing below this market average, which is already some nine points below the English average occupancy shown in the PKF statistics.

Statistics from our interviews and statistics held in our database show that in more buoyant years in the mid 2000s the leading independent hotels in the town centre achieved occupancy levels of between 67% -74%, Our research shows that these high levels have not been achieved in recent years.

We detail below the seasonality of demand at the above hotels. As shown there has been a very poor start to the year in both 2010 and 2011. There was good demand levels from April to the end of October and then it declined significantly at the end of the year.

Figure 9.8



Source: Bridget Baker Consulting research

9.6 Sources of Demand - There are a limited number of major corporate companies in the centre of Shrewsbury, so the hotels in the town centre have to attract demand from smaller companies in the area. We understand that up until around five years ago, when more hotel bedrooms were built in Telford, Shrewsbury's hotels enjoyed a steady flow of corporate demand from companies in Telford. Shrewsbury hotels also used to attract additional business when large events were held in the Telford International Centre, we understand that this demand is now largely retained in the Telford area.

Shrewsbury is an attractive historic town and does attract some leisure travellers at the weekends and during holiday periods. Some of the country houses hotels and other non-residential venues host weddings which can generate significant demand for hotels on Saturday evenings. The Shropshire Flower Show is the main event in the town and this fills hotels in the wider area for a long weekend in August each year.

General Managers advised us that negotiated corporate rates in the area in midscale hotels start are now around £60 bed and breakfast, down from £85 a few years ago.

9.7 Telephone Interviews - From a contact list of around 19 organisations we were able to undertake telephone interviews with 15 of these organisations. The others were either unwilling to participate, the bedroom booker was based elsewhere and no details were available or they were not contactable. A list of the companies that we interviewed is included in Appendix A.

Of the 15 respondents, 12 booked hotel accommodation in the county and two also booked accommodation in Telford & Wrekin and Herefordshire. Respondents booked hotels in Shrewsbury (5), Telford (2), Bridgnorth (2), Ludlow (3). All other locations just received one mention.

In total 24 hotels and guest houses were used by respondents. Those with the most mentions in the Shrewsbury area was Albrighton Hall (3 mentions). Other hotels with two mentions were: the Travelodge Ludlow, Premier Inn Telford North, The Clive (Bromfield) and the Longmynd. A list of the hotels and guest houses mentioned is included in Appendix B.

Only three of the organisations responding to the survey used hotels for their gyms and one for their golf course.

The volume of roomnights booked varied considerably from less than 10 rooms per year to more than 1,000. A summary is shown as follows:

Figure 9.9 – Volume of Roomnights booked per annum – Shropshire companies

Number of Roomnights	No. Companies
Less than 10	2
20-30	1
40-50	2
50 -100	1
100-150	2
151-200	1
300-350	1
450-450	1
500-550	1
More than 1,000	1

Source: Bridget Baker Consulting telephone interviews

Most of the companies required hotel accommodation in the Monday to Thursday period, with two on Sunday evenings and one on Friday/Saturday evenings. 12 companies required rooms all year round, and one company only had demand in October and November.

Only two of the companies had difficulty finding accommodation and this was in the summer months. Budgets for room and breakfast ranged from £50 (2 mentions), two at between £80-£100, one at £125 and four were unable to reveal the contracted rates they paid at local hotels. Our interviews with hotel managers showed that in recent years negotiated rates with local corporate companies had declined significantly, and that buyers were aware that they are a strong position to demand discounts.

12 of the companies expected their hotel requirements to say the same and one to increase, this was a company with very limited demand at the moment. Five of the companies that we spoke to booked conferences in hotels and one a Christmas party.

Some of the respondents provided other comments and a selection of these are included in Appendix C some are shown below:

- Would like Corporate rates Immediately available to local businesses and availability;
- preference for high usage clients;
- Happy with current hotels;
- Hard to find rooms in summer;
- Company policy to only use Premier Inn;
- Internet availability poor in Shropshire hotels.

The respondents used a wide range of hotels across the county and had varying volumes of demand. Generally the respondents did not have difficulty finding accommodation, although two mentioned that the summer months could be more difficult, this coincides with the peak period of demand at the country house style hotels.

9.8 The Hotel Market in Ludlow and other Towns - As discussed above most of the smaller towns in Shropshire only have one major hotel or possibly a former coaching inn updated to meet modern market demand. The exceptions are Ludlow and Oswestry which have a greater variety of accommodation. There are also Country House Hotels located around the county and their performance trends are described later in this section. There is no freely available published data for hotels in the smaller towns and as many of the properties are independently operated they do not contribute to any trends surveys. We discuss in the following paragraphs the information we obtained during our research programme.

Ludlow is a small town with a population of just under 10,000 and some 500 listed buildings. Over recent years it has become established as a leading gastronomic destination and has a number of boutique hotels and restaurants that offer high quality dining. The 40 bedroom Feathers Hotel in the High Street is a famous old coaching hotel and is largely full throughout the year with coach groups during the mid week period. Coach companies use Ludlow as a base to visit the sights in Shropshire and Herefordshire.

There is limited commercial demand in the town but at weekends there is strong demand from leisure guests. One very popular event is the Ludlow Food Festival which can attract 20,000 visitors in early September each year. In addition to the hotels in the town itself there are two Travelodge hotels located on the outskirts.

Our research shows that the Ludlow market enjoyed strong occupancies in 2011 and some hotels reported a record year. We estimate that the 2011 market occupancy was in the order of 73% compared to just over 67% in 2010. This is a strong performance, albeit in a rather small market and illustrates the strong appeal of Ludlow as a leisure destination.

Oswestry has six hotels in the town or on its outskirts. This comprises one hotel that operates in the leisure and conference market, The Lion Quays. We understand that the Lake Vyrnwy Hotel, over the Welsh border in Powys, is a popular hotel for functions in the wider catchment area. There are also two branded budget hotels.

9.9 Country House Hotels in Shropshire - Unlike Herefordshire, Shropshire has a good range of country house style hotels in various locations. The larger properties are listed in Figure 9.9 below. Some of these hotels fall in the borough of Telford & Wrekin but from a customer perspective the borough in which a hotel is located is unlikely to play a part in the buying decision.

Figure 9.9 – Larger Country Houses Hotel Supply in Shropshire (40+ rooms)

Hotel	Affiliation	No. of bedrooms	Location Railway Station	Facilities
Hawkstone Park	Principal Hayley	67	Wem	Golf, leisure, conference
Albrighton Hall	Mercure	87	Shrewsbury	Leisure, spa, conference, outdoor team building
Lion Quays Waterside	Independent	82	Oswestry	Conference, leisure, spa
Longmynd	HF Holidays	50	Church Stretton	Conference, grounds
Valley	Best Western	44	Telford/	Conference
Hill Valley	McDonald	80	Whitchurch	Conference, leisure
Madeley Court	Mercure	49	Telford	Conference
Telford Hotel & Golf Resort	Q Hotels	114	Telford	Golf, leisure, pool, conference
Park House	Independent	54	Shifnal	Conference, gym steam
Total		627		

Source: Bridget Baker Consulting Research

Detailed in the following figure are the performance trends of six of the country house style hotels listed in the previous figure. They are all located in Shropshire and Telford & Wrekin. They offer a total of 438 bedrooms, with an average size of 73 rooms. This is around 70% of the hotel bedroom supply we have listed. The hotels are all either part of a brand or represented by well known consortia. The results of this sample are shown in the following figure.

Figure 9.10 – Performance of Country Houses Style Hotels in Shropshire 2007 – 2011

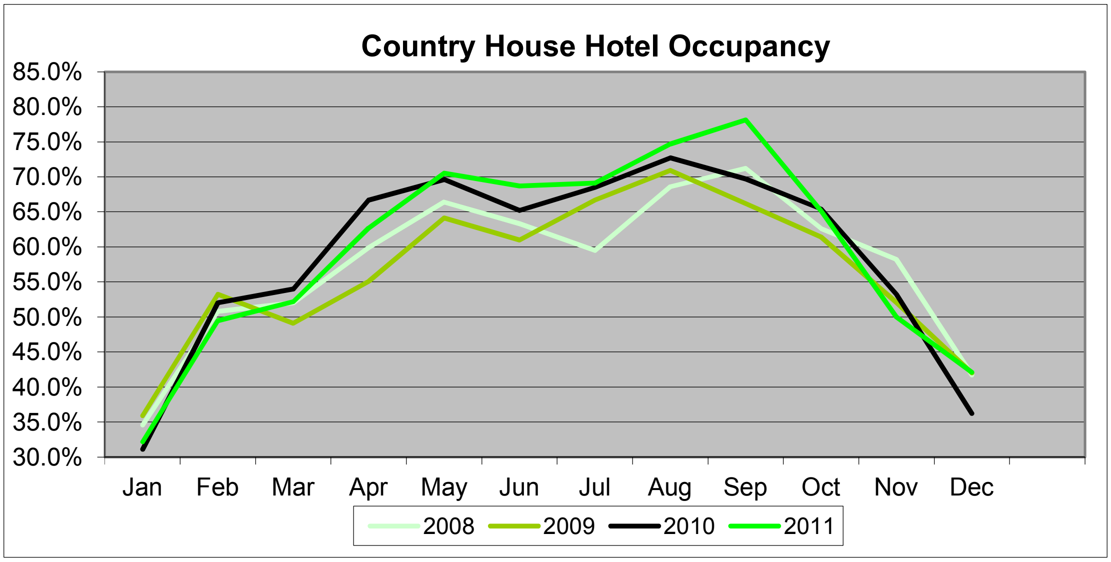
Year	Room Occupancy	AARR	Rooms Yield (RevPar)
	%	£	£
2007	49.3	53.95	26.58
2008	57.5	54.53	31.37
2009	56.5	54.44	30.75
2010	58.7	54.74	32.12
2011	59.6	59.59	32.52
Source: STR Global			

As shown, the market occupancy of the country houses hotels has increased slowly over recent years from around 49% in 2007 to almost 60% last year. This however is somewhat lower than the 66.5 % achieved by the country house hotels in the PKF sample last year and in 2010. Given the hotels in the STR sample are all effectively branded hotels, we would expect the remaining independent hotels in the area to perform below these levels.

The AARR showed an encouraging 8.9% increase last year to almost £60, but again is far lower than the £85.65 in the PKF national sample. Statistics held in our database show that some of these hotels were enjoying occupancy levels of between 69%-77% in 2004/5, these levels have not been reached for some years.

9.10 Seasonality - We detail in the following figure the seasonality trends of occupancy at the country house hotels in Shropshire and Telford & Wrekin.

Figure 9.11 Seasonality of Demand – Country House Hotels Shropshire

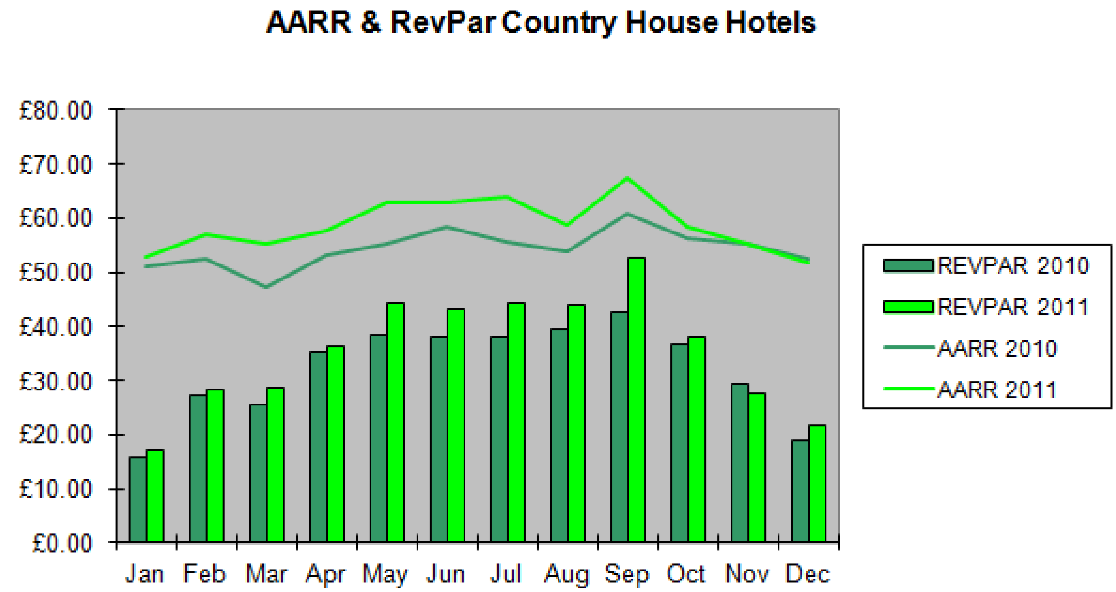


Source: STR Global

As illustrated, the trends in demand have followed a very similar pattern over the past four years, with a slow start to the year with peaks in May and September followed by a dramatic drop off in demand in the winter months. This illustrates the seasonal constraints of the destination together with the attractions of rural hotels in the spring, summer and early autumn for leisure visitors and for weddings. Poor performance in the days in the middle of the week, effectively bring down the annual occupancy to the 60%, as shown in Figure 9.10.

This is also illustrated by the lower levels of RevPar in the winter months and even where discounted rates are offered the hotels are unable to fill bedrooms in the off peak periods.

Figure 9.12 - AARR & RevPar by Month – Country House Hotels Shropshire



Source: STR Global

The Country House Hotels enjoy their peak period of performance on Saturday nights, which indicates strong leisure and wedding demand. Friday is less busy, indicating that many of these guests only stay for one night. Tuesday evenings are the second busiest night of the week although, nationally, this tends to be one of the peak nights for residential conference and business travel. Wednesday is less busy. Low demand on Sunday nights results in less than 50% occupancy and Thursday is just over this level.

The AARR is also strongest on Saturday evenings, with a reasonable performance on Friday. The weekday rate is fairly even and probably reflects agreed local corporate rates for midweek business. We set out the room occupancy and AARR by day of the week as shown in the following figure.

Figure 9.13 - Country Houses Style Hotels in Shropshire – Daily Bedroom Occupancy & AARR – 2010 & 2011

	2011		2010	
	Room Occupancy %	**AARR £**	**Room Occupancy %**	**AARR £**
Sunday	47.2	58.55	48.5	48.43
Monday	55.0	56.11	48.7	51.96
Tuesday	64.3	57.22	60.7	53.76
Wednesday	60.9	56.11	60.0	53.96
Thursday	51.2	56.51	49.5	51.93
Friday	60.7	60.74	64.1	57.30
Saturday	78.7	68.19	80.1	61.65

Source: STR Global

9.11 Future Demand for Hotel Accommodation & Hotel Development Opportunities - Currently there are limited statistics available on the hotel market in Shropshire in terms of supply of hotel rooms and demand. During our research programme we have sought to establish patterns of demand for hotels in the county and in the larger conurbation of Shrewsbury and the country house hotels in the county. Most of the other towns have limited hotel capacity and therefore hotel performance statistics, if available, would only represent one or two hotels, and therefore for confidentiality reasons purposes it is not possible to reveal this information. It is in these instances where it is useful to refer to visitor arrivals, such as those collated in STEAM/Cambridge model reports. We understand that these have not been undertaken in Shropshire since 2004/5 and we considered they were too historic to be of use. Similarly there appears to be no recent data on hotel bedroom supply.

Our research on recent hotel trends in Shrewsbury shows a somewhat depressed market, which to an extent is underpinned by the financial difficulties of the owners of the Hampton by Hilton and perhaps the reason that two of the town centre hotels are on the market. Our research did not reveal any major projects that are likely to stimulate hotel demand in the town in the medium term. With a large Premier Inn due to open next year the hotel occupancy levels currently achieved by the hotels, which are low by branded national standards are likely to decline further. Often when an oversupply situation occurs this also leads to a decline room rates. Given that the nearby Telford market is also not performing strongly (see next section) there is unlikely to be significant overspill from this source either.

The country house hotels in the county are also underperforming the national average, whilst there are encouraging signs that the 'staycation' is set to continue, and UK residents are continuing to enjoy short breaks, this market is likely to remain relatively static in the medium term.

In our opinion Shropshire has a good range of hotels, from branded budget, boutique, midscale and 4-star leisure resort. Major UK brands are also represented in the county and some others in nearby Telford & Wrekin. There may be some opportunities from non-branded hotels to seek to improve their performance by taking a franchise of a major brand or consortia, but we do not consider that with the current market conditions that Shropshire is likely to be on the target of hotel developers wishing to operate a financially viable hotel.

Telford & Wrekin

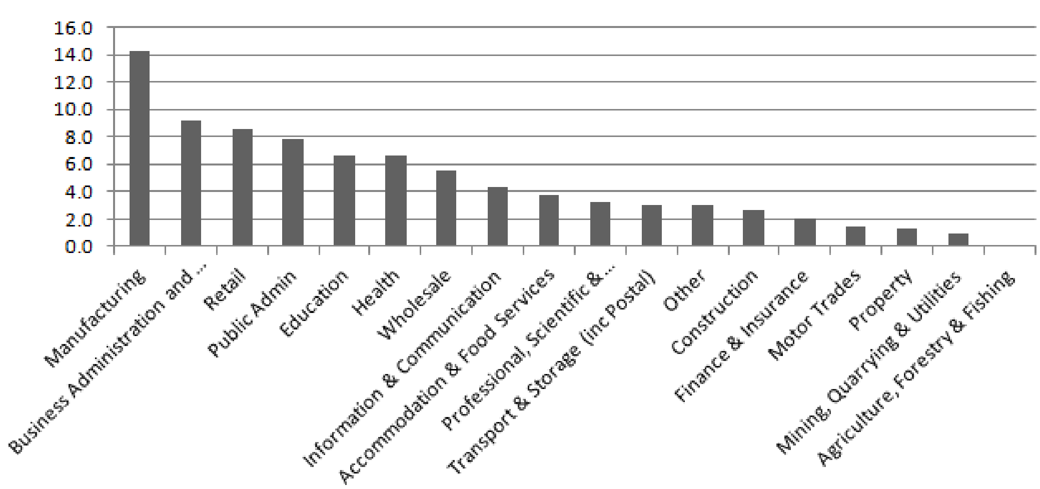
10.0 The Borough of Telford & Wrekin

10.1 Introduction – Primarily an urban area, covering 112 sq miles, Telford & Wrekin had an estimated population of 162,000 in 2006. The regional focus for population and economic growth the Borough has a strong manufacturing base and this, together with public services, form the Borough's largest employment sectors. Telford & Wrekin became a unitary authority in 1998 but is included in the county of Shropshire for ceremonial purposes.

Although primarily urban the Borough also has a significant rural area located to the north and west and Ironbridge Gorge, a tourist destination and UNESCO World Heritage Site, to the south. The Borough also includes a number of small towns including Wellington, Oakengates, Madeley and Dawley.

10.2 Telford & Wrekin Employment, Business & Economic Activity – The borough's Gross Value Added (GVA) per head was measured as being £16,473 in 2005. Well above the regional average. The local economy is heavily reliant on manufacturing and there is a much smaller proportion of the economy employed in the service sector than nationally. The manufacturing base is particularly strong in certain sectors such as advanced engineering, electronics and polymers. There are also strengths in computing services and a particular area of success has been the development of Telford as a conference venue with the establishment of The International Centre.

Figure 10.1 – Employment in Telford & Wrekin 2008 ('000)



Source: Office for National Statistics

10.3 Telford & Wrekin Main Business Sectors and Employers – Inward investment has created a strong presence by foreign companies, but there is also a substantial focus on branch plants and assembly type work, both employment sectors that are vulnerable to relocation. Key employers in the town include Capgemini, the Southwater Events Group (The Telford International Centre), Fujistsu, GKN, EDS, Denso, Ricoh, Epson, Siemens, AGA Rayburn, Heinz and Maxell.

10.4 Town of Telford - Telford is a new town founded in the 1960s. Telford is the largest town in Shropshire and one of the fastest growing towns in the UK.

10.5 Telford Transport and Travel Distances – Telford is approximately 33 miles from the centre of Birmingham with a drive-time of around 50 minutes.

The local road infrastructure is good with excellent regional and national connections. Telford's motorway link, the M54, feeds into the M6 and can be congested at peak periods. However, there is no direct link between the M54 and the northbound M6 which precludes direct access to the M6 Toll road. The lack of a proper inter-city rail service is also an issue as such a link would offer faster travel to London, Birmingham and other major cities.

10.6 Tourism in Telford & Wrekin - The Arkenford Report on tourism and tourism trends in The Marches which as presented to The Marches Local Enterprise Partnership in January 2012 also contained information on consumer reaction to Herefordshire, Shropshire and the Borough of Telford & Wrekin as individual destinations. Tourism in Telford & Wrekin is centred on Ironbridge Gorge. Around 68% of those surveyed responded that Ironbridge was somewhere that they would consider for a holiday and 19% described it as 'their type of place'. It appealed to people who want to learn and seek an experience that will educate them and was seen as most attractive to families with children. The area has strong associations with history and heritage. Ironbridge was seen as a destination for a day trip rather than an extended stay.

The World Heritage site of Ironbridge Gorge, with its 10 museums including the famous Ironbridge and Blists Hill Victorian Town, is a nationally important visitor attraction. It attracted some 567,000 visitors in 2010, up from 477,000 in 2008. The management has a target of 600,00 visitors per annum. We understand that around 60% are visitors from the West Midlands, who visit for the day, around 7% are international visitors. In addition there are special corporate and conference events which attract business visitors to the sites.

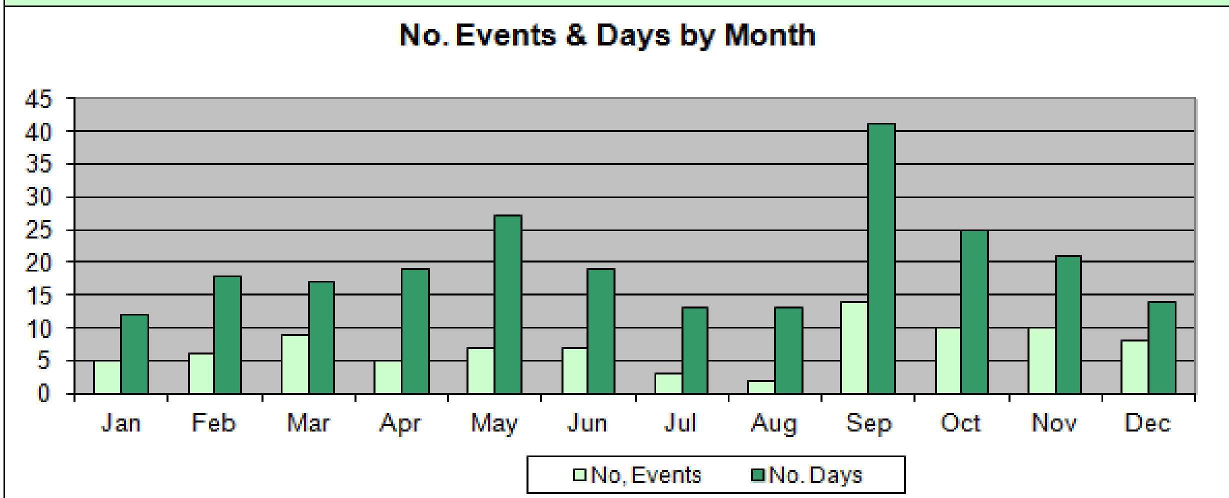
The Severn Valley Steam Railway (SVR) and the RAF Museum at Cosford are within easy reach of Telford and receive between 200,000-250,000 visitors per annum.

10.7 Business and Conference Related Tourism – Significant business visitation to Telford generated by The International Centre. The venue is established as a leading events UK venue. The centre offers more than 15,000 m^2 of flexible space that is suitable for conferences, exhibitions and other events. The new Ludlow Suite was added in July 2011 and provides an additional 1,300 m^2 of space, which has allowed the venue to host more simultaneous events. The centre is independently operated by the Southwater Event Group, who have been investing heavily in the venue over recent years and also operates three local hotels, two of which are on site.

In 2011 The International Centre hosted just under 100 events, of which almost 40% were repeat events. They attracted almost 120,000 delegates/visitors over some 240 days. Exhibitions form a large part of the business at the centre, although corporate conferences are also important. The venue does, however have a good range of other events which assist in filling the venue throughout the year.

A shown below, the busiest period was September in terms of event days and delegates. May, October and November were also strong.

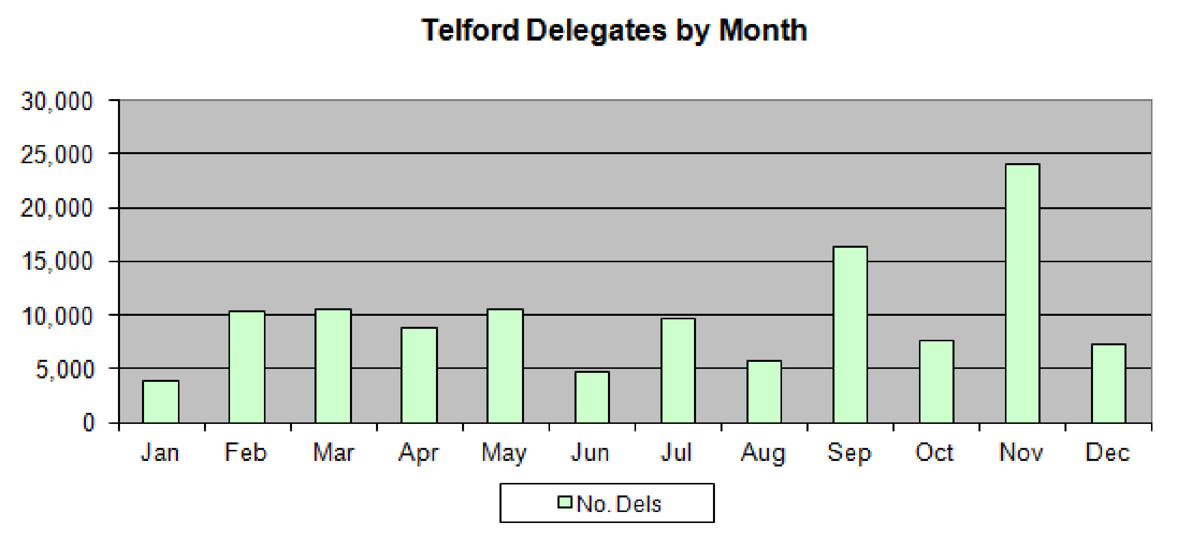
Figure 10.2 - Number of Events & Days by Month – International Centre



Source: The Telford International Centre

In terms of delegates/visitors however November was the strongest month, followed by September. January is the quietest month of the year. This is illustrated as follows.

Figure 10.3 - Delegates by Month – International Centre

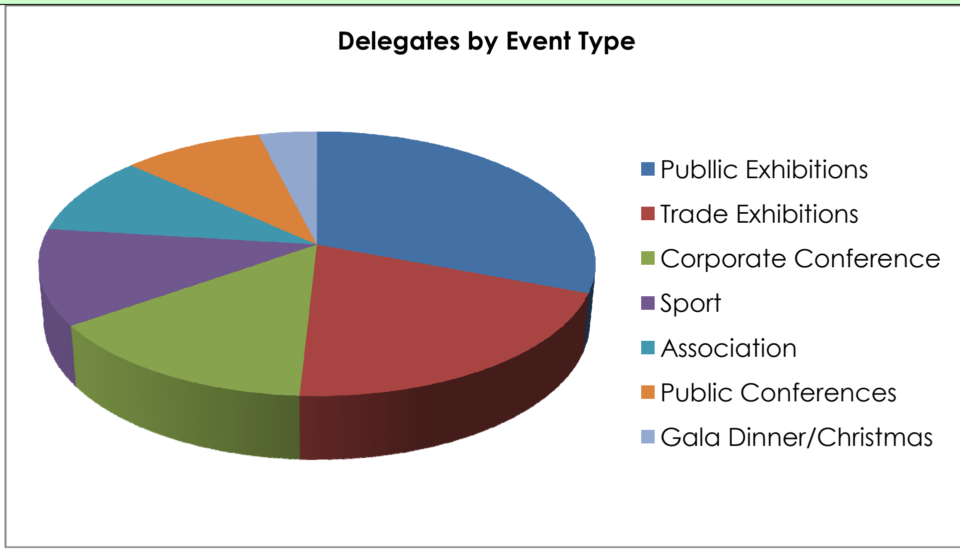


Source: The Telford International Centre

Not surprisingly exhibitions, both trade and public, attract the most visitors. Corporate Conferences are the next largest in terms of delegate numbers. Sporting events are also important and this would include the snooker events. It shows however, the broad range of events that occur at the Telford International Centre.

Some events, such as exhibitions, would principally attract day visitors, although the exhibitors and set-up teams would require hotel accommodation. Corporate and Association Conferences include both day and residential events. The breakdown of delegates by event type is shown below in the following figure.

Figure 10.4 - Delegates by Event Type – International Centre



Source: The Telford International Centre

In 2011 some 77 national conference buyers attended a familiarisation trip to the Telford areas, organised by 'Meet Telford & Shropshire' and the Southwater Event Group. These buyers were asked to complete a survey about their experience and this has been documented in the 'Conference Buyers Survey – Discover 2011'. Some of the key findings are detailed below:

- 36% rated the hotel facilities either 9 or 10 out of 10. A further 30% rated them as 8 out of 10. Therefore 66% were more than satisfied with the hotel facilities on offer.

- Prior to the event, 22% of the buyers were familiar with Telford & Shropshire as a conference and events destination and a further 26% knew a little about the destination. Therefore 35% were not previously familiar with the area as a destination for events.

- Around 95% of the conference buyers said they would consider Telford & Shropshire as a destination for their events, of which 92% said they would be interested in using the International Centre. Other venues that were of interest to the buyers included: The Holiday Inn Telford, Ironbridge Gorge, Mercure

Albrighton Hall, Hawkstone Park Hotel, the Severn Valley Stream Railway and the Weston Park Estate.

- In terms of perceived access to Telford & Shropshire, this question had mixed results, with 21% scoring the location 9 or 10 out of 10, 57% with 7 or 8 out of ten and 21% 6 or below. One of the main issues mentioned was the relatively poor train service to Telford and the bottlenecks on the M6 and M5 motorways. Access to the town from the railway station was also seen as poor.

- In terms of hotel accommodation, almost 25% rated the range as either 9 or 10 out of 10, a further 26% rated the range as 8 out of 10. This means that more than half were satisfied with the accommodation on offer. Some 25% rated it as 5 out of ten or lower, so around a quarter were not satisfied with the range on offer.

- Around 26% of buyers rated the accommodation as 9 out of ten or above, almost half (46%) as either 7 or 8 out of ten, but almost a third (28%) rated the accommodation as 6 out of 10 or below.

- The buyers were asked about their views regarding the addition of two new hotels as part of the Southwater Development. Around half said a 4-star hotel would meet their event specification, 16% a 5-star, 26% a 3-star and 9% a budget hotel.

- Of the invited buyers around 90% said the new Southwater Development project would make a difference in terms of them bringing their events to Telford.

The foregoing shows an overwhelmingly positive view of the conference and associated facilities in Telford & Wrekin from the invited buyers. The main issues of dissatisfaction were transport and access issues. Broadly the buyers seemed satisfied with the hotels on offer, although when prompted to suggest the type of 'new' hotels they would like to see within the new Southwater Development more than half suggest a 4-star hotel or above. There was no question however, relating to the room rates they would be willing to pay or volumes that they would generate from their events.

10.8 Telford Development – Telford & Wrekin Council are undertaking a major regeneration project of the centre of Telford. This will involve remodelling a 22 hectare sire in the town centre and adding more facilities to make it more of a commercial and leisure destination. Outline consent for the scheme was given in January this year and the council has already secured £41m of public sector funds and £32m of private sector funds towards the project which is estimated to cost in the order of £250m. We understand that the council intends to dispose of other plots of land to raise more funds. It is also planned to improve the 'box' road; that currently splits the town centre and to improve the access from the railway station.

A map of the regeneration scheme is set out below.

Figure 10.5 – Southwater Development Revised Phase 1

Source: Telford & Wrekin Council

The scheme is expected to take between 10-15 years to complete. The plan will give conference delegates attending events at the International Centre easy access to the facilities on offer including a new retail area, multi-plex cinema, ice rink, ten pin bowling and a restaurant quarter. Eight major restaurant brands have already been secured including Pizza Express, Bella Italia, Nando's, Wagamama and Zizzi. Work is due to start this autumn with a completion date of the first phase at the end of 2013. A new Premier Inn, with 85 bedrooms is to be included as part of the scheme. There is also planning permission for a 300 bedroom hotel in the area in front of the International Centre.

This is a major redevelopment project which is set to transform the centre of Telford and make pedestrian access far easier for shoppers and conference delegates.

11.0 The Hotel Market in Telford & Wrekin

11.1 Introduction – The hotel supply in Telford & Wrekin can be split into two areas, Telford town centre and the more rural areas, which include Ironbridge, Wellington and Shifnel. We have identified 21 hotels offering almost 1,270 bedrooms. Hotel Data Ltd list 108 hotels and guest accommodation in Shropshire, which includes hotels and guest houses in Telford & Wrekin. The breakdown of hotel stock is shown below.

Figure 11.1 – Hotel Supply in Telford & Wrekin (hotels with 8 rooms+)					
Star Grading	**Hotels**	**Ratio%**	**Rooms**	**%**	**Average no. rooms**
4*	3	15.4	142	11.7	65
3*	9	40.0	593	48.8	77
2*	1	5.0	10	0.8	10
Non accredited	3	14.3	261	21.5	53
Budget branded	5	25.0	210	17.3	42
Total	**21**	**100.0**	**1,270**	**100.0**	**60**
Source: Bridget Baker Consulting Research					

The majority of the hotels in Telford & Wrekin are in the 3-star market, this segment comprises 40% of the hotel stock and almost half of the bedroom stock. Budget hotels form around a quarter of hotels, but as they are smaller than the 3-star hotels, with an average of 42 rooms, they account for just over 17% of the bedroom supply. The 4-star market accounts for 15% of hotels and almost 12% of the bedroom stock.

In Figure 11.2 we show the range of size of rooms in the county. Generally the midscale (3-star) and upscale (4-star) hotels offer an average of 70 or so bedrooms. Around 40% of the hotels in Telford and Wrekin are relatively small with between 26-50 bedrooms, and 60% have less than 60 bedrooms.

Figure 11.2 - Size of Hotels by Number of Bedrooms – Telford & Wrekin		
Number of bedrooms	**No. Hotels**	**Ratio %**
10 or less	2	9.5
11-25	2	9.5
26-50	8	38.1
51-70	3	14.3
71-100	2	9.5
101-120	2	9.5
More than 121	2	9.5
Total	21	100.0
Source: Bridget Baker Consulting Research		

11.2 New Hotel Supply - As described in the previous section there are plans to include a 85 bedroom Premier Inn as part of the new cinema complex in the Southwater development. This project has just been granted planning permission with a likely opening date of 2013. There is also planning permission for a 300 bedroom hotel close to the entrance of the International Centre. We understand from the management of the Southwater Group that there are no immediate plans to commence this development and if it does proceed it is unlikely to be more than 150 bedrooms.

The Best Western Valley has just obtained planning permission to add a further 27 bedrooms, this will bring their room count to 71, a steady increase from when the hotel opened 25 years ago with just five bedrooms.

Telford and Wrekin Council have not advised us of any other hotel planning applications or extensions in the borough.

11.3 Location of Hotels in Telford & Wrekin - There are two distinct markets for hotels in the borough, the town centre and the rural areas. Our research shows however, that corporate guests and delegates attending events at the International Centre use hotels in both locations.

We detail in Figure 11.3 the major hotels in Telford & Wrekin and show their location in Figure 11.4.

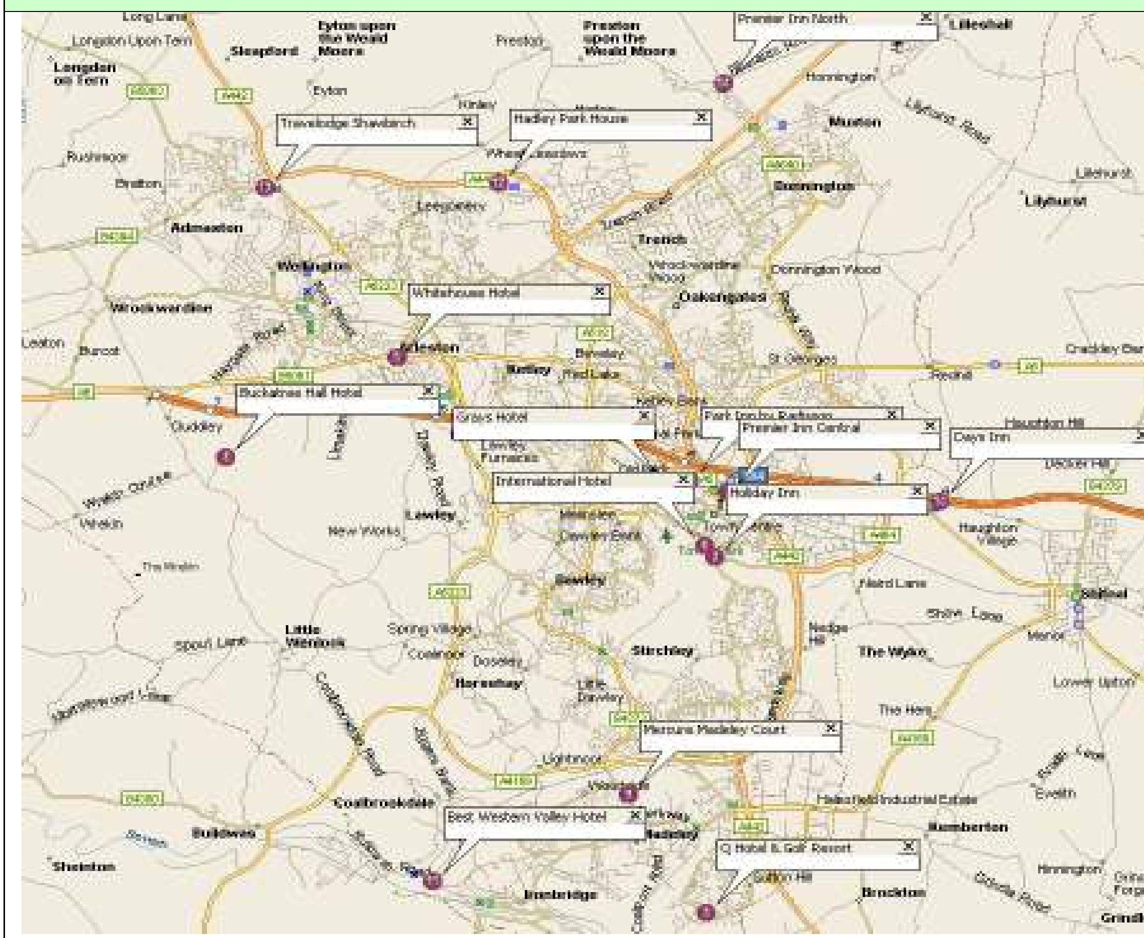
Figure 11.3 – Hotel Supply in Telford & Wrekin (more than 8 rooms)				
Hotel	**Affiliation**	**No. of bedrooms**	**Star Rating**	**Location**
Town Centre				
Park Inn	Carlson Rezidor	153	3	Town Centre
Holiday Inn	IHG/Southwater Event Group	150	3	Adjacent International Centre
International Hotel	Southwater Event Group	101	U	Adjacent International Centre
Whitehouse	BDL Hotels	90	3	Town Centre
Grays	Southwater Event Group	90	U	Town Centre
Premier Inn Central	Whitbread	62	Budget	Adjacent Railway Station
Sub Total		**646**		
Outskirts				Rural outskirts
Travelodge Shawbirch	Travelodge	30	Budget	outskirts
Premier Inn Donnington	Whitbread	20	Budget	outskirts
Premier Inn Newport	Whitbread	50	Budget	outskirts
Telford Hotel & golf Resort	Q Hotels	114	4	Rural outskirts
Hadley Park House	Independent	22	3	outskirts
Valley	Best Western/Independent	44	3	Rural outskirts
Days Inn	Days Inn	48	Budget	outskirts
Madeley Court	Mercure/Focus Hotels	49	3	Rural outskirts
Buckatree Hall	Independent	60	U	Rural outskirts
The Old Orleton	Independent	10	U/boutique	Wellington
Weston Park House	Independent	28	4	Shifnal
Haughton Hall	Independent	36	3	Shifnal
The Hundred House	Independent	10	2	Shifnal
Patshull Hall	Independent	49	3	Pattingham
Park House	Independent	54	4	Shifnal
Sub Total		**624**		
Total		**1,270**		
Source: Bridget Baker Consulting Research				

At present around 53% of the local hotel supply is in Telford town centre and within easy reach of the Telford International Centre. This share is set to increase when the new 85 bedroom Premier Inn opens.

The Southwater Events Group operates three of the hotels (Holiday Inn, International, Grays) and these comprise some 340 bedrooms. These hotels have been continuously upgraded and two are located on the site of the International centre. The other town centre hotels are also affiliated to hotel brands, although the Whitehouse is less well known than Park Inn or Premier Inn.

At varying locations around Telford are a number of well appointed country house style hotels. These range from small hotels with 10 rooms to the 4-star Telford Hotel and Golf resort, operated by Q Hotels, with more than 100 bedrooms. The hotels to the south of Telford are particularly well located for guests who wish to visit Ironbridge Gorge.

Figure 11.4 – Hotels in Telford and the Surrounding Area



Source: Mappoint

11.4 Recent Performance of Hotels in Telford - In 2011 LJ Forecaster were commissioned to monitor the monthly bedroom occupancies in the Telford area. The sample comprised between 8 and 11 hotels each month. The sample was not consistent but gives a useful snapshot on the performance in Telford and Wrekin. It includes hotels in the town centre and the rural areas. The data showed an annual occupancy performance of 61.2% and an AARR of almost £49.00. These levels are both somewhat below the national averages of 70.2% and £60.56 as monitored by PKF.

Figure 11.5 – Performance of Telford Hotels 2011

Year	Room Occupancy	AARR	Rooms Yield (RevPar)
	%	£	£
2011	61.2%	£48.76	£29.84
Source: LJ Forecaster			

Our research shows that some of the hotels in the town centre achieved a marginally higher room occupancy that the 61.2% detailed above. In the previous section we provide an analysis of Country House hotels in Shropshire, which includes some of the hotels located in the rural areas just outside Telford. Our interviews with local hoteliers revealed that country house style hotels achieved similar levels to those set out above.

We have analysed the data in more detail and have identified that, despite this relatively low occupancy performance level, there were 136 nights when the hotels were more than 70% full, including 82 days when they were more than 80% full. Weekdays tended to be stronger with 85 strong days and weekends 51 strong days. This means that approximately one day a week the hotels were more than 80% full and most weekends had at least one day with an average of more than 70%.

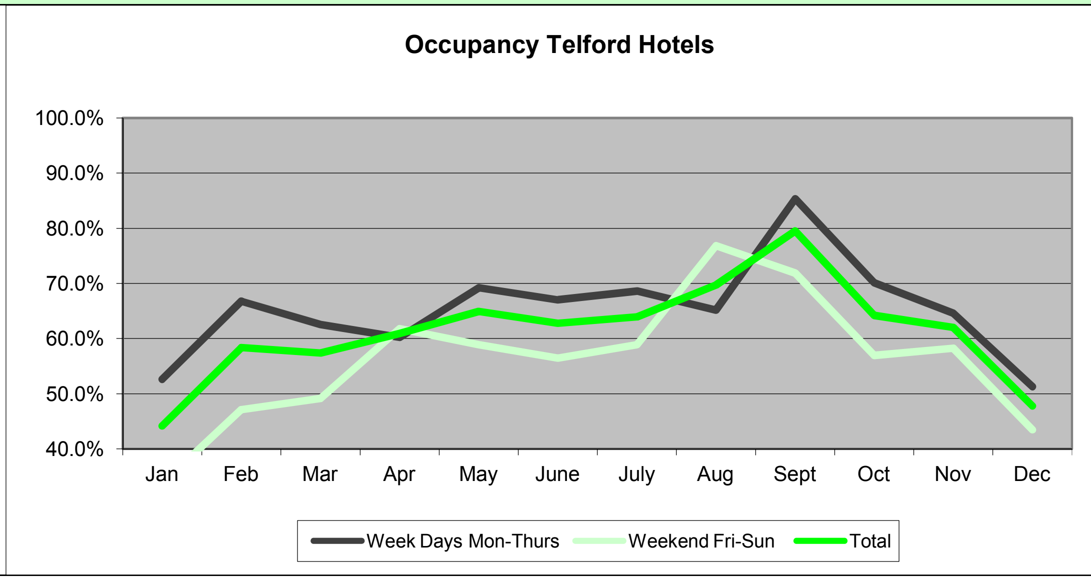
This data is presented in the following Figure.

Figure 11.6 – Telford Hotels High Occupancy Days 2011						
Month		**High Occupancy Days**				
	No. Hotels	**Week Days**		**Weekend**		**Total**
		70% -79%	**80% +**	**70% - 79%**	**80% +**	
January	11	2	0	0	0	44.1%
February	10	4	4	2	0	58.3%
March	10	5	2	0	2	57.4%
April	10	2	3	3	3	60.9%
May	9	1	8	1	3	64.9%
June	9	4	4	1	2	62.8%
July	9	3	3	3	3	63.9%
August	9	4	3	2	7	69.7%
September	9	1	14	2	6	79.5%
October	9	2	6	2	3	64.2%
November	9	6	1	1	3	62.0%
December	8	2	1	1	1	47.8%
Total		**36**	**49**	**18**	**33**	61.2%
Source: Bridget Baker Consulting Analysis of LJ Forecaster data						

The peak month of demand in 2011 was September at almost 80%. This correlated with the busiest period at the International Centre. August was the second busiest month, at almost 70%, some of this was from a large religious event at the venue. The slow periods are January and December, with demand rising in the spring and autumn.

Weekdays tend to be stronger than weekends, although August bucked this trend. We show below the week and weekday occupancies by month for the sample.

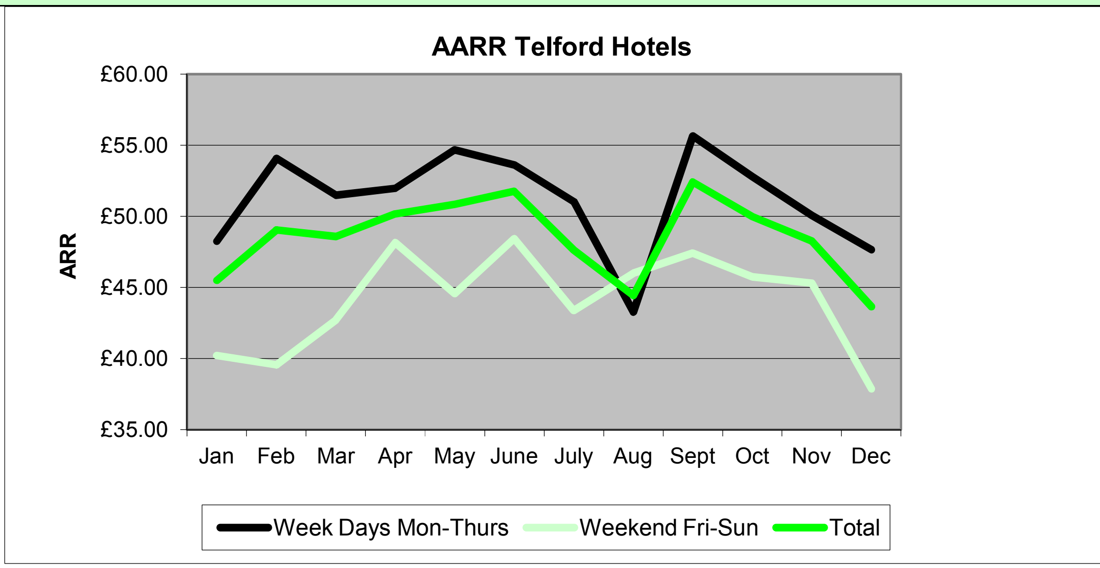
Figure 11.7 - Room Occupancy Telford Hotels 2011



Source: Bridget Baker Consulting Analysis of LJ Forecaster data

The AARR ranged from around £44 (December) to more than £52 in December. Generally weekdays were stronger at between £43 and more than £54, with weekends between £38 and £48. We illustrate the range in AARR by month below.

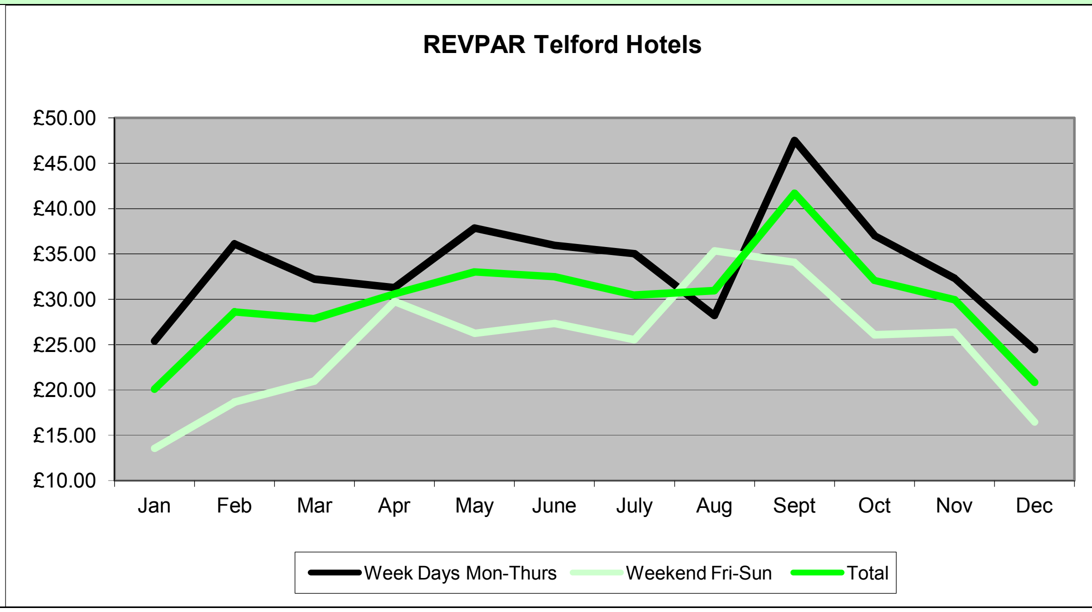
Figure 11.8 – AARR in Telford Hotels in 2011



Source: *Bridget Baker Consulting Analysis of LJ Forecaster data*

The resultant RevPar ranged from almost £31 in September to just over £20 in January. Peak periods were weekdays in May £37, September £47 and October £37. We illustrate these in the following figure.

Figure 11.9 - Room Occupancy Telford Hotels 2011



Source: Bridget Baker Consulting Analysis of LJ Forecaster data

11.5 Sources of Demand - Our interviews with general managers in the Borough indicated differing sources of demand depending on the location and style of the hotel. Not surprisingly hotels close to the Telford International centre were often the first to fill, although some guests prefer to be out of the centre, although this involves a car/taxi journey. As is common in many destinations with a large venue, we understand from the management at local hotels that this can result in empty days either side of a large event. Some hoteliers therefore are unwilling to give large blocks of their rooms to conference allocation if this means they have empty bedrooms either side of an event and are also turning away regular corporate business. The mix of business at the hotels varies considerably, those operated by the Southwater Event Group are understandably heavily reliant on events at the Telford International Centre (TIC), although local corporate business is also important.

Hotels in the rural areas are more appealing for certain types of business, such as weddings and leisure breaks. Some of the rural hotels benefit from smaller companies that have a steady stream of demand and are located close by. Some of these hotels are also able to attract residential conference demand, although as detailed previously this demand has been adversely impacted by the recession nationally. We discuss the performance of country house hotels in Shropshire in Section 9, and some of these hotels are located within the Borough of Telford & Wrekin.

General Managers advised us that negotiated corporate rates in the area varied from £55 b&b) in midscale town centre hotels, although some volume generators are able to negotiate around £43. In the 4-star standard hotels rates can start at £70 b&b, although hoteliers have reported that some big volume generators have been looking to reduce their rates by 20%. Location is also of key importance for corporate buyers as a taxi to some out of town can cost around £7, which effectively adds £14 to the cost of the stay.

When there is a large event on at the Telford International Centre hotels can often achieve rates from £90-£120, depending on the event, this assists in keeping the AARR up at the hotels and offsets to an extent the lower rates paid by the regular corporate companies and leisure guests.

11.6 Telephone Interviews - From a contact list of around 19 organisations we were able to undertake telephone interviews with nine of these organisations. The others were either unwilling to participate, the bedroom booker was based elsewhere and no details were available or they were not contactable. A list of the companies that we interviewed is included in Appendix A.

Of the nine respondents, eight booked hotel accommodation in the Telford area, two in Shropshire and one didn't book accommodation. The same number booked hotels in Telford and Shrewsbury and one company mentioned Ironbridge.

In total 13 hotels and guest houses were used by respondents. Those with the most mentions (4 each) were the Holiday Inn, Whitehouse and Hadley Park. Most received just one mention but the Grays, Park Inn and Park House Shifnal received two mentions. A list of the hotels and guest houses mentioned is included in Appendix B.

Only two of the organisations responding to the survey used any hotels for their leisure facilities, and this was golf.

Of the seven companies that were able or willing to answer the question of volume of bookings, all had a requirement of more than 20 roomnights a year, but particularly encouraging were that three had large volume demand of around 150, 450 and 12,000 roomnights respectively. A summary is shown as follows:

Figure 11.10 – Volume of Roomnights booked per annum – Telford companies	
Number of Roomnights	**No. Companies**
20-30	2
50	1
50 -100	1
151-200	1
450-500	1
12,000	1
Source: Bridget Baker Consulting telephone interviews	

All of the companies required hotel accommodation in the Monday to Thursday period, with one on Sunday evenings but there was no requirement for Friday/Saturday evenings.

All except one required rooms all year round, the other company only had demand in May, June and September. Only one company had difficulty finding accommodation. Only one company was willing to discuss the budgets they had for hotel accommodation and this was £80 per night for bed and breakfast, this is more than some of the companies are paying according to our hotel interviews.

Seven of the companies expected their hotel requirements to say the same and just one that it would increase, this company currently has demand of between 20-30 rooms a year. Three of the companies that we spoke to booked conferences in hotels, two booked a Christmas party and one a summer event.

Some of the respondents provided other comments and a selection of these are included in Appendix C some are shown below:

- Happy with current hotels (3 companies);
- All events held are in house;
- Telford town centre could do with good hotel;
- Would like hotel with good restaurant.

Generally the companies that we spoke to were satisfied with the hotels in the Telford area. One or two had very large demand levels and are thus able to negotiate very advantageous room rates, and this is a good base of business in the midweek period for the hotels. Unless there is an event on at the TIC, some hotels struggle more at the weekends.

11.7 Future Demand for Hotel Accommodation & Hotel Development Opportunities – The annual hotel occupancy level of just over 60% in Telford & Wrekin last year is on first glance is somewhat disappointing. It does however, mask significant fluctuations in performance and seasonality trends throughout the year. The Telford International Centre and some of the large corporate entities in the town provide a good stream of business and the town centre hotels are often the first to fill when there is a major event in town. As with any major event venue however, this can result in significant peaks and troughs between events and therefore hotels need to ensure that they have a good mix of other business to ensure that viable occupancy levels are maintained.

The redevelopment Telford town centre will undoubtedly make it a far more attractive evening and shopping destination for local people and conference delegates. During the redevelopment phase there is likely to be some additional bedroom demand for the companies undertaking the projects but we consider it unlikely that it will fuel a significant growth in demand for hotel bedrooms in the future. It may encourage some people who currently stay in more rural locations to stay in town, if they wish to use the food and beverage and leisure outlets, but this is likely to be a small proportion of guests that prefer a more countryside location.

With a market occupancy level of just over 60% and rather mediocre AARR levels it is unlikely that any developer would be in a position to justify developing a new hotel or acquire bank funding for the project.

The addition of 85 or so rooms at the budget Premier Inn may well displace some roomnights from hotels further outside the town and it could displace some demand from the 3-star hotels in the town centre, particularly if they offer more advantageous room rates. This will also save on transport costs.

Whilst some of the conference buyers who attended the recent familiarisation trip to Telford & Wrekin were asked what type of new hotels they would like to see in the new Southwater Development, some 66% indicated a 4-star of above, The results of the local market performance in terms of AARR, including the 4-star hotel in the area, so not indicate that conference buyers have been willing to pay rates, or indeed generate enough year round demand that would make such a new 4-star hotel financially viable and given the recent downturn in business travel and expenses cut for residential conferences this would appear unlikely to change in the short term.

We have spoken to well-known operators regarding Telford as a location for new hotels and whilst some would look at management contracts or offering franchises, we were unable to identify any who would consider investing in a new hotel development. Indeed one group said that until the Telford hotels returned to pre-recessionary levels of performance they would also caution on adding to their existing representation in the area.

In the short term therefore we do not consider that is it is likely that there will be significant interest from developers of new full service hotels to add to the hotel supply in Telford and the immediate vicinity.

12.0 Opportunities for Hotel Development & Action Plan

12.0 Introduction – Within each section we have described the economic profile and the hotel supply and demand characteristics of each of the two counties and the borough in the Marches. As a summary to each of the Hotel Market sections we have concluded with our views as to the likely future requirement for hotel accommodation in the county or borough in the medium term. As a means of comparison we summarise our conclusions in this section.

12.1 Hotel Supply in the Marches - There was limited data available as to the actual hotel and bedroom supply in each of the three areas available from the local tourist authorities. We therefore undertook our own research of the relevant 'hotel' supply in the Marches. We referred to published hotels guides, such as the AA Hotel guide, their relevant websites, brochures from the local tourist authorities and conducted other web searches. We have included hotels with more than eight bedrooms but have not included guest-house accommodation, bed & breakfasts or pubs/restaurants with rooms. We have separated the locations as per the data provided by the relevant tourist authorities and we have identified, where possible, the county or borough in which the hotel is located. In some instances hotels straddle the border between one local authority and another. Our research indicates the following breakdown of hotels within the Marches.

Figure 12.1 – Hotel Supply in the Marches (hotels with 8 rooms+)

Location	Hotels	Ratio%	Bedrooms	%	Average no. rooms
Herefordshire	25	30.5	816	23.4	33
Shropshire	36	43.9	1,259	37.6	35
Telford & Wrekin	21	25.6	1,270	38.0	60
Total	82	**100.0**	**3,345**	**100.0**	41

Source: Bridget Baker Consulting Research

As shown, Shropshire provides the most hotels in the Marches. Telford and Wrekin, however, has slightly more bedrooms compared to Shropshire but just over half the number of hotels, the result of there being a number of large hotels in Telford. Herefordshire is typified by smaller hotels and a bedroom stock of around 500 fewer than Shropshire.

In the centres of the county towns the supply ranges from around 160 bedrooms in Hereford to almost 650 bedrooms in Telford. This shows the wide difference in the scale of accommodation and profile of these destinations.

Figure 12.2 – Hotel Supply in the key town centres in the Marches (hotels with 8 rooms+)					
Location	**Hotels**	**Ratio%**	**Bedrooms**	**%**	**Average no. rooms**
Hereford	3	18.8	159	15.3	53
Shrewsbury	7	43.8	233	22.5	33
Telford	6	37.5	646	62.2	108
Total	**16**	**100.0**	**1,038**	**100.0**	65
Source: Bridget Baker Consulting Research					

We detail as follows the type of hotels that are represented in each borough.

Table 12.3 – Hotel Products available in each location			
	Herefordshire	**Shropshire**	**Telford & Wrekin**
4-star branded	-	√	√
Country House branded	-	√	√
Country House Independent	√	√	√
Midscale branded	-	√	√
Midscale Independent	√	√	√
Upscale Boutique	√	√	-
Branded Budget	√	√	√
Source: Bridget Baker Consulting Analysis			

As shown, Shropshire has a good range of hotel accommodation from branded budget to 4-star branded hotels. Telford & Wrekin also has a good range of hotel accommodation, although it lacks an upscale boutique hotel. Herefordshire does not offer any 4-star standard hotel accommodation and in terms of branded hotels only has budget hotels.

12,2 New Hotel Supply - Aside from small extensions to existing hotels the main new hotel projects we identified in the Marches are detailed as follows:

Figure 12.4 - Proposed Major New Hotel Supply in the Marches

Project	No. Rooms	Location	Status
Premier Inn	136	Shrewsbury Centre	Under construction, opening due spring 2013
Astbury Hall	63	Nr Bridgnorth	Announced January 2012, golf leisure resort
Premier Inn	86	Central Telford	Part of Southwater Devpt.
Southwater Events Group, Telford	150	Adjacent Telford Int. Centre	Planning permission not progress/start date announced

Source: Shropshire Council/Bridget Baker Consulting research

As shown, there are two new Premier Inn projects in the Marches. Premier Inn has been one of the few UK groups that have been undergoing rapid expansion in recent years. They have been less impacted by the economic downturn as former clients of full service hotels have been trading down to the budget brands.

As detailed in Section 9, the new Premier Inn project in central Shrewsbury is set to increase the hotel bedroom supply in the town centre by more than 58%. This is likely to have a significant impact on the existing market and even if the Premier Inn is able to attract some new business to the town, e.g. groups, this volume of new bedrooms is likely to take some years to be fully absorbed in the area.

In central Telford, as detailed in Section 11, there were some 82 days in 2011 when the Telford & Wrekin Hotel market enjoyed occupancies of more than 80%. On these days the new Premier Inn will provide a welcome addition to the Telford supply in terms of accommodating delegates at the International Centre who are currently being displaced further afield. At other times the Premier Inn will compete with the existing hotels for the base level commercial business. The Southwater Event Group has indicated that at present they have no plans to commence development of an additional hotel on their site. This would seem prudent given the imminent opening of the Premier Inn and the relatively low annual occupancy and AARR achieved by the Telford hotels last year. If the market does improve and the new facilities at the Telford

International centre do generate more roomnights, this site is an obvious location for a new hotel. The type of hotel developed would need to be assessed carefully in terms of what customers are prepared to pay and the sustainable levels of annual occupancy. Local corporate demand would have to be taken into account and this is currently showing no signs of growth with local corporate rates from £43. When VAT and breakfast are deducted this is unlikely to justify the construction of a 4-star standard full service hotel.

The Astbury Hall golf resort development is likely to be a costly project, however, it may be privately funded. Currently country house hotels in Shropshire are underperforming the national average but we do not consider that this is the result of inadequate quality in terms of the facilities on offer. Most hotels need a range of source markets to maintain healthy performance levels and this includes local corporate business and residential conferences as well as a healthy level of leisure demand. As detailed above, Shropshire and Telford & Wrekin offer a good range of hotels and there are no signs of significant growth potential in markets that will generate significant volumes of growth in the short term. Without such growth business will not overspill into the country house hotels in the surrounding rural areas.

The residential conference market is down nationally and access is a key factor in venue selection. Travel costs and, in some cases sustainable travel arrangements, are steering companies to use town centre venues with good rail access. This puts all areas of the Marches at something of a disadvantage particularly for delegates from London and the south east.

We were not made aware of any significant hotel projects in Herefordshire, although there are some sites that are suitable for hotel development.

12.3 Performance of Hotels in the Marches – There is very limited hotel performance data available for the Marches area generally. Last year occupancy data was collected by LJ Forecaster for between 8 and 11 hotels in Telford & Wrekin on a monthly basis. This is useful to provide a snapshot of the 2011 performance, albeit in a recession.

We were able to purchase some hotel data from PKF and STR Global, but these were generally for branded hotels. We gathered annual occupancy and in some cases AARR (where is it calculated) from some of the independent hotels and requested that some provide monthly occupancy data. This was provided by a small proportion of hotels and thus we were able to supplement this data to the brand data available.

Normally we would expect branded hotels to perform more strongly than independent hotels due to their marketing coverage and internet reservation systems. We summarise as follows our estimates of performance in various locations in the Marches from the data we collected. We would refer the reader to the individual sections in the report for more detailed information. As a means of reference we also show national data provided by PKF.

Figure 12.5 – Performance of English & The Marches Hotels 2011

Area	**Room Occupancy**	**AARR**	**RevPar**	**Sample**
	%	£	£	
English Hotels	70.2	61	43	PKF, 80,300 rooms mainly branded
Country House Hotels	66.5	86	57	*PKF 6,800 rooms, mainly branded*
Shropshire Country House Hotels	59.6	60	33	6 hotels, branded
Hereford	63.6	46	29	Small independents, 2 branded budgets
Ross-on-Wye	71.1	46	33	Small independents, 2 branded budgets
Shrewsbury	63.6	46	29	Branded midscale, budgets, 1 independent
Ludlow	73.0	n/a	-	Small independent, 2 branded budgets
Telford	61.2	49	30	8-11 hotels, Mainly branded
Source: PKF/Bridget Baker Consulting Research/LJ Forecaster/STR Global				

As shown, only the smaller towns of Ludlow and Ross-on-Wye exceed national English occupancies in 2011. These two markets are relatively small and have a mix of branded budget and smaller midscale hotels. Hereford had some small increase to bedroom supply in 2011 which, along with the recession, diluted the occupancy from a level of 69% in 2010.

The Shrewsbury sample mainly includes branded hotels and we would expect this section of the market to perform better. This poor performance illustrates the weak demand levels in the town. The wider Telford sample is only available for 2011 and, given that there are some large branded hotels in the sample, this is also a poor performance against the national average.

Shropshire country houses hotels, including some in Telford & Wrekin, are also performing below the national average for hotels of this type. They are particularly adversely impacted by seasonality constraints and low demand levels in the winter months.

In terms of AARR, again all of the samples show a significant gap from the rates achieved nationally. Poor performance against national averages would be expected in locations where hotels are mainly independently owned but in Telford, which has a large number of branded hotels, this is disappointing. It indicates a combination of an unwillingness of customers to pay higher prices and weak market conditions which result in hoteliers discounting heavily in slow periods to maintain occupancy.

12.4 The Future and Hotel Development Opportunities - As is widely acknowledged the UK is in the grip of a recession. This has resulted in a slowdown in business travel, reduction in travel budgets and a downturn in the conference and meetings market. Further cuts in spending are likely and will particularly impact the public sector training market.

As discussed in Section 4 some hotels groups are undergoing financial difficulties and are selling rather than developing hotels. In addition, very few UK banks are lending for new hotel developments. Hotel groups are still keen to expand and gain coverage in new markets but few groups are prepared to fund new developments. Therefore they seek a developer who is prepared to build a hotel and then offer a management contract or a franchise which will give the hotel the benefits of sales and marketing support, reservation systems, purchasing, etc. Fees are paid to the hotel company but this cost is normally offset by the higher room occupancy and AARR that the hotel can achieve.

Some of the hotel brands that we spoke to indicated that they are interested in further expansion in the UK provinces but it would only do so using the method outlined above. They would all require the developer to provide a feasibility study to show that a hotel is likely to be financially viable, as no hotel company wishes to be associated with a struggling hotel. With a few exceptions the performance levels set out in this report are unlikely to encourage the development of a full service hotel when funding issues and construction costs are taken to account.

There may be opportunities for some of the independent hotels in the Marches to adopt the franchise route. This would allow the hotel to benefit from group sales, marketing and reservations systems and would also enable them to attract demand from the employees of national companies that have a fixed list of branded hotels that their staff are allowed to use. Many large companies negotiate special rates with a number of large hotel groups to control travel costs. For a hotel to be eligible to join a brand it would need to meet brand standards and usually not be within close proximity of a hotel already operating under the same brand. There are hotels in the Marches that would probably fit this format, for example the International in Telford and the Three Counties in Hereford.

Hotels can also elect to join a hotel consortia, such as Best Western, this gives similar advantages to the main brands but generally the stipulations regarding rooms sizes and other facilities are less strict. There are Best Western Hotels currently in Telford & Wrekin and Herefordshire. We spoke to a number of hotel operating companies including Hilton, InterContinental Hotels Group (Holiday Inn), Rezidor, Steigenberger, Sol Melia, and most would consider looking at potential sites or existing hotels in the Marches to increase their brand coverage. All however would need to be confident that the potential hotel would be financially viable.

A full service hotel can take a minimum of 18 months to develop, usually longer when taking into account the planning phase. We would therefore hope that when a newly developed hotel opened economic conditions would have improved and that there would be a return of growth in the business travel and conference market sectors.

Aside from the current market performance, hotel developers look at locations where there are signs of growth in demand in the future. This growth is usually from economic expansion such as new business parks, airports, new tourist attractions, etc. In the case of the foregoing the new Enterprise Zone to the south of **Hereford** may well provide the sort of growth which will stimulate demand for hotel accommodation and attract hotel development. When the growth potential has been established the Enterprise Zone may well support the development of a new full-service hotel of around 100 bedrooms. Ideally this would be branded and offer a product that is currently not available in Hereford.

In the case of **Telford** the recent extension to the Telford International Centre (TIC) is yet to demonstrate if it will generate new hotel demand to the area. However, the new exhibition and conference space may well do so in the medium term. As detailed above, there is already a new Premier Inn planned for central Telford and this will offer more than 80 rooms for event delegates in the town centre. Outside of major events it will compete for the other corporate business in the town. The owners of the TIC also have permission to develop a hotel of up to 300 bedrooms close to the TIC. As the economy improves and if the TIC begins to generate more demand from its recent extension this will be an ideal location for a new hotel, but at this time we do not consider that the market performance will support healthy demand for this hotel on an annual basis.

The country house hotels in **Shropshire** are performing below industry norms and this is likely to preclude new development in the medium term as most developers would have doubts about the viability of the project and would also find it difficult to attract bank funding. There is no country house hotel in Herefordshire at present if one excludes the Warner Leisure property which, as an inclusive resort, only offers guests three or four night packages and does not seek to attract transient business. Warner is, however, an excellent example of a successful country house hotel based business that offers a niche product. The Belmont golf course already has some of the elements of a country house resort, but would need additional upscale bedrooms to meet the criteria expected by this market. As the UK economy improves and the Enterprise Zone in Hereford is developed it may generate demand for this type of product in the medium term

The market in **Shrewsbury** is already fragile and the impact of a massive increase in supply in the town centre of more than 58% of budget bedrooms is likely to make conditions and pricing at the other hotels in the town very difficult in the medium term. This substantial increase in supply could well add to the financial difficulties being experienced by some of the existing hotels and could even result in some hotels being forced to close.

There are undoubtedly some hotels across the Marches that are in need of refurbishment or were developed at a time when bedrooms were far smaller and there were no legal requirements for disabled access, etc. Generally as new hotels open, unless older hotels are renovated to bring them up to an acceptable standard, performance levels decline and guests become dissatisfied. This can have an adverse impact on the image of a particular hotel or even of an entire destination. The increasing popularity of online review sites ensures that information about poor standards of decor or service spreads very quickly. In instances like these it is often preferable that some older hotels drop out of the market and are converted to other uses. We envisage that situation may arise in Shrewsbury and Hereford.

12.5 Action Plan – We set out as follows some actions that the local authorities and tourist authorities in the Marches may wish to consider when addressing their hotel development strategies for the respective counties and boroughs to ensure that the hotel markets maximise their benefit for the local economies:

- As part of the Local Development Framework, in the tourism section, we frequently see local authorities request a 'hotel needs assessment report' for all new hotel development proposals. We would suggest that this is implemented in the Marches. These reports would need to demonstrate the economic benefit of the new hotel to the area which may include job creation, increased visitation, positive impact on the performance of the existing local market, etc. A report of this type assists in ensuring that that there are not over supply or inappropriate development of new hotel bedrooms in any given area. It will also give the decision makers in the planning authorities more material to assess a planning application.

- Allow change of use of hotels that have become obsolete.

- If council sites become available consider a range of options that will bring economic benefit to the area.

- Ensure that tourism authorities keep an up to date record is kept of all hotel stock in each area.

- Ensure that statistics, such as STEAM/Cambridge Model, are updated regularly and are available to local hoteliers, tourism and council officials and potential investors.

- Encourage hoteliers to participate in hotel performance surveys in order that up-to-date information is available to them on the current state of the market.

- Support improvement or reinstatement of rail links.

- Adopt marketing strategies to extend the stay of visitors to the Marches.

- In marketing campaigns maximise the positive attributes shown by the Arkenford Report's findings, particularly in terms of the leisure visitors and the short break market.

- Where not in existence, encourage hoteliers to form a group that meets regularly to discuss local performance issues.

- Where demand exists, and sites are controlled by a local authority try to ensure that the hotel products proposed meet the gaps in the local market provision in terms of the facilities and room sizes that are included in the scheme.

- Making local hoteliers aware of the findings of this report and the opportunities, and threats, that is may contain for their businesses.

- Tourist authorities should work together to promote the region as a whole.

- Continue to promote the Marches as an attractive location for business activity.

Appendices

Appendix A - Companies interviewed in the telephone survey

Company Name	**Location**
Telford & Wrekin	
Denso	Telford
Maxell	Telford
Makita	Telford
Protomold	Telford
Capgemini	Telford
Federation of Small Businesses	Telford
Craemer	Telford
Martin Kaye Solicitors	Telford
Wrap Film Systems (Bacofoil)	Telford
Nexus Industries	Telford
Herefordshire	
Trade and Foreign Direct Investment	Hereford
Ingstone Associates(and Chair Hereford Enterprise Zone	Hereford
Federation of Small Businesses	Hereford
Brown Bear Beverages Ltd and Q Holdings Ltd	Ledbury
Courtyard Centre for the Arts	Hereford
H.Westons and Sons Ltd	Ledbury
Eastnor Castle	Eastnor
Impact Print and Design	Hereford
S & A	Hereford
Duchy of Cornwall	Hereford
Rehau	Ross on Wye
Special Metals Wiggin Ltd	Hereford
Sun Valley Foods Ltd	Hereford
Tyrrells Potato Crisps	Leominster
Shropshire	
Muller Dairy (uk)LTD	Market Drayton
Anglo Beef Processors	Ellesmere
Premier Medical	Ludlow
Euro Quality Lambs	Craven Arms
Pork Farms Ltd	Market Drayton
Doncasters	Shrewsbury
Marches Care Ltd	Shrewsbury
Discovery Foils	Bridgnorth
Culina Logistics	Market Drayton
Pure Communications UK Ltd	Shrewsbury
Bridgnorth Aluminium	Bridgnorth
Agilent Technologies	Church Stretton
McConnells	Ludlow
Tudor Griffiths	Ellesmere

Appendix B – Hotels & Guest Houses mentioned by Telephone Respondents

TELFORD & WREKIN	Location	Classification	Number
Holiday Inn Telford	Telford		4
Whitehouse Hotel	Telford	3	4
Hadley Park House Hotel	Telford	3	4
Park Inn by Radisson	Telford	3	2
Prince Rupert Hotel	Shrewsbury	3	1
Park House Hotel,	Shifnal	4	2
Lion Hotel, Shrewsbury	Shrewsbury	3	1
Telford International Hotel	Telford	3 self	1
Grays Hotel,	Telford	3	2
Swan at Hay Hotel	Hay-on-Wye	3	1
International Hotel	Telford	U	1
Haughton Hall Hotel	Shifnal	3	1
BW Valley Hotel	Ironbridge	3	1

SHROPSHIRE

Holiday Inn Telford	Telford		1
Mytten & Mermaid	Shrewsbury	3	1
Prince Rupert Hotel	Shrewsbury	3	1
Lord Hill Hotel	Shrewsbury	3	1
Mercure Albrighton Hotel	Shrewsbury	4	3
The George b&b	Bridgnorth	4	1
The Raven	Much Wenlock	3	1
Macdonald Hill Valley	Whitchurch	4	1
The Castle Inn	Bletchley	8 rooms	1
Goldstone Hall, MD	Market Drayton	3	1
Lion Quays Waterside	Oswestry	4	1
The Clive	Bromfield	U	2
Fishmore Hall	Ludlow	3	1
Travelodge, Ludlow	Ludlow	B	2
The Lion, Leintwardine	Leintwardine	8 rooms U	1
Premier Inn	Shrewsbury	B	2
Marriott	Not found		1
Hampton by Hilton	Shrewsbury	U	1
Crowne Plaza	HI Telford		1
All independants			1
Longmynd Hotel	Church Stretton	3	2
Stokesay Castle Hotel	Craven Arms	U	1
Feathers Hotel	Ludlow	3	1
Church Inn	Ludlow	8 rooms U	1
Charlton Arms	Ludlow	10 rooms U	1

HEREFORDSHIRE

Castle House Hotel	Hereford	3	7
The Chase	Ross on Wye	3	2
The Feathers, Ledbury	Ledbury	3	3
Royal Hotel,	Ross on Wye	3	1
The Clive, Ludlow	Bromfield	3	1
Englands Gate Inn	Bodenham	7 rooms U	2
Premier Inn Hereford	Hereford	B	5
Fishmore Hall,	Ludlow	3	1
Verzon House, Ledbury	Ledbury	3	2
Charades Guest House	Hereford	14 rms	2
Hilton Puckrup Hall Hotel	Tewkesbury	U	1
Abbey Hotel, Malvern	Malvern	U	1
Colwall Park Hotel, Malvern	Malvern	3	1
Green Dragon	Hereford	U	3
Pilgrim Hotel	Much Birch	U	1
Aylestone Court Hotel	Hereford	U	2
The Green Man	Fawnhope	U	1
Pengethly Manor Hotel	Ross on Wye	3	1
Three Counties Hotel	Hereford	3	1
Belmont Lodge	Hereford	U	1
Bay Horse Inn	Hereford	4	1
The Priory Hotel	Hereford	8 rooms U	1
Somerville House	Hereford	5	1
The Corners Inn	Kingsland	U	1

Appendix C – Selected Comments from Telephone Respondents

Herefordshire Companies
Requirement for long term(6 months) cheaper accommodation for interns and students
Decent hotels would help attract new business to area. Happy to look offshore for investors if reqd. Would book more conference in area if better hotels.
Parking and facilities important in any plans
No accommodation needs, meeting space only. Would like larger more modern conference facilities in area
Castle House only decent hotel in area. One hotel ' worse than prison'. Feels all hotels in area would improve if demand was there with business investment in area
Need Premium Hotel in area but quite happy otherwise
Good hotel nr city centre. But one hotel - on-line reviews lets down area as a whole, giving bad impression of area people may avoid area / all events away from area but would like to hold locally if decent facilities were available
Very limited requirement for rooms but would like better meeting facilities in area
Need for good business hotel with conference facilities. Require high standard of rooms for Chief Executives and extremely wealthy business owners
Require good hotel for corporate customers in Hereford. Also good venue for staff Xmas party
Desperate need for quality 4 star hotel in Hereford
One hotel is poor. Extra charges when Hay Festival/Cheltenham Races no loyalty for regulars / would maybe booked conferences if facilities available
Would use area if better quality hotel in Hereford with easy road access, broadband and 3G,conference facilities. Hoping enterprise zone will increase investment in area
Limited accommodation requirements but would like reasonably priced conference facilities in the area. Cost and car parking most important

Shropshire Companies
Would like Corporate rates Immediately available to local businesses and availability preference for high usage clients
Require quality hotel with conference facilities for National and International conferences. The major conference hotel is ghastly
Would love decent hotel in Shrewsbury. There is only one large one and that's appalling. Poor service, menus and service. Would like more leisure facilities eg golf, gym etc
Internet availability poor in Shropshire hotels
Happy with current hotels
Hard to find rooms in summer
Would like hotels to give better deals to local businesses in recognition of their continued support
Need for hotels south of Shrewsbury with good facilities
limited info given / Company policy to only use Premier Inn

Telford & Wrekin Companies
Telford town centre could do with good hotel
Happy with current hotels
Telford devoid of good hotels. Best of bad lot is Holiday Inn. Shrewsbury hotels are better than Telford
All events held are in house
Happy with hotels. Used for visiting staff from German parent company
Only use hotels for Xmas parties
Happy overall
Would like hotel with good restaurant
Overall happy with hotels in area
Organisation doesn't use hotels. But on a personal note access for mobility impaired people is lacking with clear info on websites