# SURREY HOTEL FUTURES

**FINAL REPORT**

Prepared for:
Surrey County Council

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hotel solutions
the hotel development consultancy

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# EXECUTIVE SUMMARY

## 1. Study Objectives and Purpose

- The Surrey Hotel Futures Study has been undertaken by Hotel Solutions between October 2014 and August 2015 for Surrey County Council. The study seeks to provide an in depth analysis of the future opportunities and requirements for hotel development across Surrey to inform the future plans and policies of the County Council and its District and Borough Council and LEP partners in terms of the tourism strategy for the county, hotel planning policies as part of the future review and updating of Local Plans, and potential other public sector interventions to support and accelerate hotel development across the county.

## 2. Current Hotel Supply

- Surrey has a current supply of 119 hotels with 7,746 letting bedrooms.
- The county's hotel supply is predominantly a mix of 3 star, budget, and to a lesser extent 4 star hotels. Surrey also has a number of luxury destination country house and golf hotels, particularly on the western side of the county. It has a number of small, lower grade hotels, especially in Horley, catering for the Gatwick Airport market. Surrey has a very limited supply of boutique hotels. In addition to hotels there are supplies of serviced apartments in some of Surrey's larger towns that compete to at least some extent in the hotel market.
- Surrey's 3 star hotel supply comprises predominantly small, independent 3 star hotels spread across the county's key towns. The county only has 3 large branded full service 3 star hotels and one limited service 3 star/ upper-tier budget hotel. Many of Surrey's small, independent 3 star hotels have seen little recent investment and appear to offer a somewhat tired and dated product. A number have been trading in administration in the last few years, but most now look set to see investment following acquisition by new owners.
- Most towns in Surrey now have at least one budget hotel - either a Travelodge and/or a Premier Inn.
- Most of the independent hotels in Horley offer a fairly basic standard of accommodation. Three hotels serving the Gatwick market are currently receiving significant numbers of 'Terrible' ratings on Tripadvisor. Customers otherwise appear to be largely satisfied with the hotels in this part of the county.

- Most of Surrey's towns have fairly similar numbers of hotel bedrooms. Towns with more significant hotel supplies are Horley, Guildford, Woking, Weybridge, Epsom and Camberley. Larger towns with limited or no hotel provision are Esher (which has no hotels currently), Leatherhead, Redhill, Reigate, Caterham, Walton-on-Thames and the suburban areas of Ashford, Ewell and Molesley.

## 3. Recent Hotel Development & Changes in Supply

- Surrey has seen a significant increase in budget hotel provision in the last 10 years, with the opening of 14 new budget hotels. Since 2005 the county has also seen the opening of a 4 star Marriott golf hotel at Lingfield Park racecourse; a small luxury hotel at Kingswood Golf Club at Tadworth; two 4 star hotels (in Guildford and Weybridge); a 3 star limited service Holiday Inn Express hotel at Epsom Downs racecourse; and a boutique inn at Claygate. Thorpe Park also opened the Thorpe Shark themed hotel in 2014, following a successful trial of a temporary hotel (The Crash Pad) in 2013.
- Key focal points for new budget hotel openings have been Camberley, Sunbury and Woking. Guildford has been another focus for hotel development, with the opening of a new Travelodge in 2005 and the 4 star Radisson Blu Edwardian in 2011.
- A number of Surrey's existing hotels have been refurbished and upgraded in the last 10 years and a few have added bedrooms. Two hotels in Guildford have repositioned as boutique hotels. The former 4 star Renaissance Gatwick Airport Hotel at Horley became a Travelodge budget hotel in 2011. There has been very little recent investment in terms of the expansion of existing hotels.
- In areas immediately surrounding Surrey there has been a significant increase in hotel supply in the Farnborough/Aldershot/Fleet area and at Gatwick Airport's North Terminal . Chessington World of Adventures has opened two on-site themed hotels and the Dorchester Collection opened the 5 star Coworth Park country house hotel at Ascot in 2010.
- 20 hotels have closed in Surrey since 2004, with a total loss of 540 bedrooms. These were mainly 2 star, lower grade and poor quality 3 star hotels. Closed hotels have most commonly gone to residential use. There have been concentrations of hotel closures in Camberley, Cobham, Epsom, Guildford and Little Bookham, all locations that have seen budget hotel development, which may have been a factor behind the hotel closures in these parts of the county.
- The owners of a number of Surrey's 3 star hotels and one 4 star hotel have gone into administration in the past 3 years. Most of these hotels have now been acquired by new owners that are beginning to invest in them.

- In terms of overall change in Surrey's hotel supply since 2015 there has been only a slight net movement in the county's total stock of hotels, with only one more hotel having opened than the number of hotels that have closed. The new hotels that have opened have however been significantly larger than those that have closed, which together with the expansion of existing hotels has resulted in an increase in total hotel bedrooms of 1,487, equivalent to a growth of 23.8%.

## 4. Planned & Proposed Hotels

- There are no hotels currently under construction in Surrey.
- There are proposals for 18 new hotels in Surrey that could potentially add around 1,800 bedrooms to the county's hotel supply if they all go ahead. The proposals are mostly for upscale, full service hotels. They include three 5 star/luxury country house and golf hotels, three 4 star golf hotels, new 4 star hotels in Woking and a 4 star themed hotel at Thorpe Park. There are also firm proposals for new budget hotels at Addlestone, Farnham and Redhill and a current planning application for a budget hotel at West Byfleet, together with proposals for 5 further hotels of an unspecified standard. There are no firm proposals for midmarket/ 3 star hotels (unless some of the hotels of an unspecified standard are progressed at this level), and nothing proposed in terms of aparthotels and serviced apartment complexes.
- Several proposed hotel schemes in the county are not going ahead largely due to planning concerns and refusals. They include proposals for two hotels at Guildford station, a luxury hotel at Wentworth Club, a 5 star subterranean hotel at Hersham Golf Club, a 93-bedroom Premier Inn budget hotel in Walton-on-Thames, a 77-bedroom hotel in Epsom town centre and a proposed Hotel du Vin boutique hotel in Esher.
- The new owners of hotels in the county are generally planning to invest in upgrading programmes, including two owners that are looking at 5 star/luxury schemes. A number of existing hotel owners are also planning refurbishment and upgrading programmes, including the repositioning of the Best Western Frensham Pond Hotel at Churt to a 4 star boutique hotel and spa, and the upgrading of the Holiday Inn Woking to a 4 star hotel. A number of hotels have planning permission for additional bedrooms that they may progress in the next few years.
- There are proposals for 7 new hotels in locations immediately surrounding Surrey, including a potential 200-bedroom 4 star hotel at Ascot Racecourse, a new 4 star Doubletree by Hilton hotel at Kingston-upon-Thames, three hotels at Sutton, a potential hotel in Coulsdon, and a new luxury country house hotel that is due to open in North Hampshire in 2015.

## 5. Hotel Performance and Markets

- The table overleaf sets out our estimates of average annual room occupancies, achieved room rates[1] and revpar[2] for Surrey hotels for 2012, 2013 and 2014. Hotel performance and markets vary significantly by standard and type of hotel:

    - Luxury country house and golf hotels are achieving strong occupancies and very high average room rates, particularly at the 5 star end of the market. They achieve high weekend occupancies and room rates from weddings and leisure and spa break business, acting very much as destination hotels, particularly for celebration weekends. Midweek occupancies are not quite as strong, with hotels primarily catering for residential conferences for major international companies that are based in Surrey and Central London, alongside some top-end corporate demand from local companies. The county's luxury country house and golf hotels frequently turn business away at weekends and to some extent also during the week in terms of local corporate business and in some cases residential conferences.
    - Surrey's country house conference hotels generally trade at slightly below national average levels of room occupancy. Achieved room rate and revpar performance varies between hotels: some are trading at high room rates while others reported much lower average room rates. Residential conferences are their main source of midweek business. Most also top up with transient corporate business during the week. Some frequently deny enquiries for large residential conferences that they do not have the bedroom and/or conference room capacity or availability to accommodate. Weddings are the key weekend market for these hotels. They also attract some demand for weekend conferences and weekend leisure breaks. Some have a strong weekend trade from church groups.

[1] The amount of rooms revenue (excluding food and beverage income) that hotels achieve **per occupied room** net of VAT, breakfast (if included) and discounts and commission charges.

[2] The amount of rooms revenue (excluding food and beverage income) that hotels achieve **per available room** net of VAT, breakfast (if included) and discounts and commission charges.

## SURREY HOTELS PERFORMANCE 2012-2014

| Location/ Standard of Hotel | Average Annual Room Occupancy % | | | Average Annual Achieved Room Rate[3] £ | | | Average Annual Revpar[4] £ | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2012 | 2013 | 2014 | 2012 | 2013 | 2014 |
| **UK Provincial Hotels (All Standards)[1]** | **69.8** | **72.6** | **75.0** | **59.22** | **59.94** | **64.00** | **41.32** | **43.53** | **48.00** |
| **UK Provincial 3/4 Star Chain Hotels[2]** | **69.6** | **72.0** | **73.9** | **69.97** | **72.00** | **76.49** | **48.72** | **51.84** | **56.53** |
| **Surrey Luxury Destination Hotels** | **73** | **74** | **75** | **131** | **132** | **141** | **96** | **99** | **106** |
| **Surrey 4 star Hotels** | **69** | **69** | **70** | **94** | **95** | **100** | **65** | **66** | **70** |
| **Surrey Large Branded 3 Star/Midmarket Hotels[5]** | **68** | **68** | **70** | **79** | **82** | **84** | **53** | **56** | **59** |
| **Surrey Small (Independent and Branded ) 3 Star Hotels** | **61** | **65** | **67** | **57** | **61** | **61** | **35** | **40** | **41** |
| **Surrey 3/4 Star Hotels[5]** | **67** | **68** | **69** | **83** | **85** | **88** | **55** | **58** | **61** |
| **Surrey Country House Conference Hotels** | **n/a** | **69** | **70** | **n/a** | **82** | **87** | **n/a** | **56** | **61** |
| **Surrey Budget Hotels** | **n/a** | **n/a** | **79** | **n/a** | **n/a** | **51** | **n/a** | **n/a** | **40** |
| **Surrey Hotels (All Standards)[5]** | **n/a** | **n/a** | **73** | **n/a** | **n/a** | **84** | **n/a** | **n/a** | **61** |
| Guildford Hotels (All Standards) | n/a | n/a | 78 | n/a | n/a | 79 | n/a | n/a | 62 |
| Woking Budget Hotels | n/a | n/a | 81 | n/a | n/a | 54 | n/a | n/a | 44 |
| Camberley Budget Hotels | n/a | n/a | 72 | n/a | n/a | 43 | n/a | n/a | 31 |
| Frimley/Farnborough 3/4 Star Hotels | 66 | 67 | 70 | 98 | 92 | 100 | 65 | 62 | 70 |
| Horley/ Gatwick North Hotels ( 3 Star + Budget Hotels) | n/a | n/a | 81 | n/a | n/a | 42 | n/a | n/a | 34 |
| Gatwick Airport (All Standards)[1] | n/a | n/a | 79 | n/a | n/a | 61 | n/a | n/a | 48 |

Source: Hotel Solutions

Notes
1. Source: STR Global
2. Source: TRI Hotstats UK Chain Hotels Market Review
3. The amount of rooms revenue (excluding food and beverage income) that hotels achieve per occupied room net of VAT, breakfast (if included) and discounts and commission charges.
4. The amount of rooms revenue (excluding food and beverage income) that hotels achieve per available room net of VAT, breakfast (if included) and discounts and commission charges
5. Excluding Horley/Gatwick North 3 star and budget hotels

- 4 star hotel occupancies are high in Guildford and for some hotels in Elmbridge, but are otherwise below the provincial UK average. Achieved room rate and revpar performance is significantly ahead of national norms however. Surrey's 4 star hotels achieve very high midweek occupancies and room rates, catering primarily for local corporate business and in some cases residential conferences. They frequently fill and turn business away on Tuesday and Wednesday nights and sometimes also on Monday nights. Weekend occupancies and room rates are not as strong, with 4 star hotels catering primarily for more price-driven family breaks focused on theme park visits and trips into London, and in some cases weddings.
- Achieved room rates and revpar figures for Surrey's large, branded 3 star hotels are well ahead of national averages. Occupancies are strong in Woking but otherwise relatively low. Midweek occupancies and room rates are high, with hotels frequently fully booked and denying business on Tuesday and Wednesday nights. They cater primarily for their local corporate market during the week and to some extent residential conferences and training courses for local companies. Weekend occupancies and room rates are generally much lower and more seasonal and variable. Theme park breaks are the key weekend market. Group tours are an important secondary market for one hotel and a minor source of weekend business for others.
- Surrey's small independent 3 star hotels are generally trading at relatively low levels of occupancy, achieved room rate and revpar. Occupancies are stronger during the week than at weekends, but hotels rarely, or only occasionally fill and deny business on Tuesday and Wednesday nights. Corporate demand from local companies is the main source of midweek business. Residential conferences are not really a market for these hotels. Weekend occupancies and room rates are relatively low, with hotels catering primarily for wedding guests and to a lesser extent weekend break customers. The hotels in the south of the county focus more on the grey market for leisure break business, which is motivated by attractions such as RHS Wisley, National Trust properties and the countryside of the Surrey Hills AONB.
- Budget hotels in all parts of Surrey achieve very high room occupancies and consistently deny significant business both during the week and at weekends. They attract a mix of corporate and contractor business on weekdays and wedding parties and people visiting friends and relatives at weekends, together with demand from families coming for the theme parks in and around Surrey.

- The hotels that have opened at Thorpe Park and Chessington World of Adventures have quickly attracted strong demand for family breaks at weekends and during school holidays.
- The serviced apartments in Surrey's key towns and business locations are frequently fully booked. They focus on long stay corporate demand, infilling between corporate lets at weekends with wedding guests, people visiting friends and relatives, and leisure break guests.
- 3 star and budget hotels in Horley and North Gatwick trade at very high levels of occupancy, primarily catering for air passengers departing from Gatwick on holiday flights. Achieved room rates for these hotels are very low as this market is highly price driven. Most hotels deny significant levels of air passenger business during peak holiday times. 3 star hotels at Horley also cater for some midweek corporate business from companies in Redhill and Crawley.

## 6. Performance and Market Trends

- In line with the national trend, average annual room occupancies have generally edged upwards for all standards of hotel in Surrey over the last 3 years, while achieved room rates and revpar figures have steadily increased. Rate growth was particularly strong at the top end of the market in 2014. Hotel occupancies and/or achieved room rates dropped back slightly in Guildford, Woking and Horley following the opening of new hotels in these locations. Hotels in Farnham and Camberley have seen a substantial drop in occupancies since the new hotels have opened in Farnborough and Aldershot.

- In terms of market trends in the last 3 years:
    - Corporate demand for hotel accommodation has grown strongly in all parts of the county, particularly in 2014, as a result of the upturn in the local and national economy.
    - There has been some recovery and renewed growth in residential conference business for most of Surrey's luxury country house and golf hotels, 4 star hotels and country house conference hotels.
    - Contractor business has increased for budget hotels.
    - Leisure break business has remained strong for Surrey's luxury country house hotels, and has increased for some 4 star hotels. Some 3 star hotels and country house conference hotels have successfully grown their weekend leisure break trade through the online travel agents (booking.com, LateRooms, Expedia etc.) and daily deals sites (Groupon, Wowcher, Amazon Local etc.).

- Hotels with spas have generally seen growth in their spa break business.
- Weddings business is up for those hotels that have proactively targeted it. Weddings demand has remained flat for other hotels and reduced for some in 2015.
- Surrey's 4 star hotels have taken fewer group tours as other higher-paying markets have grown. Two branded 3 star hotels and one budget hotel have taken more group tours to boost their weekend occupancies.
- Horley hotels report an increase in Park & Fly business as passenger numbers travelling through Gatwick have grown in 2013 and 2014.

## 7. Prospects for 2015

- Surrey hotel managers are generally very positive about the business prospects for their hotel in 2015: most expect to see further growth in occupancy and achieved room rates. Hotels that are already achieving very high occupancies will focus primarily on rate growth. Some country house conference hotels are also focusing mainly on driving up their achieved room rates. A number of 3 star hotels are less optimistic about the potential for rate growth, but some expect to see an uplift in performance following refurbishment.

## 8. Future Market Prospects

- There is good potential for growth in all of the key markets for hotel accommodation in Surrey over at least the next 5 years:
  - Corporate demand for hotel accommodation in Surrey is set to grow significantly given the projected growth in the UK and Surrey economy; development and intensification of business parks and potential new office development; and expansion of existing companies and attraction of new ones;
  - Surrey is well placed to benefit from the anticipated recovery and renewed growth in the residential conference market;
  - Hotels in Farnham, Frimley and Camberley, and possibly also Woking and Guildford, should attract business from new trade exhibitions and consumer shows at the expanded FIVE events centre in Farnborough;
  - Contractor business for budget and lower grade hotels will increase given the planned levels of construction activity in and around the county;
  - The development of Pinewood Studios should deliver new demand for hotel accommodation in the Shepperton area for film production crews;

- The expansion of Surrey's universities should generate increased demand for hotel accommodation;
- Surrey's hotels should benefit from the projected growth in the domestic short break market;
- Luxury country house hotels close to Windsor could see an increased in demand from overseas tourists as inbound tourism to the UK grows;
- Bedroom business related to weddings and other family occasions should grow strongly as the county's population increases;
- Demand from people visiting friends and relatives is also likely to increase in line with population growth;
- Demand from clubbers using town centre budget hotels could increase as the evening economies and nightclub offers Surrey's towns develop;
- Demand from air passengers travelling via Gatwick is set to increase for hotels at Horley given the forecast growth in air passenger movements through Gatwick.

## 9. The Hotel Developer Perspective

- The climate for hotel investment has seen some significant challenges impacted by the global financial crisis and economic downturn, making funding for new build hotel schemes difficult to achieve. As a result, many hotel brand owners have moved to an asset light strategy, focusing delivery on management contracts and franchise routes that don't involve them in capital outlay and long term lease commitments. As the economy recovers and hotel performance sees steady revpar growth, access to finance should improve, though the up-turn in demand from higher value land uses is likely to mean greater competition for sites.

- Surrey is viewed by hotel developers, operators and investors as being a strong market, benefitting from its proximity to London as well as Heathrow and Gatwick airports, the accessibility via the M25, the concentration of national and international companies, a perceived undersupply of quality hotel accommodation, and knowledge of strong hotel performance indicators. Our research established potential interest in Surrey for new hotel development or acquisition from 24 hotel companies for 45 brands ranging from top end destination and 4 star hotels, through to budget offers, and including some boutique, lifestyle and serviced apartment brands new to the UK. The strongest interest by location was for Guildford, followed by Woking, Weybridge, Staines and Camberley. There was widespread interest in budget hotel development (24 locations), but 4 star interest was limited to a few key centres.

- Apart from the difficulty of securing funding for hotel development, the principal barriers to investment centred around the availability and deliverability of sites and issues relating to planning. The competition for sites, high site values and the challenge of developing more difficult and complex sites were key issues. Barriers relating to planning included the prioritisation of town centre locations, policies protecting employment land restricting development on business parks and office conversions, and planning conditions adding significant costs to schemes and/or limiting operational aspects of the business. There was a clear call from hotel companies for local authorities to more positively engage with them to deliver hotel investment at the same time contributing to the achievement of destination objectives.

## 10. Hotel Development Opportunities

- Our analysis of current hotel performance and markets, the future prospects for growth in hotel demand, and hotel company interest in the county, shows the following market opportunities, requirements and hotel company interest for hotel development in Surrey:
    - Investment in existing hotels in terms of:
        - Redevelopment and repositioning of country house, golf and country house conference hotels, including potentially to a 5 star and boutique standard;
        - Upgrading of 3 star hotels;
        - Additional guest bedrooms;
        - New facilities such as leisure clubs, spas, function and conference rooms;
        - The granting of C1 use for country house conference hotels.
    - 5 star country house hotels.
    - 4 & 5 star golf hotels - particularly in the M25 corridor.
    - International 4 star hotels in:
        - Guildford;
        - Woking;
        - Weybridge;
        - Sunbury.
    - The proposed training hotel and conference centre at the University of Surrey.
    - Boutique hotels in:
        - Guildford;
        - Esher;
        - Dorking;
        - Farnham.

- Budget hotels, and/or possibly upper-tier budget/limited service 3 star hotels in:
  - Addlestone
  - Cobham;
  - Esher;
  - Weybridge;
  - Epsom;
  - Guildford;
  - Redhill/Reigate;
  - Banstead;
  - Chertsey;
  - Staines;
  - Walton-on-Thames;
  - Caterham;
  - Woking;
  - West Byfleet
- Budget hotels in:
  - Farnham;
  - Leatherhead;
  - Dorking;
  - Shepperton.
- Aparthotels and serviced apartment complexes in key towns.
- Hotels at Kempton Park and Sandown Park racecourses.
- Hotels at Thorpe Park and possibly Denbies Wine Estate.

- The tables overleaf summarise the potential for hotel development in Surrey in terms of the market potential for new hotels, hotel developer interest and consented proposals for hotels. They show the following:

  - The potential for luxury country house and golf hotels is matched by proposals in Waverley, Tandridge and Mole Valley. The potential for such hotels in other parts of the county is not yet matched by proposals.
  - There are proposals coming forward for a 4 star hotel in Woking but the market potential and hotel company interest for 4 star hotel development in Guildford, Elmbridge and Spelthorne is not yet matched with proposals.
  - No boutique hotel conversion opportunities have been identified to meet the market potential and hotel company interest for boutique hotel development in Guildford, Esher, Farnham and Dorking. The hotel company interest in boutique hotel development in other parts of Surrey is not matched by clearly identified market potential or proposals. This interest was largely uninformed however, so may not convert to boutique hotel proposals.

- Budget hotel schemes are at various stages in Addlestone, Redhill, West Byfleet and Farnham. There are otherwise no live budget hotel proposals to meet the market potential and hotel company interest for budget hotels in other parts of the county.
- Proposals for aparthotels and serviced apartment complexes do not appear to be being progressed in any of the locations in Surrey where there is market potential and hotel company interest for these types of accommodation.

## SURREY HOTEL DEVELOPMENT OPPORTUNITIES BY DISTRICT/BOROUGH

| District/Borough | Luxury Country House and/or Golf Hotels | | | 4 Star Hotels | | | Boutique Hotels | | | Budget Hotels | | | Aparthotels/ Serviced Apartments | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Market Potential | Hotel Company Interest[1] | Live Proposal | Market Potential | Hotel Company Interest | Live Proposal | Market Potential | Hotel Company Interest | Live Proposal | Market Potential | Hotel Company Interest | Live Proposal | Market Potential | Hotel Company Interest | Live Proposal |
| Elmbridge | √ | | | √ | √ | | √ | √ | | √ | √ | | √ | √ | |
| Epsom & Ewell | √ | | | | | | | | | √ | √ | | √ | | |
| Guildford | √ | | | √ | √ | √ | √ | √ | | √ | √ | | √ | √ | |
| Mole Valley | √ | | √ | | | | √ | √ | | √ | √ | | √ | √ | |
| Reigate & Banstead | √ | | | | | | | √ | | √ | √ | √ | √ | √ | |
| Runnymede | √ | | | | | | | √ | | √ | √ | √ | √ | √ | |
| Spelthorne | | | | √ | √ | | | √ | | √ | √ | | √ | √ | |
| Surrey Heath | √ | | | | √ | | | √ | | √ | √ | | √ | √ | |
| Tandridge | √ | √ | √ | | | | | | | √ | √ | | | | |
| Waverley | √ | √ | √ | | | | | √ | | √ | √ | √ | | | |
| Woking | | | | √ | √ | √ | | √ | | √ | √ | √ | √ | √ | |

Note:

1. Our research has not fully tested country house and golf hotel company interest in Surrey. There are very few country house and golf hotel companies that are actively developing new hotels, although some may respond to specific opportunities that are put to them. Country house and golf hotel projects are most commonly progressed by individual property and golf course owners or developers, who may then seek to work with a suitable hotel management company.

## SURREY HOTEL DEVELOPMENT OPPORTUNITIES BY TOWN

| Town | 4 Star Hotels | | | Boutique Hotels | | | Budget Hotels | | | Aparthotels/ Serviced Apartments | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Hotel Company Interest[1] | Live Proposal | Market Potential | Hotel Company Interest | Live Proposal | Market Potential | Hotel Company Interest | Live Proposal | Market Potential | Hotel Company Interest | Live Proposal | Market Potential |
| Addlestone | | | | | | | √ | √ | √ | | | |
| Banstead | | | | | | | √ | | √ | | | |
| Caterham | | | | | | | √ | | √ | | | |
| Camberley/Frimley | √ | | | √ | | | √ | | | √ | | √ |
| Chertsey | | | | √ | | | √ | | √ | √ | | √ |
| Cobham | | | | | | | √ | | √ | | | |
| Dorking | | | | √ | | √ | √ | | √ | | | |
| Egham | | | | | | | | | | | | √ |
| Epsom | | | | | | | √ | | √ | | | √ |
| Esher | | | | √ | | √ | √ | | √ | | | √ |
| Farnham | | | | √ | | √ | √ | √ | √ | | | |
| Godalming | | | | | | | √ | | | | | |
| Guildford | √ | √ | √ | √ | | √ | √ | | √ | √ | | √ |
| Leatherhead | | | | | | | √ | | √ | √ | | √ |
| Redhill/Reigate | | | | √ | | | √ | √ | √ | √ | | |
| Shepperton | | | | | | | √ | | | | | |
| Staines | | | | √ | | | √ | | √ | √ | | √ |
| Sunbury | √ | | √ | | | | √ | | √ | √ | | √ |
| Walton-on-Thames | | | | √ | | | √ | | √ | √ | | √ |
| West Byfleet | | | | | | | √ | √ | √ | | | |
| Weybridge | √ | | √ | √ | | | √ | | √ | √ | | √ |
| Woking | √ | √ | √ | √ | | | √ | | √ | √ | | √ |

## 11. Planning Policy Implications

- The Hotel Futures Study shows significant potential and need for hotel development in all Surrey Districts and Boroughs and clearly demonstrates that further hotel development is vital to support the future growth of the county's economy and capitalise on the potential for leisure and conference tourism growth. This points to a need for the county's District and Borough Councils to plan effectively for hotel growth. Key requirements are:

    - Policies that support the development of existing hotels;
    - A clear locational focus for new hotels on town centres, business parks, established leisure sites, and country house conversions - and proactive planning interventions and flexibility to support the delivery of hotels in them, including possibly hotel site allocation, flexibility on sequential test assessments, relaxation of policies on the protection of employment sites, and some flexibility to consider appropriate and less intrusive hotel proposals in Green Belt locations;
    - Clearly articulated hotel development strategies at a District and Borough level that give direction and certainty to the market and Development Control teams;
    - Planning conditions that reflect the commercial realities of hotel development;
    - Clearly set out policies for the retention of existing hotels;
    - Policies that support the provision of live-in accommodation for hotel workers.

## 12. Accelerating Hotel Development - Public Sector Intervention

- The main requirements for public sector intervention to accelerate hotel development in the county are as follows:

    - Intervention to support the progression of stalled consented hotel schemes, including possibly direct local authority and/or LEP investment;
    - Work to identify hotel sites in locations of unmet market potential and hotel company interest;
    - The provision of clear and comprehensive information on hotel development opportunities and sites;
    - A co-ordinated approach to hotel companies;
    - Further research to better understand Surrey company requirements for hotel accommodation.

## 13. Supporting the Hotel Industry

- Key requirements for public sector support for the county's hotel industry are:
    - More proactive and better resourced destination marketing ;
    - Continued support for and investment in the development of the leisure tourism product of the county and evening economy of key towns;
    - Some activity possibly in terms of MICE[3] marketing;
    - Action to support the hotel industry in addressing its staff recruitment challenges;
    - A possible 'Tastes of Surrey' initiative to encourage hotels to promote Surrey-produced food and drink products;
    - A review of white on brown and advertising signage policies and their application to see if any improvements can be made to better support the operation of hotels.

## 14. Moving Forward - Next Steps

- Next steps actions for acting on the recommendations of the Hotel Futures Study are as follows:
    - The production of a Surrey Hotel Investment Action Plan to provide a framework for a proactive and co-ordinated approach to accelerating hotel development in the county;
    - The production of an edited version of the report for planning officers, focusing on the planning policy recommendations;
    - Circulation of the report to local authority and LEP officers, Surrey hotel managers and owners, and the hotel development community.

[3] Meetings, Incentives, Conferences and Exhibitions.

- There is also a need for further District/ Borough level work to more fully translate the planning policy recommendations to the local level and support the recommended interventions for accelerating hotel development . This could be in terms of the following, depending on the characteristics of each District/Borough and the staff resources, expertise and budgets of each Council:

    - Work to understand any requirements for supporting the progression of consented hotel schemes;
    - Work to identify hotel sites to meet as yet unmet requirements;
    - The preparation of hotel demand forecasts to determine the quantum of new hotel provision that is needed at each level in the market locally;
    - The preparation of clear hotel development strategies for Districts and Boroughs, or specific parts of them e.g. the main towns;
    - The preparation of District/ Borough Hotel Investment Prospectuses.

## 15. Concluding Thoughts

- The Surrey Hotel Futures Study shows significant potential and need for hotel development in all parts of the county and clearly demonstrates that new hotel provision is vital to support the future growth of the county's economy and capitalise on its leisure and conference tourism potential. While there are already a significant number of consented and proposed new hotel schemes in Surrey, further work is needed to strengthen hotel planning policy provision and implementation; support the progression of consented hotel schemes that have stalled; identify additional hotel sites where there are unmet requirements; develop a productive and co-ordinated dialogue with hotel companies that are interested in investing in Surrey; better understand Surrey company hotel requirements; and support the county's hotel industry through investment in destination and MICE marketing, leisure tourism product development, and work to help address the sector's staff recruitment challenges. Surrey County Council is in a strong position to lead and co-ordinate this work with its District and Borough Council and LEP partners, as part of its wider economic development role.

# 1. INTRODUCTION

## 1.1. Study Background and Brief

1.1.1. The following report sets out the findings of the Surrey Hotel Futures Study undertaken by Hotel Solutions between October 2014 and August 2015 for Surrey County Council.

1.1.2. The County Council commissioned the study to provide an in depth analysis of future opportunities and requirements for hotel development across Surrey to inform its future plans and those of its district and borough council partners and the two LEPs in terms of:

- Developing and delivering a Tourism Strategy for Surrey;
- Informing hotel planning policies as part of the future review and updating of Local Plans;
- Informing Local Growth Fund investment by the LEPs;
- Supporting Enterprise M3's work to investigate demand for a large conference, exhibition and events space in their area;
- Attracting hotel investors and accelerating the next wave of hotel development in the county

1.1.3. The County Council's key requirements from the study were as follows:

- An audit of current hotel supply across the county;
- A review of hotel proposals and planning applications;
- An analysis of national hotel development trends;
- A survey of hotel managers to assess occupancy, levels of denied and displaced business and skills needs;
- Examination of customer satisfaction with Surrey's hotels;
- An assessment of business needs for hotel accommodation;
- A review of the strategic context and drivers to hotel demand growth across the county;
- A hotel developer survey to understand interest in, and barriers to, hotel development in Surrey.

## 1.2. Scope of the Study

1.2.1. The Hotel Futures Study provides information on the following:

- The current (August 2015) supply of hotels across Surrey;
- Changes in Surrey's hotel supply 2010-2015 in terms of:
  - New hotels;
  - Hotel extensions and refurbishment;
  - Hotel closures;
  - Changes of ownership and brand.
- Planned hotel development in Surrey in terms of:
  - Pipeline new hotels under construction;
  - Proposed new hotels;
  - Planned development of existing hotels.
- Hotel performance 2012-2014 by standard/type of hotel in terms of:
  - Average annual room occupancies, achieved room rates[4]and revpar[5];
  - Patterns of occupancy across the week and throughout the year;
  - Midweek markets for hotels;
  - Weekend markets;
  - Market trends;
  - Levels of denied business[6].
- The future prospects for the county's hotel sector.
- The market potential for hotel development in Surrey over the next 5 years in terms of:
  - Investment in existing hotels:
  - New hotels.
- Hotel company interest in developing new hotels across the county;
- Requirements for planning policy development for hotels; public sector intervention to accelerate hotel development; support for the improvement, development and operation of the county's existing hotels; action to grow the county's hotel market; and initiatives to address the hotel industry's staff recruitment challenges and encourage Surrey hotels to source Surrey-produced food and drink products.
- Conclusions regarding the potential for a major conference, exhibition and events centre to be developed in Surrey.

[4] The net amount of rooms revenue that hotels achieve **per room let** after deduction of breakfast (if included in the room rate), VAT, commission charges and discounts.
[5] The net amount of rooms revenue that hotels achieve **per available room**
[6] Business that hotels turn away because they are fully booked

1.2.2. The research findings have been analysed and reported for the following types of hotel:

- Luxury destination country house and golf hotels;
- 4 star hotels;
- Large branded (chain operated) 3 star hotels;
- Smaller (independent and branded) 3 star hotels;
- Budget hotels;
- Serviced apartments[7].

1.2.3. We also provide commentary on the potential for the development of leisure-led hotel products in Surrey, such as luxury family hotels, golf hotels/resorts, theme park hotels and wine hotels.

1.2.4. In terms of location we are only able to publish hotel performance data for the following locations in Surrey:

- o Guildford (all hotels)
- o Frimley/Farnborough (3/4 star hotels)
- o Horley/ Gatwick North (3 star and budget hotels)

1.2.5. The sample sizes are too small for other parts of the county to allow the publication of data without divulging information on the performance of individual hotels. Where we have been able to, we have highlighted significant differences in hotel performance and markets for specific locations in our commentaries on Surrey's hotel market

[7] Serviced apartments are an emerging alternative to hotel accommodation in the UK. They are either residential apartments or purpose-built serviced apartment blocks that are let out on a nightly basis and serviced daily, sometimes with breakfast provided, usually for guests to prepare themselves in the apartment.

## 1.3. Methodology

1.3.1. The Surrey Hotel Futures Study has involved the following modules of research:

- A **review of national hotel development trends** to provide an understanding of how the Surrey hotel sector is performing against national provincial hotel sector benchmarks and the extent to which national hotel development trends are being picked up in Surrey. This has drawn on the monitoring of the hospitality, leisure and property press that we continuously undertake to track hotel development activity and trends in the UK.

- An **audit of the current supply** of hotels in Surrey. The audit has drawn on the accommodation stock records of Visit Surrey and the county's local authorities, cross checked and supplemented through our own Internet searches. The audit has included all star-rated, branded, and non-inspected and unbranded hotels with more than 10 guest bedrooms. We have also included serviced apartment operations where we have identified them.

- An **audit of changes in the county's hotel supply since 2010** in terms of new hotel openings, the expansion, development and refurbishment of existing hotels and the closure of hotels. The audit has been compiled on the basis of information provided by Visit Surrey, Surrey County Council and the county's borough and district authorities; comparisons with the previous study that we undertook of the Surrey hotel market in 2004[8]; our own Internet research; and our interviews with the county's hotel managers.

- A **review of current proposals for new hotels and investment in existing hotels** based on information provided by the local authorities; our discussions with hotel managers; and Internet research.

[8] Surrey Hotel Futures, September 2004

- **Interviews with the managers and owners of existing hotels** to gather information on performance and market trends between 2012 and 2014, future investment plans and views on business prospects in 2015. A total of 83 hotels and serviced apartment operations were interviewed (listed at Appendix 1) through a programme of face-to-face and telephone interviews. Our grateful thanks are extended to these hotels for having given freely of their time and information. Hotel interviews were conducted on a strictly confidential basis. For most locations in Surrey the samples of participating hotels are too small for us to report all of the findings as this could give an insight into the performance of individual hotels e.g. where only one 4 star hotel was interviewed in a particular location. Every attempt has been made to ensure that this has not happened in the report. We have however tried to highlight differences in hotel performance and markets by location where we can.

- An **assessment of the potential for future growth in hotel demand** and what will drive this, through meetings and email consultations with the county's local authorities, the two LEPs, and other stakeholders; a review of relevant regeneration, planning, economic development and tourism strategy documents; analysis of employment and population forecasts for Surrey and its constituent districts and boroughs; and a review of national leisure tourism market trends and forecasts.

- An email and telephone **survey of national and regional hotel companies** to test their interest in developing new hotels in Surrey and any barriers that they have encountered in progressing hotel projects in the county.

# 2. NATIONAL HOTEL TRENDS

## 2.1. National Hotel Performance Trends

2.1.1 UK provincial hotel occupancies, achieved room rates[9] and revpar[2] figures all dropped sharply in 2009 following the Credit Crunch at the end of 2008 and ensuing economic recession. All three performance indicators remained flat in 2010 and 2011. There was a slight improvement in achieved room rates in 2012 followed by an improvement in occupancy, achieved room rate and revpar in 2013, with occupancy ahead of the 2008 figure for the first time but achieved room rate and revpar still a little below the 2008 results. Provincial hotel performance strengthened significantly in 2014, with all three performance indicators finally climbing above pre-recession levels.

**Table 1**
**UK PROVINCIAL HOTEL PERFORMANCE 2008-2014**

| Year | Average Annual Room Occupancy % | | Average Annual Achieved Room Rate £ | | Average Annual Revpar £ | |
|---|---|---|---|---|---|---|
| | 3/4 Star Chain Hotels[1] | All Hotels[2] | 3/4 Star Chain Hotels[1] | All Hotels[2] | 3/4 Star Chain Hotels[1] | All Hotels[2] |
| 2008 | 70.5 | 68.6 | 74.45 | 64.16 | 52.52 | 44.02 |
| 2009 | 68.2 | 65.8 | 68.65 | 59.73 | 46.83 | 39.32 |
| 2010 | 69.5 | 69.5 | 68.20 | 58.88 | 47.40 | 40.90 |
| 2011 | 69.6 | 70.9 | 68.40 | 58.64 | 47.61 | 41.56 |
| 2012 | 69.6 | 69.8 | 69.97 | 59.22 | 48.72 | 41.32 |
| 2013 | 72.0 | 72.6 | 71.46 | 59.94 | 51.48 | 43.53 |
| 2014 | 73.9 | 75.0 | 74.90 | 64.00 | 55.20 | 48.00 |
| 2015F | n/a | 76.0 | n/a | 67.00 | n/a | 51.00 |
| 2016F | n/a | 76.0 | n/a | 70.00 | n/a | 53.00 |

Notes:
1. Source: Hotstats UK Chain Hotels Market Review
2. Source: STR Global
3. PWC UK Hotels Forecast Update for 2015 and 2016

1. The amount of rooms revenue (excluding food and beverage income) that hotels achieve per occupied room net of VAT, breakfast (if included) and discounts and commission charges, calculated as total rooms revenue divided by number of rooms let
2. The amount of rooms revenue (excluding food and beverage income) that hotels achieve per available room net of VAT, breakfast (if included) and discounts and commission charges, calculated as total rooms revenue divided by number of rooms available
3. Estimate

2.1.2. All UK hotel industry commentators expect the momentum of growth to continue in the next two years as the UK economy improves and inbound tourism grows. Hotel consultants PWC are forecasting a marginal increase in occupancy and strong growth in average room rate and revpar figures as hotels become more confident about yielding room rates on the back of continuing high levels of occupancy.

2.1.3. The drop in provincial hotel occupancies, achieved room rates and revpar during a period of rising wage, energy and other operating costs has resulted in a steady decline in provincial hotel profitability since 2008. Gross operating profit per available room (Gopar) has dropped slightly every year from 2009 to 2012. There was a slight improvement in 2013 and further recovery in 2014, but hotel profitability still remains below the 2008 level.

**Table 2**
**UK PROVINCIAL CHAIN HOTEL PROFITABILITY**

| Year | Average Annual Gopar[1] £ |
|---|---|
| 2008 | 32.49 |
| 2009 | 28.51 |
| 2010 | 27.73 |
| 2011 | 27.09 |
| 2012 | 26.56 |
| 2013 | 27.00 |
| 2014 | 30.49 |

Source: Hotstats UK Chain Hotel Market Review
Notes:
1. Gross operating profit per available room

## 2.2. National Hotel Development Trends

2.2.1. National hotel development trends of relevance to Surrey are as follows:

**Budget Hotel Development**

- The ongoing development of the **Premier Inn and Travelodge** budget hotel chains, with new hotels opening in 2014 and 2015 in a wide range of different types of location including London, major towns and cities such as Glasgow, Manchester, Southampton and Slough, historic cities including Oxford and Cambridge, seaside resorts, and smaller towns such as Egham in Surrey, Bicester in Oxfordshire, Fleet in Hampshire, and Winnersh in Berkshire. As the market leaders in the UK budget hotel sector Premier Inn and Travelodge have continued to open hotels apace across the UK. Travelodge opened 14 new hotels in the UK in 2014 and is planning to open another 14 hotels in 2015. It is aiming to open a further 150 hotels by 2022. Premier Inn opened 24 new hotels between May and December 2014. It has so far opened 8 new hotels in 2015 and has a further 8 hotels under construction that are due to open by August. The company is aiming to increase to 830 hotels and 75,000 bedrooms by 2018. Both Travelodge and Premier Inn are now focusing on town and city centre or edge of town hotel development. They are no longer developing roadside hotels in the way that they were in the early 1990s.

- In terms of **other established budget hotel brands**, the French hotel company Accor has relaunched its budget hotel offer under three brands – Ibis, Ibis Budget (replacing Etap) and Ibis Styles as a budget boutique brand for franchised independent hotels. The company is opening 4 Ibis Styles hotels in 2015 in Barnsley, Crewe, Haydock and at Birmingham NEC, with two further Ibis Styles hotels due to open in 2016 in Greenwich and at Heathrow Airport, together with an Ibis hotel at London Canning Town. At the upper-tier budget/ limited service 3 star level, the Holiday Inn Express, Hampton by Hilton and Ramada Encore brands have continued to develop, with new hotels opening or planned across the UK in locations such as Sheffield, York, Wakefield, Birmingham, Luton, Newcastle, Wigan, Leigh, Stockport, London Vauxhall Nine Elms, and Bristol and Humberside Airports. Holiday Inn Express has recently unveiled its new generation hotel product that will feature the latest in-room smart technology, redesigned bedrooms with a flexible work/rest corner, and a new food and beverage concept.

- A new entrant to the UK budget hotel market is the Malaysian budget hotel operator Tune Hotels. It has rapidly established itself in London and is now targeting other UK cities, with hotel openings in 2014 in Edinburgh and Newcastle and plans for hotels in Liverpool, Manchester, Birmingham and Leeds. The company is planning to open at least 25 hotels in the UK by 2020.

- A more recent trend has been the emergence of **budget boutique hotels** in major cities from companies such as Nadler Hotels (previously Base2Stay), Sleeperz, Citizen M (with hotels in London and Glasgow)and Starwood Hotels' Aloft brand ( which opened a second UK hotel in Liverpool in 2014 to add to its first property at London ExCeL). These are limited service hotels that feature contemporary interior design and a high-tech fit out. The German budget boutique hotel operator Motel One is also looking at entering the UK market in London, Newcastle and Liverpool. Marriott has announced plans to introduce its new Moxy budget boutique hotel brand into the UK, with hotels announced for London, Aberdeen, Liverpool and Southampton. The French hotel company Accor is planning to launch its Mama Shelter designer budget hotel brand in London.

- Another emerging trend in UK city centres is the development of **small format budget boutique hotels** which offer compact, sometimes windowless bedrooms that feature contemporary design and high tech features for a very affordable price. The small bedroom size allows highly economical hotel development which can be passed onto the customer in terms of lower room rates. Key brands that are developing these types of hotel are Hub by Premier Inn (which opened its first hotel in London's Covent Garden in November 2014 to be followed by further hotels in London and Edinburgh in 2015); Z Hotels (which now has 4 hotels in London and hotels in Liverpool and Glasgow), QBic Hotels (which launched in London and has announced plans for a further 4 hotels in the capital and a possible roll out to other major cities such as Edinburgh, Glasgow and Manchester), Bloc Hotels (with hotels at Gatwick and in Birmingham city centre); and Yotel (which has hotels at Heathrow and Gatwick and plans for a hotel in Manchester).

- These newer budget, budget boutique and small format budget boutique hotel companies will focus initially on London, major metropolitan cities and airport locations before looking at other towns and cities once they have a stronger market presence and hotel network in the UK. They are unlikely to consider Surrey at this stage in their development therefore.

## Boutique Hotel Development

- A key trend in the last 20 years has been the development of boutique hotels through the upgrading and repositioning of existing hotels, the conversion of suitable, and sometimes unusual buildings, and in a few cases the development of new-build boutique hotels. These are high quality hotels that feature contemporary interior design and good food and service, often with quite a relaxed atmosphere. The first boutique hotel to open in the UK was the Hotel du Vin in Winchester in 1994. Hotel du Vin has gone on to open a further 15 hotels in locations such as Royal Tunbridge Wells, York, Cambridge, Brighton, Cheltenham, Henley-on-Thames and Newcastle. It was followed by other boutique hotel companies including Malmaison (which now has 13 hotels in major cities such as London, Manchester, Liverpool, Newcastle and Oxford); Abode Hotels (with hotels in Manchester, Chester, Canterbury and Exeter): Chapter Hotels ( with hotels in Exeter and Cheltenham); and Myhotel (with two hotels in London and one in Brighton). The owners of Hotel du Vin and Malmaison (KSL Capital Partners) have recently put the two hotel brands up for sale. Chapter Hotels is also currently on the market.

- Independent boutique hotels have also opened in many different types of location, including :

    - Historic towns and cities such as Shrewsbury, Royal Tunbridge Wells, Cambridge, Lincoln and Oxford;
    - Market towns such as Cirencester, Ludlow, Romsey in Hampshire, Helmsley in North Yorkshire and Stamford in Lincolnshire;
    - Other towns such as Luton, Peterborough, Bedford, Colchester, Ipswich, Abingdon, Farnborough and Darlington:
    - Rural locations in terms of the development of boutique country house hotels e.g. The Cranleigh in the Lake District; The Coach House Hotel at Middleton Lodge, near Richmond, North Yorkshire; Twr y Felin in St David's in Wales; The Rectory Hotel at Malmesbury in Wiltshire; The French Partridge at Horton, near Northampton; and Barnsley House, near Cirencester.

- Recent years have seen the establishment of a number of regional boutique hotel companies that are focusing on market town and rural locations e.g. The Pig boutique hotel company, now with hotels in the New Forest, Southampton, Studland Bay in Dorset, and near Bath; East Anglia-based boutique hotel group The House Collection which launched in 2013 with the opening of its first two hotels in Ely and Newmarket in Cambridgeshire; and Milsom Hotels, which has 4 boutique hotels in Suffolk and Essex.

- International hotel chains have also launched boutique and lifestyle hotel brands in major UK cities. Leading the field in this has been IHG (InterContinental Hotels) with its Hotel Indigo brand, with hotels now open in Liverpool, Newcastle, Birmingham, Edinburgh, Glasgow, Cardiff and London, and a hotel under construction in Manchester. Accor has launched its MGallery boutique brand with its first UK franchised hotel in Bath. Hilton launched the Canopy by Hilton lifestyle hotel brand in 2014, with plans for a UK roll out starting with London. Rezidor has announced plans to introduce its Radisson Red lifestyle hotel brand into the UK.

## 4 Star Hotel Development

- 4 star hotel development has been focused on London and other major cities with 4 star brands Doubletree by Hilton, Hilton, Crowne Plaza, Copthorne, Hotel La Tour, Sandman, Innside, Pullman, Novotel and Pentahotels opening or building new hotels in cities such as Manchester, Birmingham, Liverpool, Newcastle, Leeds, Milton Keynes, Glasgow, Aberdeen, Lincoln, Inverness and Brentford. London-based hotel group glh launched a limited service 4 star hotel brand called 'every hotels' in 2014 through the rebranding of four of its Thistle branded hotels. It is looking to expand the brand to other UK cities through management contracts. Leonardo Hotels, the European arm of the Israeli Fattal Hotels Group, opened its first UK property at Heathrow Airport in March 2015, as the first stage in its plans to expand in the UK.

## 3 Star Hotel Development

- At the 3 star level Village Urban Resorts opened two new hotels in Aberdeen and Edinburgh in December 2014 and January 2015, and will open a third Scottish hotel in Glasgow in July 2015. The new brand's new owners (KSL Capital Partners, who acquired the hotels from De Vere in 2014) are planning to invest in expanding the brand across Southern England. Hilton opened a 3 star Hilton Garden Inn at Heathrow Airport in December 2014. The company has been slow to introduce this brand into the UK market however, with Birmingham and Luton being the only other locations where Hilton Garden Inns have been built. New Holiday Inn hotels have opened in 2013 and 2014 in Huntingdon, Watford, Cardiff, London West and Glasgow. IHG has also entered into franchise agreements for the conversion of hotels at Darlington and Cannock to the Holiday Inn brand. Marriott is currently looking at rolling out its redefined Courtyard by Marriott midmarket brand, with a new hotel due to open in Edinburgh city centre in 2016. US hotel company Wyndham Hotel Group signed a development agreement in December 2014 with Lester Hotels Group to open 20 Ramada hotels across the UK in the next 10 years, primarily through the rebranding of existing hotels. Beyond the agreement with Lester Hotels, hotels in Oxford, Wakefield and Hounslow have been rebranded under the Ramada badge in 2014.

## Serviced Apartments and Aparthotels

- Another significant trend in the UK hotel market has been the development of the serviced apartment and aparthotel sector in UK cities and business locations. There are two main models that have developed in the UK. The first is serviced apartment companies that manage and market residential apartments on behalf of their owners. This can range from the letting of individual apartments to whole floors and blocks of apartments in a residential complex. These companies tend to be local or regional operations. Roomspace, Flexi-lets and House of Fisher are examples that operate in Surrey. These companies also work with national and international serviced apartment booking agencies such as Silverdoor, Citybase and ESA. The second model is purpose-built aparthotels or serviced apartment complexes that are being developed either by local independent operators; small, mainly regional serviced apartment companies (e.g. MAX Serviced Apartments and Roomzzz); national serviced apartment companies (e.g. SACO, Staycity, Premier Apartments and the newly launched Beyonder ApartHotel and Urban Villa brands), international serviced apartment companies (e.g. Bridgestreet ) and increasingly international hotel chains that are launching extended stay hotel products in the UK (e.g. IHG's Staybridge Suites, Accor's Adagio Aparthotel and Marriott's Residence Inn). Serviced apartment companies and aparthotels generally trade at very high levels of occupancy. They primarily target long stay corporate demand and infill with weekend leisure business between corporate lets. This form of accommodation is becoming increasingly popular with both business and leisure guests as it provides more space, greater flexibility and usually good value for money. The sector is predicted to see substantial growth as UK customers begin to more fully understand the concept and how it can work for them.

## Country House Hotels

- There has been some recent activity in the UK in terms of the development of luxury country house hotels. This has included the opening of Lime Wood in the New Forest in 2009; the soon to open Heckfield Place near Hook in Hampshire; the £30 million development of the Raithwaite Estate in North Yorkshire as a luxury hotel and spa; the opening of the Ellenborough Park Hotel & Spa near Cheltenham in 2011; and the redevelopment in 2012 of Wood Norton Hall near Evesham as a country house hotel; and the £30million development of The Cornwall Hotel, Spa and Estate at St Austell. Plans have also been unveiled for the development of new luxury country house hotels in Hampshire (the conversion by the Nicolas James Group of the former Treloar School near Alton), Surrey (the conversion of Cherkley Court near Leatherhead), West Yorkshire (involving the conversion of Bretton Hall near Wakefield)and Wigan (the transformation of the Haigh Hall stately home into a luxury boutique hotel).

- A number of country house hotel companies have expanded in the last 3 years. Brownsword Hotels has established the Gidleigh Collection of luxury country house hotels following its acquisition of 4 hotels previously owned by the now defunct Von Essen Hotels company. Hand Picked Hotels has acquired three new country house hotel properties in the last 16 months near Bath and in Guernsey and Northamptonshire. Laura Ashley Hotels has opened two country house hotels in Elstree in Hertfordshire in 2013 and Windermere in the Lake District in 2014. The Northamptonshire-based Hazleton Group of Companies opened the Barton Hall Hotel near Kettering in Northamptonshire in 2014 to add to the Rushton Hall Hotel that it opened in 2006.

- A number of the UK's luxury country house hotels have also invested to expand their accommodation and leisure offer in terms of:

    - The opening of hotel spas to tap into the rapidly expanding UK spa breaks market.
    - The development of alternative accommodation options e.g. tree houses at Chewton Glen in Hampshire, luxury woodland holiday homes at The Cornwall Hotel & Spa at St Austell in Cornwall.
    - The establishment of cookery schools, e.g. Lucknam Park, near Bath, Northcote in Lancashire, Le Manoir aux Quat'Saisons in Oxfordshire and Swinton Park in North Yorkshire.
    - The opening of on-site specialist sport and leisure facilities e.g. equestrian centres at the Four Seasons Hampshire, Lucknam Park and Coworth Park in Berkshire and falconry centres at Stapleford Park in Leicestershire, Lainston House near Winchester, and Peckforton Castle in Cheshire.

### Country House Conference Hotels

- The most significant development in the country house conference hotel sector has been the acquisition by Starwood Capital of the Principal Hayley and De Vere Venues brands in 2013 and 2014. Starwood is now in the process of disposing of 11 De Vere Venues and 7 Principal Hayley hotels. It will retain ownership of 16 Principal Hayley and 12 De Vere Venues hotels.

## Golf Hotels and Resorts

- Recent years have seen the opening of new golf hotels and resorts in Cheshire in 2012 (Mere Golf Resort at Knutsford) and near Darlington (the 5 star Rockcliffe Hall Hotel, Golf & Spa). A number of proposals are also being progressed for new golf resorts in various locations across the UK, including two schemes in Green Belt locations that have been granted planning permission. These include projects in Kent (a 130-bedroom 5 star hotel and spa at the London Golf Club); Hertfordshire (a 125-bedroom 4 star hotel at the Hertfordshire Golf & Country Club); Surrey (a proposal for an 84-bedroom Hilton hotel as part of the new regional headquarters of the PGA at Wildwood Golf & Country Club in Cranleigh); North Yorkshire (the 300-bedroom Flaxby Country Resort on the Flaxby Golf Course near Knaresborough, due to open at the end of 2015); and on the Wirral (at Hoylake), together with a number of proposals in Scotland.

- On a smaller scale there has also been some activity in terms of the development of hotels on golf courses e.g. a 43-bedroom hotel at the Bowood golf course, near Chippenham in Wiltshire in 2009; a 50-bedroom hotel at The Oxfordshire Golf Club near Thame in 2010; a 30-bedroom Best Western Plus hotel at the Magnolia Park Golf and Country Club in Buckinghamshire in 2014; and a 40-bedroom hotel at the Sandford Springs Golf Club near Basingstoke in 2014.

## Niche Hotel Products

- The last 5 years have seen the development of a number of niche hotel products in the UK:

    - There has been some activity in terms of the development of spa hotels: The Lifehouse Spa & Hotel at Thorpe Le Soken in Essex and The Spa Hotel at Ribby Hall Village in Lancashire opened in 2011; the first phase of the boutique Corran Resort & Spa opened in Carmarthenshire in Wales in 2013; the long-awaited 5 star Gainsborough Bath Spa hotel is due to open in Bath in 2015; and plans are moving forward for the 5 star Buxton Crescent Hotel and Thermal Spa development in Derbyshire, which is expected to open in 2016. Plans were approved in December 2014 for the £30million St Michael's Spa & Wellness Resort in Falmouth in Cornwall.

- The niche Luxury Family Hotels company was relaunched in 2011 through the acquisition of seven hotels from the former Von Essen country house hotel group and an eighth hotel in Cornwall. The company focuses on the upper end of the family break market. It is currently focused on improving and developing its existing portfolio of hotels but may look at further acquisitions in due course.
- Another niche hotel company is Warner Leisure Hotels, which focuses entirely on the adults only leisure break market. It has no plans to expand at present however.
- A number of theme parks and visitor attractions have opened on-site hotels e.g. Legoland Windsor, Alton Towers, Thorpe Park, Chessington World of Adventures, Drayton Manor Park at Tamworth and Gulliver's Kingdom in Warrington. The West Midland Safari Park was granted planning permission in 2013 for a £20 million 250-bedroom hotel, 1,000 seater conference centre and indoor waterpark. Chester Zoo has plans for a 150-bedroom hotel. The Eden Project in Cornwall has unveiled plans for a £6m, 115-bedroom hotel. The Imperial War Museum at Duxford in Cambridgeshire is currently undertaking work to identify a site for a hotel to add to the museum's visitor offer.
- Hotels have been developed at a number of racecourses, including Lingfield Park and Epsom Downs in Surrey. There are also proposals for a hotel and casino/racino at Wolverhampton racecourse and a 200-bedroom hotel has been proposed as Ascot.
- Hotels have been developed or are planned for a number of sports stadia: a 4 star Marriott opened at Twickenham stadium in 2009 ; a 4 star Hilton is about to open at Hampshire County Cricket Club's Ageas Bowl cricket ground in Southampton; a 120-bedroom Premier Inn opened at Worcestershire County Cricket Club in 2014; Lancashire County Cricket Club is planning to develop a 150-bedroom 4 star hotel at its Emirates Old Trafford ground in Manchester. There are also proposals for a hotel as part of the redevelopment of Edgbaston cricket ground; plans for a hotel as part of the development of Surrey County Cricket Club's Kia Oval stadium at Kennington in London; and plans for a 150-bedroom Hampton by Hilton hotel at Durham County Cricket Club's ground at Chester-le-Street.
- Another niche trend has been the development of country house wedding venues with bedrooms available for wedding guests. Examples include Clevedon Hall in north Somerset, Southdowns Manor near Midhurst in West Sussex, and Stanbrook Abbey in Worcestershire.

## University Hotels and Conference Centres

- Another trend in UK cities has been the development of university hotels and conference centres. A number of major universities, such as Loughborough, Lancaster and Stirling have had hotels on their campuses for some time and others have recently developed, or are considering developing, hotels and conference centres, in some cases working with major hotel operators. In most cases universities are looking at hotel development to enable them to accommodate overseas students and business executives attending their growing short course programmes, or to enable them to target academic, association and research conferences both during term time and in vacation periods. Hotels on university campuses also cater for university visitors and in some cases trade in the local corporate and leisure tourist markets when they have spare bedroom capacity. The University of Nottingham opened the £20m, 202-bedroom 4 star Orchard Hotel adjacent to the East Midlands Conference Centre on its campus in November 2012. The University of Leicester opened the 123-bedroom College Court conference centre in 2013 and the University of Manchester is currently progressing plans for a 234-bedroom Crowne Plaza or Staybridge Suites hotel adjacent to the Manchester Business School. Other universities that have been looking at hotel development are the University of Kent at Canterbury, Keele University at Stoke-on-Trent and Sunderland University.

## Hotel Schools and Training Hotels

- Another development trend in the UK is the opening of hotel schools/training hotels by universities and colleges that offer hospitality management courses:
  - The University of Essex opened the £10m Edge Hotel School at Wivenhoe House in Colchester in 2012 as a fully commercial 4 star hotel with 40 bedrooms. It offers places for up to 125 students working alongside 45 qualified staff.
  - Plans are being progressed for the 141-bedroom, 4 star Hotel Future training hotel in Oldham town centre, which is expected to open in 2016. The project, initiated by the Manchester Hoteliers Association, is being progressed by the Hotel Future Foundation, a charitable educational foundation that has been set up to raise the standards of professionalism in the UK hospitality industry. It is working in partnership with Oldham Borough Council who will be both the landlord and guarantor for the project. The Hotel Future Foundation is hoping to work with other local authorities to develop a chain of Hotel Future hotels across the UK.
  - A 200-bedroom hotel school has been proposed in Bournemouth to be operated by IHG under its Holiday Inn brand, with training delivered by Bournemouth University and Bournemouth & Poole College.

# 3. SURREY HOTEL SUPPLY

## 3.1. Current Surrey Hotel Supply

3.1.1. Our research has identified a current supply of 119 hotels in Surrey with 7,746 letting bedrooms. The tables overleaf provides an analysis of this hotel supply by district/borough and for key towns in Surrey. Appendix 2 provides a full list of Surrey hotels. Our analysis of the county's current hotel supply by standard and type of hotel is set out in the table below.

**Table 3**

**SURREY HOTEL SUPPLY BY STANDARD/ TYPE OF HOTEL – AUGUST 2015**

| Standard /Type of Hotel | Hotels | Rooms | % of Total Hotel Rooms |
|---|---|---|---|
| Luxury Destination Hotels | 9 | 623 | 8.0 |
| 5 Star Country House Hotels | 1 | 123 | 1.6 |
| 4 Star Country House Hotels | 5 | 296 | 3.8 |
| 4 Star Golf Resorts | 3 | 204 | 2.7 |
| Boutique Hotels and Inns | 6 | 149 | 1.9 |
| Boutique Hotels | 2 | 93 | 1.2 |
| Boutique Inns | 4 | 56 | 0.7 |
| 4 star Hotels | 10 | 1202 | 15.5 |
| 3 star Hotels | 33 | 2374 | 30.6 |
| Large Branded 3 star/ Midmarket Hotels | 3 | 466 | 6.0 |
| Smaller Branded 3 Star Hotels | 7 | 563 | 7.3 |
| Smaller Independent 3 Star Hotels | 23 | 1345 | 17.3 |
| Budget Hotels | 33 | 2380 | 30.7 |
| Lower Grade Hotels | 22 | 477 | 6.1 |
| Country House Conference Hotels | 5 | 451 | 5.8 |
| Theme Park Hotels | 1 | 90 | 1.2 |
| **TOTAL** | **119** | **7746** | **100.0** |

Source: Hotel Solutions

**Table 4**
**SURREY – CURRENT HOTEL SUPPLY BY DISTRICT/BOROUGH – AUGUST 2015**

| District/Borough | Luxury Destination Country House and Golf Hotels | | Boutique Hotels and Inns | | 4 Star | | 3 star | | Budget | | Lower Grade | | Country House Conference Hotels | | Theme Park Hotels | | TOTAL HOTELS | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms |
| Elmbridge | 1 | 57 | 1 | 17 | 3 | 433 | 1 | 80 | 3 | 141 | 2 | 32 | | | | | **11** | **760** |
| Epsom & Ewell | 1 | 18 | | | | | 2 | 142 | 3 | 151 | 1 | 13 | | | | | **7** | **324** |
| Guildford | | | 3 | 106 | 2 | 350 | 4 | 255 | 2 | 266 | 2 | 30 | 2 | 240 | | | **15** | **1247** |
| Mole Valley | | | | | 1 | 57 | 4 | 320 | 2 | 150 | 2 | 32 | 2 | 161 | | | **11** | **720** |
| Reigate & Banstead | 2 | 82 | | | | | 5 | 496 | 4 | 417 | 8 | 188 | | | | | **19** | **1183** |
| Runnymede | 3 | 227 | | | 1 | 180 | 3 | 117 | 2 | 153 | | | | | 1 | 90 | **10** | **767** |
| Spelthorne | | | | | | | 5 | 410 | 4 | 337 | 2 | 40 | | | | | **11** | **787** |
| Surrey Heath | 1 | 123 | | | 1 | 98 | 1 | 98 | 5 | 342 | 1 | 68 | | | | | **9** | **729** |
| Tandridge | 1 | 116 | | | | | | | 1 | 60 | | | | | | | **2** | **176** |
| Waverley | | | 2 | 26 | 1 | 41 | 7 | 295 | 2 | 32 | 3 | 58 | | | | | **15** | **452** |
| Woking | 1 | 43 | | | 1 | 43 | 1 | 161 | 5 | 331 | 2 | 37 | 1 | 50 | | | **10** | **622** |
| **TOTAL** | **9** | **623** | **6** | **149** | **10** | **1202** | **33** | **2374** | **33** | **2380** | **23** | **498** | **5** | **451** | **1** | **90** | **120** | **7767** |

Source: Hotel Solutions

## Table 5
## SURREY – CURRENT HOTEL SUPPLY - KEY TOWNS – AUGUST 2015

| Location | Luxury Destination Country House, Golf and Spa Hotels | | Boutique Hotels and Inns | | 4 Star | | 3 star | | Budget | | Lower Grade | | Country House Conference Hotels | | Theme Park Hotels | | TOTAL HOTELS | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms |
| Bagshot | 1 | 123 | | | | | | | 1 | 38 | | | | | | | **2** | **161** |
| Camberley | | | | | 1 | 98 | | | 3 | 261 | | | | | | | **4** | **359** |
| Caterham | | | | | | | | | 1 | 60 | | | | | | | **1** | **60** |
| Chertsey | | | | | | | 2 | 100 | 1 | 73 | | | | | | | **3** | **173** |
| Cobham | | | | | 1 | 158 | | | 2 | 122 | | | | | | | **3** | **280** |
| Dorking | | | | | 1 | 57 | 1 | 78 | 1 | 54 | 1 | 20 | 1 | 111 | | | **5** | **320** |
| Egham | 2 | 157 | | | 1 | 180 | | | 1 | 80 | | | | | | | **4** | **417** |
| Epsom | 1 | 18 | | | | | 2 | 142 | 4 | 229 | | | | | | | **7** | **389** |
| Esher | | | | | | | | | | | 1 | 21 | | | | | **1** | **21** |
| Farnham | | | | | | | 4 | 233 | | | 1 | 21 | | | | | **5** | **254** |
| Frimley | | | | | | | 1 | 98 | 1 | 43 | 1 | 68 | | | | | **3** | **209** |
| Godalming | | | | | | | 1 | 32 | 2 | 32 | 2 | 37 | | | | | **5** | **101** |
| Guildford | | | 2 | 93 | 2 | 350 | | | 2 | 266 | 1 | 15 | | | | | **7** | **724** |
| Haslemere | | | | | 1 | 41 | 1 | 43 | | | | | | | | | **2** | **84** |
| Horley | 1 | 22 | | | | | 3 | 407 | 1 | 254 | 8 | 188 | | | | | **13** | **871** |
| Leatherhead[1] | | | | | | | | | 1 | 96 | | | | | | | **1** | **96** |
| Lingfield | 1 | 116 | | | | | | | | | | | | | | | **1** | **116** |
| Redhill | | | | | | | | | 2 | 85 | | | | | | | **2** | **85** |
| Reigate | | | | | | | 2 | 89 | | | | | | | | | **2** | **89** |
| Shepperton | | | | | | | 2 | 235 | | | 1 | 29 | | | | | **3** | **264** |
| Staines | | | | | | | 3 | 175 | 1 | 65 | 1 | 11 | | | | | **5** | **251** |
| Sunbury | | | | | | | | | 2 | 240 | | | | | | | **2** | **240** |
| Walton-on-Thames | | | | | | | | | 1 | 32 | | | | | | | **1** | **32** |
| Weybridge | | | | | 2 | 275 | 1 | 80 | 1 | 19 | | | | | | | **4** | **374** |
| Woking | | | | | | | 1 | 161 | 5 | 331 | | | 1 | 50 | | | **7** | **542** |

Notes

1. The Police Federation of England & Wales' headquarters in Leatherhead, Federation House, includes a training/conference centre and 55 high quality hotel bedrooms. While these facilities are mainly used by the Police Federation they are also made available to local companies in the Leatherhead area.

3.1.2. The current supply of hotels in Surrey is predominantly a mix of 3 star, budget, and to a lesser extent 4 star hotels. The county also has a number of luxury destination country house and golf hotels and country house conference hotels. It has a very limited supply of boutique hotels - just 2 boutique hotels in Guildford (the Mandolay and The Angel) and 4 small boutique inns in Peaslake, Churt, Claygate and Cranleigh. Surrey also has one theme park hotel at Thorpe Park. Chessington World of Adventures (just outside the county in the Royal Borough of Kingston-upon-Thames) also operators two theme park hotels. Surrey also has a number of small lower grade hotels, especially at Horley, where there is a cluster of lower quality hotels and large guest houses that cater for air passengers travelling through Gatwick Airport.

3.1.3. In addition to hotels there are also supplies of serviced apartments in Guildford, Woking, Camberley, Dorking, Epsom, Esher, Egham, Leatherhead and Redhill that compete to at least some extent with hotels in these locations. These are predominantly residential apartments that are let out on a serviced apartment basis by serviced apartment companies and letting agencies, primarily to long-stay corporate guests. We have not been able to quantify the stock of serviced apartments in each location as the letting agencies do not publicise how many apartments they are letting.

3.1.4. There is a concentration of luxury destination country house hotels and golf resorts on the north-western side of Surrey, close to Windsor and Ascot. Hotels of these standards here are Pennyhill Park, Great Fosters, Savill Court and Foxhills. The Runnymede-on-Thames at Egham is also very much a destination hotel due to its riverside setting and luxury spa. There are also a number of luxury destination country house hotels just across the border in and around Ascot, including the Dorchester Collection's 5 star Coworth Park, Exclusive Hotels' 4 star Royal Berkshire and the 4 star Macdonald Berystede, all of which trade in the same markets as the nearby comparable hotels in Surrey.

3.1.5. Luxury destination country house and golf hotels in other parts of Surrey are Nutfield Priory; Woodlands Park at Stoke d'Arberon; Langshott Manor at Horley; Lingfield Park Marriott Hotel & Country Club; and The Lodge @ Kingswood.

3.1.6. Country house hotel companies represented in Surrey are:

- Exclusive Hotels (Pennyhill Park);
- Hand Picked Hotels (Nutfield Priory and Woodlands Park);

- Alexander Hotels (Langshott Manor).

3.1.7. Surrey's supply of large (100 + bedroom) 4 star hotels is concentred in Elmbridge ( 3 hotels), Guildford (2 hotels), Egham (1 hotel) and Camberley (1 hotel). 4 star hotel brands represented in Surrey are:

- Hilton (Cobham);
- Marriott (Lingfield Park)
- Radisson Blu (Guildford);
- Holiday Inn (Guildford);
- Macdonald (Frimley Hall, Camberley);
- Mercure (Burford Bridge).

3.1.8. Surrey's 3 star hotel supply predominantly comprises small, independent 3 star hotels spread across the county's key towns. There are only three large branded full service 3 star hotels in Surrey - the Holiday Inns at Woking, Shepperton and Horley/Gatwick Airport. The county only has one limited service 3 star/ upper-tier budget hotel - the Holiday Inn Express at Epsom Downs. The other limited service 3 star/ upper-tier budget hotel brands in the UK (Hampton by Hilton and Ramada Encore) are not currently represented in Surrey. Other 3 star hotel brands operating in Surrey are:

- Best Western (the Ship at Weybridge and Reigate Manor);
- Mercure (the Farnham Bush, London Staines-on-Thames, and White Horse in Dorking);
- Legacy (the Thatchers at East Horsley and Farnham Hogs Back at Seale);
- Days Hotel (the Days Hotel Gatwick at Horley).

3.1.9. Surrey has a good supply of budget hotels across the county; most towns are now served by at least one budget hotel. This supply is dominated by Travelodge (16 hotels/1417 bedrooms)and Premier Inn (12 hotels /794 bedrooms). The only other budget hotel brands represented in Surrey are Days Inn (1 hotel/ 74 rooms) and Innkeeper's Lodge (3 hotels at Godalming, Weybridge and Woking /69 bedrooms).

3.1.10. Most of Surrey's towns have fairly similar numbers of hotel bedrooms. Towns with more significant hotel supplies are Horley (where hotels cater for business from Gatwick Airport), Guildford, Woking, Weybridge, Epsom and Camberley. Larger towns with limited or no hotel provision are Esher (which has no hotels currently), Leatherhead, Redhill, Reigate, Caterham, Walton-on-Thames and the suburban areas of Ashford, Ewell and Molesley. Smaller towns with limited or no hotel provision are Oxted, Cranleigh, Addlestone (although construction of a new Premier Inn budget hotel is due to commence here in 2015), and Banstead.

3.1.11. Surrey's country house conference hotels are all part of one of the main conference hotel and venue chains:

- o De Vere Venues (Gorse Hill at Woking, Horsley Park at East Horsley and Hartsfield Manor at Betchworth);
- o Sundial Group (Barnett Hill at Wonersh, near Guildford);
- o Principal Hayley (Wotton House, Dorking).

3.1.12. De Vere Venues and Principal Hayley also respectively operate the extensive Sunningdale Park (272 bedrooms)and Beaumont Estate (414 bedrooms) country house conference hotels just across the Surrey border in Sunningdale and Old Windsor.

3.1.10. The following hotels in Surrey have spas:

- o Brooklands Hotel, Weybridge
- o Chessington Safari Hotel
- o Georgian House Hotel, Haslemere
- o Hilton Cobham
- o Holiday Inn Guildford
- o Legacy Farnham Hogs Back
- o Lingfield Park Marriott Hotel & Country Club
- o Lythe Hill, Haslemere
- o Macdonald Frimley Hall
- o Manor House Hotel, Newlands Corner
- o Nutfield Priory
- o Pennyhill Park
- o Radisson Blu Guildford
- o Savill Court
- o The Runnymede-on-Thames

## 3.2. Customer Satisfaction with Surrey Hotels

3.2.1. Surrey hotels generally receive predominantly favourable customer reviews on Tripadvisor and high customer ratings (at least 7 out of 10) on booking.com and Expedia (at least 3.5 out of 5). There are clearly some very high quality hotels in the county that achieve mainly 'Excellent' and 'Very Good' customer ratings on Tripadvisor. Other hotels receive slightly more mixed reviews, still predominantly 'Excellent' and 'Very Good' ratings but also some 'Average', 'Poor' and 'Terrible' scores. 45 Surrey hotels are currently achieving an average customer rating of at least 8 out of 10 on booking.com. 25 Surrey hotels score at least 4 out of 5 on Expedia. Only 3 Surrey hotels currently have average customer ratings of below 7 out of 10 on booking.com. These hotels are also receiving a higher number of 'Poor' or 'Terrible' ratings on Tripadvisor.

3.2.2. Most of the independent hotels in Horley appear to offer a fairly basic standard of accommodation and charge very low room rates. Three of the Surrey hotels that serve the Gatwick market are currently receiving significant numbers of 'Terrible' customer ratings on Tripadvisor. Customers otherwise appear to be largely satisfied with the hotels in this part of the county.

3.2.3. Many of Surrey's small independent 3 star hotels have seen little recent investment and appear to offer a somewhat tired and dated product, judging by the customer comments they are receiving on Tripadvisor.

## 3.3. Current Hotel Supply in Surrounding Areas

3.3.1. In the areas immediately surrounding Surrey there are concentrations of hotels in Ascot and Sunninghill in Berkshire; Farnborough, Aldershot and Fleet in Hampshire; Kingston-upon-Thames, Surbiton and Chessington in the Royal Borough of Kingston-upon-Thames; Sutton, Carshalton and Wallington in the London Borough of Sutton; and at the North Terminal at Gatwick Airport. Hotels in these locations are listed at Appendix 3.

3.3.2. Other noteworthy hotels on the edge of Surrey are the 4 star Carlton Mitre (36 bedrooms) at Hampton Wick, just on the edge of East Molesey, the 4 star Old Thorns Manor Hotel, Golf & Country Estate at Liphook (83 bedrooms) and the Grayshott spa hotel at Grayshott, near Hindhead, both just across the border in Hampshire.

3.3.3. Slightly further afield there are significant concentrations of hotels at Heathrow Airport and in Windsor, Bracknell and Croydon.

## 3.4. Recent Hotel Development and Changes in Supply

### New Hotels

3.4.1. 21 new hotels have opened in Surrey in the last 10 years, adding a total of 1,899 bedrooms to the county's hotel supply. These have been predominantly new Premier Inn and Travelodge budget hotels: Travelodge has opened 9 new hotels in the county, while Premier Inn has opened 4 new hotels. Surrey has otherwise seen the opening of a Days Inn budget hotel at Cobham; a 4 star Marriott golf hotel at Lingfield Park racecourse; a small luxury hotel at Kingswood Golf Club at Tadworth; two 4 star hotels (in Guildford and Weybridge); a 3 star limited service Holiday Inn Express hotel at Epsom Downs racecourse; and a boutique inn at Claygate. Thorpe Park also opened the Thorpe Shark themed hotel in 2014, following a successful trial of a temporary hotel (The Crash Pad) in 2013 in partnership with the Snoozebox portable hotel company.

3.4.2. Hotels have steadily opened in Surrey over the last 10 years, including throughout the recession. New hotel openings spiked in 2010 with the opening of the Lingfield Park Marriott, Brooklands Hotel & Spa and Premier Inn at Sunbury. These hotels would have all been planned and in some cases already under construction before the Credit Crunch in 2008. There was a further spike in budget hotel openings in 2012 and most of the new hotels that have opened in the last 3 years have been budget hotels. This is consistent with the national trend in provincial hotel development, with Premier Inn and Travelodge having both successfully taken advantage of the downturn in land values during the recession to secure hotel sites.

3.4.3. Key focal points for new budget hotel openings have been Camberley, Sunbury and Woking. Guildford has been another focus for hotel development, with the opening of a new Travelodge here in 2005 and the 4 star Radisson Blu Edwardian in 2011.

**Table 6**
**NEW HOTELS IN SURREY 2005-2015**

| Hotel | Location | No. Rooms | Year Opened |
|---|---|---|---|
| **Destination Country Hotel & Golf Hotels** | | | |
| Lingfield Park Marriott | Lingfield Park | 116 | 2010 |
| The Lodge @ Kingswood | Tadworth | 18 | 2014 |
| **4 Star Hotels** | | | |
| Brooklands Hotel & Spa | Weybridge | 120 | 2010 |
| Radisson Blu Edwardian | Guildford | 183 | 2011 |
| **3 Star Hotels** | | | |
| Holiday Inn Express Epsom Downs | Epsom | 120 | 2009 |
| **Budget Hotels** | | | |
| Premier Inn Camberley | Camberley | 95 | 2012 |
| Travelodge Camberley | Camberley | 66 | 2006 |
| Travelodge Camberley Central | Camberley | 100 | 2012 |
| Travelodge Chertsey | Chertsey | 73 | 2014 |
| Days Inn Cobham | Cobham | 74 | 2012 |
| Travelodge Egham | Egham | 80 | 2015 |
| Travelodge Epsom Central | Epsom | 64 | 2013 |
| Premier Inn Godalming | Godalming | 16 | 2008 |
| Travelodge Guildford | Guildford | 152 | 2005 |
| Premier Inn Sunbury (Kempton Park) | Sunbury | 109 | 2010 |
| Travelodge Sunbury M3 | Sunbury | 131 | 2007 |
| Travelodge Caterham Whyteleafe | Whyteleafe | 60 | 2006 |
| Premier Inn Woking Town Centre | Woking | 105 | 2013 |
| Travelodge Woking Central | Woking | 110 | 2012 |
| **Theme Park Hotels** | | | |
| Thorpe Shark Hotel | Thorpe Park | 90 | 2014 |
| **Boutique Inn** | | | |
| Foley Arms | Claygate | 17 | 2012 |

Source: Hotel Solutions

**Table 7**
**NEW HOTELS IN SURREY 2005-2015 – BY STANDARD**

| Standard of Hotel | Number of New Hotels | Number of New Hotel Bedrooms | % of New Hotel Bedrooms 2005-2015 |
|---|---|---|---|
| Destination Country House/Golf | 2 | 134 | 7.1 |
| 4 star | 2 | 303 | 16.0 |
| 3 Star | 1 | 120 | 6.3 |
| Budget | 14 | 1235 | 65.0 |
| Theme Park Hotels | 1 | 90 | 4.7 |
| Boutique Inn | 1 | 17 | 0.9 |
| **Total** | **21** | **1899** | **100** |

**Table 8**
**NEW HOTELS IN SURREY 2005-2015 – BY YEAR**

| Year | Number of New Hotels | Number of New Hotel Bedrooms | % of New Hotel Bedrooms 2005-2015 |
|---|---|---|---|
| 2005 | 1 | 152 | 8.1 |
| 2006 | 2 | 126 | 6.6 |
| 2007 | 1 | 131 | 6.9 |
| 2008 | 1 | 16 | 0.8 |
| 2009 | 1 | 120 | 6.3 |
| 2010 | 3 | 345 | 18.2 |
| 2011 | 1 | 183 | 9.6 |
| 2012 | 5 | 396 | 20.9 |
| 2013 | 2 | 169 | 8.9 |
| 2014 | 3 | 181 | 9.5 |
| 2015 | 1 | 80 | 4.2 |
| **Total** | **21** | **1899** | **100** |

### Hotel Openings in Surrounding Areas

3.4.4. In areas immediately surrounding Surrey there has been a significant increase in hotel supply in the Farnborough/Aldershot/Fleet area, where 6 new hotels with a total of 595 bedrooms have opened since 2008. There has been a significant increase in hotel provision at Gatwick Airport's North Terminal in the last 3 years, with the opening of an additional 893 bedrooms in 2 hotels, including a 700-bedroom Premier Inn budget hotel. A 245-bedroom Bloc budget boutique hotel also opened at the South Terminal in 2014. Other noteworthy hotel openings in the surrounding areas have been the two hotels at Chessington World of Adventures and the Dorchester Collection's Coworth Park 5 star country house hotel at Ascot in 2010.

**Table 9**
**NEW HOTELS IN AREAS SURROUNDING SURREY 2005-2015**

| Hotel | Location | Standard | No. Rooms | Year Opened |
|---|---|---|---|---|
| **Ascot/Sunninghill** | | | | |
| Coworth Park | Ascot | 5 Star | 70 | 2010 |
| **Farnborough/Aldershot/Fleet** | | | | |
| Aviator | Farnborough | 4 Star | 162 | 2008 |
| Village Urban Resort | Farnborough | 4 Star | 123 | 2009 |
| Travelodge Farnborough | Farnborough | Budget | 77 | 2009 |
| MAX @ Max House | Farnborough | Svcd Apts | 72 | 2010 |
| Travelodge Aldershot | Aldershot | Budget | 91 | 2012 |
| Premier Inn Fleet | Fleet | Budget | 70 | 2013 |
| **Chessington** | | | | |
| Chessington Safari | Chessington World of Adventures | 4 Star | 150 | 2007 |
| Chessington Azteca | Chessington World of Adventures | 4 Star | 69 | 2014 |
| **Gatwick Airport North Terminal** | | | | |
| Hampton by Hilton London Gatwick | Gatwick North Terminal | 3 star | 192 | 2014 |
| Premier Inn Gatwick (North Terminal) | Gatwick North Terminal | Budget | 701 | 2012 |

Source: Hotel Solutions

## Hotel Refurbishment, Upgrading, Expansion and Development

3.4.5. Alongside new hotel development, a number of Surrey's existing hotels have been refurbished and upgraded in the last 10 years and a few have added bedrooms. The table overleaf summarises the changes that we have identified to existing hotels in the county since 2005. Two hotels in Guildford have repositioned as boutique hotels and two country hotels and inns have repositioned as boutique properties. The former 4 star Renaissance Gatwick Airport Hotel at Horley became a Travelodge budget hotel in 2011. There has been very little recent investment in terms of the expansion of existing hotels.

3.4.6. Relatively few of Surrey's 3 star hotels have seen any significant investment for some time and many are now looking tired and dated. The only significant recent investment in 3 star hotels has been by the new owner of the Legacy Farnham Hog's Back and Thatchers hotels (East Anglia-based Surya Hotels), which has started to invest in these two hotels since acquiring them in 2013, and the recent investment in the Reigate Manor.

**Table 10**
**SURREY HOTELS – EXTENSIONS AND UPGRADES/DOWNGRADES 2005-2015**

| Hotel | Location | New Bedrooms | Upgrading/Downgrading/New Facilities |
|---|---|---|---|
| **Luxury Destination Country House & Golf Hotels** | | | |
| Great Fosters | Egham | | Upgraded to 4 star. £1.3m invested in the hotels restaurants in 2014. |
| Savill Court | Egham | | Upgraded to 4 star |
| Foxhills | Ottershaw | | 20 bedrooms refurbished in 2014 + development of new casual dining restaurant - total investment £1.2m |
| Pennyhill Park | Bagshot | | RFU England training centre opened in 2014 |
| **Boutique** | | | |
| The Mandolay | Guildford | | Formerly the Carlton Hotel - repositioned as a boutique hotel |
| The Angel | Guildford | | Repositioned as an historic boutique hotel |
| Bel & The Dragon | Churt | | Formerly the Pride of the Valley 2 star hotel - repositioned as a boutique inn |
| Hurtwood Hotel | Peaslake | | Repositioned as a boutique hotel - formerly the Hurtwood Inn |
| **4 Star** | | | |
| Brooklands Hotel & Spa | Weybridge | 11 | 11 new bedrooms were created in February 2015 through the redevelopment of the hotel's suites |
| Macdonald Frimley Hall | Camberley | | Upgraded from 3 to 4 star |
| Mercure Burford Bridge | Burford Bridge, Dorking | | Complete refurbishment in 2014 following flood damage in January |
| Holiday Inn Woking | Woking | | Conference centre added 2011. |
| **3 Star** | | | |
| Legacy Farnham Hog's Back | | | Refurbishment of leisure club and conference and banqueting rooms - total investment £250k |
| Legacy Thatchers | East Horsley | | 30 bedrooms refurbished in 2013 - total investment £350k |
| The Bridge Hotel | Chertsey | 11 | New bedrooms added 2011, including executive rooms and junior suites |
| The Stanwell | Stanwell | 34 | Hotel upgraded and new wing of bedrooms added in 2007 - total investment £6.75m |
| Reigate Manor | Reigate | | Refurbishment of public areas and function rooms completed in 2014 - total investment £450k. |
| Russ Hill Hotel | Charlwood | 41 | 41 bedrooms added through conversion of a function room and leisure club |

| Hotel | Location | New Bedrooms | Upgrading/Downgrading/New Facilities |
|---|---|---|---|
| **Budget** | | | |
| Premier Inn Guildford North | Guildford | 27 | 22 bedrooms added in 2011 and a further 5 in 2014 |
| Travelodge Gatwick Airport Central | Horley | | Formerly the 4 star Renaissance Gatwick Airport Hotel- repositioned as a Travelodge budget hotel in 2011 |
| **Conference Hotels** | | | |
| Wotton House | Dorking | | 15 bedrooms upgraded + ground floor refurbishment |
| Gorse Hill | Woking | | 18 bedrooms refurbished in 2012 |
| Barnett Hill | Wonersh | 4 | Four bedrooms added in August 2013 |

Source: Hotel Solutions

### Hotel Closures and Administrations

3.4.7. Our research has identified 20 hotels that have closed in Surrey since 2004 (listed in the table overleaf), with a total loss of 540 bedrooms. These were mainly 2 star, lower grade and poor quality 3 star hotels. The most significant closures have been the Menzies Chequers at Horley and De Vere Venues Branksome Place at Haslemere. Closed hotels have most commonly gone to residential use. Other new uses include a care home, wedding venue and Islamic educational institute (Branksome Place). There have been concentrations of hotel closures in Camberley, Cobham. Epsom, Guildford and Little Bookham. These are all locations that have seen significant budget hotel development, which may have been a factor behind the closure of lower quality hotels. We often find that new budget hotels can present a competitive challenge that such hotels have difficulty in countering, thus contributing to their closure.

3.4.8. The owners of a number of Surrey hotels have gone into administration in the past 3 years:

- Hampshire-based Holybourne Hotels entered administration in February 2014. It's 5 hotels included the 3 star Manor House Hotel at Newlands Corner, Georgian House Hotel in Haslemere and Farnham House Hotel. The Manor House and Georgian House were sold to private buyers at the end of 2014. Farnham House is still on the market.
- The Ramada Guildford/Leatherhead and Farnham were sold out of administration to Surya Hotels in 2013. They are now operating as the Legacy Thatchers and Legacy Farnham Hog's Back.

- The owners of Brooklands Hotel at Weybridge went into administration in 2013. The hotel was sold to a Singaporean tycoon and the Westmont Hospitality Group in April 2014.
- The Menzies Chequers at Horley closed at the end of 2013 following the liquidation of the Menzies Hotels company.

**Table 11**
**SURREY HOTEL CLOSURES 2005-2015**

| Hotel | Bedrooms | Standard | Commentary |
|---|---|---|---|
| **Camberley** | | | |
| Burwood House | 19 | 2 star | |
| Hazel Lodge | 11 | Lower Grade | |
| Cambridge | 15 | Lower Grade | |
| **Cobham** | | | |
| Cedar House[1] | 12 | Lower Grade | |
| Cobham Lodge | 39 | Lower Grade | |
| Fairmile Lodge | 13 | Lower Grade | |
| **Epsom** | | | |
| Driftbridge | 27 | 3 star | Converted to apartments in 2007 |
| Epsom Downs | 11 | Lower Grade | |
| White House | 11 | Lower Grade | |
| **Frensham** | | | |
| Mariners | 24 | 3 star | Redeveloped into the Millbridge Court wedding venue, with 7 boutique bedrooms for the exclusive use of wedding parties |
| **Guildford** | | | |
| Jarvis Guildford | 46 | 3 star | Incorporated into the Radisson Blu Edwardian hotel development scheme |
| Crawford House | 14 | Lower Grade | |
| Blanes Court | 18 | Lower Grade | |
| Clavadel | 20 | Lower Grade | |
| Quinns | 15 | Lower Grade | |
| **Haslemere** | | | |
| De Vere Venues Branksome Place | 60 | Country house conference hotel | Sold in 2013 to an international Islamic educational institute |
| **Horley** | | | |
| Menzies Chequers | 104 | 3 star | Closed following the liquidation of Menzies Hotels in 2013 |
| **Little Bookham** | | | |
| Bookham Grange | 28 | 2 star | Redeveloped for housing |
| Preston Cross | 22 | 2 star | Sold for redevelopment as a care home |
| **Shepperton** | | | |
| Harrisons | 31 | 3 star | Currently undergoing conversion to residential apartments |

Source: Hotel Solutions
Notes:

1. Cedar House in Cobham is currently being marketed for sale as a hotel

## Rebrandings, Changes of Ownership and Hotel Sales

3.4.9. Our research has identified the following rebranding of hotels in Surrey since 2005, primarily as a result of major corporate hotel acquisitions that have included Surrey hotels.

**Table12**
**SURREY HOTEL REBRANDINGS 2005-2015**

| Hotel | Location | Previous Brand |
|---|---|---|
| Legacy Thatchers | East Horsley | Ramada |
| Legacy Farnham Hog's Back | Seale | Ramada |
| Holiday Inn London Shepperton | Shepperton | Moat House |
| Mercure London Staines-upon-Thames | Staines | Unbranded |
| Mercure Burford Bridge | Burford Bridge | Macdonald |
| Mercure Farnham Bush | Farnham | Macdonald |
| Mercure White Horse | Dorking | Macdonald |
| Airport Inn Gatwick (Britannia Hotels) | Horley | Moat House |
| Russ Hill Hotel (Britannia Hotels) | Charlwood | Unbranded |
| Travelodge Gatwick Airport Central | Horley | Renaissance |
| Days Hotel Gatwick | Horley | Unbranded (Skylane Hotel) |
| Travelodge Frimley | Frimley | Innkeeper's Lodge |
| Travelodge Redhill | Redhill | Innkeeper's Lodge |
| Travelodge Walton-on-Thames | Walton-on-Thames | Innkeeper's Lodge |

Source: Hotel Solutions

3.4.10. In addition to the hotels that have recently been sold out of administration (identified in paragraph 3.4.8.), other recent changes in the ownership of Surrey hotels are as follows:

- The Principal Hayley Wotton House hotel at Dorking and De Vere Venues Gorse Hill and Horsley Park conference hotels were acquired by Starwood Capital in 2013 and 2014 as part of its takeover of these two companies. The acquisition also included the De Vere Venues Sunningdale Park and Principal Hayley Beaumont Estate hotels, just across the border in Ascot and Old Windsor. Starwood Capital is currently selling a portfolio of 11 De Vere Venues and 7 Principal Hayley hotels. It is not known whether any properties in Surrey are included in the portfolio.
- The Bridge House Hotel in Reigate was taken over by new private owners in 2014.
- The Savill Court Hotel at Egham was acquired by Arora Hotels in 2014.
- Gatton Manor was acquired by Russian owners in 2011.

3.4.11. The following hotels in Surrey are currently up for sale:

- Holiday Inn Gatwick Airport (216 bedrooms);
- The Talbot, Ripley (43 bedrooms);
- Farnham House Hotel - the last of the Holybourne Hotels in Surrey to be sold;
- Cedar House, Cobham (12 bedrooms - currently closed).

3.4.12. Just outside the county at Ascot the Cabinet Office has put Sunningdale Park up for sale as a freehold development opportunity for employment, leisure or residential uses, with vacant possession available from May 2017. This site may not therefore remain as a conference venue and hotel.

### Change in Surrey Hotel Supply – 2005-2015

3.4.13. In terms of overall change in Surrey's hotel supply since 2015 there has been only a slight net movement in the county's total number of hotels, with only one more hotel having opened than the number of hotels that have closed. The new hotels that have opened have however been significantly larger than those that have closed, which together with the expansion of existing hotels has resulted in an increase in total hotel bedrooms of 1,487, equivalent to a growth of 23.8%.

**Table 13**
**SURREY – CHANGES IN HOTEL SUPPLY 2005-2015**

| Change in Hotel Supply | Hotels | Hotel Bedrooms |
|---|---|---|
| New hotel openings | 21 | 1899 |
| Expansion of existing hotels | | 128 |
| Hotel closures | (20) | (540) |
| **Net change 2005-2015** | **1** | **1487** |
| **% change 2005-2015** | **0** | **+23.8%** |

Source: Hotel Solutions

## 3.5. Planned Hotel Development

### Hotels Under Construction

3.5.1. As far as we have been able to establish there are no hotels currently under construction in Surrey.

### Proposed New Hotels in Surrey

3.5.2. Our research has identified proposals for 18 new hotels in Surrey that could potentially add around 1,800 bedrooms to the county's hotel supply if they all go ahead. The information that we have on these proposed hotels is summarised in the table overleaf and overleaf. The proposals are mostly for upscale, full service hotels. They include three 5 star/luxury country house and golf hotels, three 4 star golf hotels, a new 4 star hotel in Woking and a 4 star themed hotel at Thorpe Park. There are also firm proposals for new budget hotels at Addlestone, Farnham and Redhill; a current application for a budget hotel at West Byfleet; and proposals for 5 hotels of an unspecified standard. There are no firm proposals for midmarket/ 3 star hotels (unless some of the hotels of an unspecified standard are progressed at this level), and nothing proposed in terms of aparthotels and serviced apartment complexes.

**Table 14**
**SURREY – PROPOSED HOTELS (AS AT AUGUST 2015)**

| Proposed Hotel/Site | Standard | No. Rooms | Details |
|---|---|---|---|
| **Addlestone** | | | |
| Premier Inn | Budget | 101 | Hotel planned as part of a mixed use retail, residential and leisure scheme in Addlestone town centre. Work on site is expected to commence in 2015 with completion scheduled for 2017. |
| **Alfold** | | | |
| Wildwood Golf & Country Club | 4 star Golf | 84 | Planning permission granted for an 84-bedroom hotel with spa and conference facilities + 39 woodland lodges. The scheme is to be progressed as a partnership with Hilton Hotels. Total investment £30m. |
| **Ashford** | | | |
| 524-538 London Road | n/k | 132 | Permission granted in 2014 for 132 bed hotel on former retail site. |

| Proposed Hotel/Site | Standard | No. Rooms | Details |
|---|---|---|---|
| **Esher** | | | |
| Sandown Park | n/k | 109 | Permission was granted for a hotel with associated facilities in 2008 and the time limit extended in 2011. In 2014 a Lawful Development Certificate was approved due to a start on site (demolition) |
| **Ewhurst** | | | |
| Hurtwood Park Polo Club | 5 star | 74 | Pending proposal to develop a hotel complex, conference facilities, spa, extension of polo clubhouse, 14 dwellings, stabling for 78 horses, new arena and grooms accommodation. |
| **Farleigh** | | | |
| Farleigh Golf Club | 4 star Golf | 100 | The owners of the golf club have indicated that they plan to spend £25m on the development of a 100-bedroom hotel, 12 apartments and a spa. |
| **Farnham** | | | |
| Premier Inn | Budget | 60 | Proposed hotel and Beefeater restaurant on Guildford Road. |
| **Godstone** | | | |
| Streete Court | 4 star Golf | 73 | Planning permission granted in 2011 for the restoration, conversion and extension of this former boys' school adjacent to Godstone Golf Club into a 73-bedroom hotel with leisure and spa facilities |
| **Guildford** | | | |
| University of Surrey | 4 star | 175 | The University of Surrey is currently investigating the potential for a commercially-operated training hotel and conference centre to be built on its Manor Park Campus. |
| **Leatherhead** | | | |
| Cherkley Court | 5 star Country House/Golf | 48 | Proposed conversion of Cherkley Court into a luxury hotel with private members' golf course. In May 2014 the Court of Appeal overturned the High Court's decision to quash the original planning permission granted by Mole Valley District, giving the green light for the scheme to go ahead. |
| **Redhill** | | | |
| Travelodge | Budget | 68 | Hotel to be developed as part of the Warwick Quadrant mixed-use redevelopment scheme. The hotel is to be developed in partnership with Reigate & Banstead Borough Council using Public Works Loan Board funding. |

| Proposed Hotel/Site | Standard | No. Rooms | Details |
|---|---|---|---|
| **Staines** | | | |
| Majestic House | n/k | n/k | Permission granted in 2011 for a mixed use scheme to include hotel, office, retail and leisure. |
| **Stanwell Moor** | | | |
| Hithermoor Farm | n/k | 35 | Permission granted in 2012 for the conversion of four listed buildings to a 35 bed hotel. |
| **Thorpe Park** | | | |
| Thorpe Park Hotel | 4 star Themed | 250 | Detailed planning permission granted in 2014 for a 250-bedroom, 3-storey hotel complex with bar, restaurant, swimming pool and leisure and conference facilities, to be developed in two phases of 150 and 100 bedrooms. Construction of the hotel is planned to commence in 2016, with the first phase hotel due to open in 2018. |
| **West Byfleet** | | | |
| Sheer House, 7 Station Approach | Budget | 80 | Current application (March 2015) to convert office to hotel. |
| **Woking** | | | |
| Victoria Square | 4 star | 190 | A 190-bedroom, 4 star hotel with spa, gym, conference facilities and restaurants is included as part of the Victoria Square mixed-use development scheme in Woking town centre. |
| 8-12 High St | n/k | 80 | New 9 storey building for an 80 bed hotel with dining room, bar, function room penthouse apartment and basement car parking, roof top restaurant and bar, and ground floor retail units. Permission valid to April 2017. |

Source: Hotel Solutions

3.5.2. Our research has identified several proposed hotel schemes in Surrey that have been refused planning permission or that are not now going ahead for other reasons:

- The two hotels proposed as part of the Guildford station redevelopment plans have been dropped from the scheme due to concerns about the impact on traffic.
- A planning application for a 56-bedroom extension with 4 conference rooms and a roof garden to Wentworth Club's existing 10 guest bedrooms, with 4 conference rooms and a roof garden was withdrawn in 2014 following objections from local residents.
- Elmbridge Borough Council refused planning permission in 2011 for a 198-bedroom 5 star subterranean hotel and luxury spa at Hersham Golf Club to protect the Green Belt. The scheme was also rejected on appeal.
- A proposal in 2009 to convert Moore Place in Esher into a 50-bedroom Hotel du Vin boutique hotel , which received planning permission from Elmbridge Borough Council , was not progressed and the building has now been developed as a care home.
- Proposals for the conversion of Chubb House and the adjacent Podium building at Sunbury Cross to a 135 bedroom hotel were granted permission in 2009, but this has now expired.
- Permission was granted in 2011 for a 172 bedroom hotel on London Road Ashford but this was not implemented and the permission has now expired.
- Epsom & Ewell Borough Council refused permission in 2012 for the demolition of the Comrades Club in Epsom town centre and replacement with a 77-bedroom hotel on the grounds that the building would be out of keeping with the character and context of the surrounding area due to its bulk, height and mass. Travelodge had at one time been in discussions with the applicant, Storm Land & Estates, but was not involved in the planning application.
- Other significant schemes that have been refused include:
    - An application for a 24 bedroom extension to the Days Inn hotel at Cobham Services ( refused permission in 2014);
    - A 93 bedroom Premier Inn at Walton on Thames, refused on grounds of scale and impact (2013);
    - A 21 bedroom hotel proposal in association with The Woodman at Ashtead on the grounds of parking and visual impact;
    - The conversion of an office to a 21 bedroom hotel in Woking was refused on the grounds of loss of office undermining economic growth;;

- Refusal to vary conditions restricting the use of The Manor House at Godalming to conference use ( no weddings or functions);
- A proposal to develop 32 bedrooms in conjunction with The Otter, Ottershaw;
- The Old Telephone Exchange and Masonic Lodge at Staines, refused permission for a mixed use scheme of hotel, residential and commercial space (2014).

### Proposed New Hotels in the Surrounding Area

3.5.3. Our research has identified proposals for 7 new hotels in locations immediately surrounding Surrey, including a potential 200-bedroom 4 star hotel at Ascot Racecourse, a new 4 star hotel at Kingston-upon-Thames, three hotels at Sutton, a possible hotel at Coulsdon, a new luxury country house hotel that is due to open in North Hampshire in 2015, and a proposed hotel at Biggin Hill Airport.

**Table 15**
**PROPOSED HOTELS IN AREAS SURROUNDING SURREY (AS AT AUGUST 2015)**

| Proposed Hotel/Site | Standard | No. Rooms | Details |
|---|---|---|---|
| **Ascot** | | | |
| Royal Ascot Hotel | 4 star | 200 | Arora Hotels announced plans in 2011 to develop a 200-bedroom 4 star hotel and spa opposite the entrance to Ascot Racecourse. |
| **Coulsdon** | | | |
| Cane Hill Hospital | n/k | n/k | Hotel as part of a major mixed use scheme in the Green Belt |
| **Kingston-upon-Thames** | | | |
| Doubletree by Hilton | 4 star | 142 | Hotel under construction - due to open in 2015 |
| **Sutton** | | | |
| Travelodge London Sutton | Budget | 100 | Hotel proposed on Sutton High Street |
| Premier Inn London Sutton | Budget | 119 | Hotel proposed on St Nicholas Way |
| Sutton Point | 3 star | 139 | Hotel proposed as part of a major mixed-use residential, office, retail and leisure development in Sutton town centre. Planning permission was granted for the scheme in 2013. |
| **Heckfield, Hampshire** | | | |
| Heckfield Place | Luxury | 60 | Luxury country house hotel due to open in 2015 |
| **Biggin Hill, Bromley** | | | |
| Biggin Hill Airport | Quality | 76 | Planning approved for a hotel on the airport |

## Planned/Proposed Development of Existing Hotels in Surrey

3.5.4. The tables overleaf summarises the information on the plans and proposals for the development of existing hotels in Surrey that our research has identified. We are also aware of two further proposals to expand existing hotels in the county that we are unable to provide information on for reasons of confidentiality.

3.5.5. The new owners of hotels in the county are generally planning to invest in upgrading programmes, including two owners that are looking at 5 star/luxury schemes. A number of existing hotel owners are also planning refurbishment and upgrading programmes, including the repositioning of the Best Western Frensham Pond Hotel at Churt to a 4 star boutique hotel and spa and the upgrading of the Holiday Inn Woking to 4 stars. A number of hotels have planning permission for additional bedrooms that they may progress in the next few years. The Oatlands Park Hotel at Weybridge will open a spa and leisure club in 2015. The owners of Foxhills at Ottershaw have announced plans to develop a ballroom, indoor tennis courts and yoga studio alongside an additional 30 bedrooms.

**Table 16**
**SURREY – PLANNED DEVELOPMENT OF EXISTING HOTELS**

| Hotel | Standard | New Rooms | Proposed Development |
|---|---|---|---|
| **Burford Bridge** | | | |
| Mercure Burford Bridge | 4 star | 20 | Planning permission for an additional 20 bedrooms. Likely to be a longer-term project. |
| **Churt** | | | |
| Best Western Frensham Pond | Boutique | | Currently undergoing complete refurbishment and repositioning as a boutique hotel and spa. |
| **Egham** | | | |
| Savill Court | 4 star | | Arora Hotels is understood to be planning significant investment in the hotel. |
| Great Fosters | 4 star | 12 | Planning permission for an additional 12 bedrooms. Refurbishing 11 bedrooms in 2015. |
| **Farnham** | | | |
| Bishops Table Hotel | | 6 | Planning permission granted 2013 for 6 new bedrooms |
| **Godalming** | | | |
| The Manor House | 3 star | | Refurbishing 15 bedrooms in 2015 |
| **Haslemere** | | | |
| Georgian House Hotel | 3 star | | The new owners of the hotel are understood to be planning to invest in upgrading the hotel. |
| **Newlands Corner** | | | |
| Manor House Hotel | 3 star | | The new owners of the hotel are understood to be planning to invest in upgrading the hotel. |
| **Moorhouse, near Westerham** | | | |
| Grasshopper Inn | Boutique Inn | 28 | Planning permission granted in 2014 for an extension to increase rooms from 9 to 37 |
| **Ockley** | | | |
| Gatton Manor | 3 star | 20 | Planning permission for 20 serviced hotel apartments. The owners of the golf club are understood to be currently looking at options for a more significant development of the hotel to provide a high quality hotel and golf club. |
| **Ottershaw** | | | |
| Foxhills | 4 star | 30 | The owner of Foxhills has indicated that he intends to add 30 bedrooms, a ballroom, indoor tennis courts and a yoga studio. |
| **Reigate** | | | |
| Bridge House | 3 star | | The new owners of the hotel are understood to be planning investment in the hotel. |
| **Seale** | | | |
| Legacy Farnham Hog's Back | 3 star | | Refurbishment of further bedrooms and the hotel's leisure club and public areas scheduled for 2015 |

| Hotel | Standard | New Rooms | Proposed Development |
|---|---|---|---|
| **Shepperton** | | | |
| Holiday Inn Shepperton | 3 star | | Plans for complete refurbishment |
| Warren Lodge | 3 star | | Bedroom refurbishment planned |
| **Weybridge** | | | |
| Oatlands Park | 4 star | | Developing a spa and health club in 2015 |
| **Woking** | | | |
| Holiday Inn Woking | 3 star | 9 | Converting banqueting space into 9 guest bedrooms and a gym. £5m refurbishment planned to upgrade the hotel to 4 star. |
| Gorse Hill | Conference Hotel | 22 | Planning permission for a standalone conference centre with 22 bedrooms |
| **Wonersh** | | | |
| Barnett Hill | Conference Hotel | (4) | Planned redevelopment of courtyard buildings to provide higher quality bedrooms. Will result in the loss of 4 bedrooms. |

Source: Hotel Solutions

# 4. CURRENT HOTEL PERFORMANCE & MARKETS

## 4.1. Occupancy, Achieved Room Rates[10] and Revpar[11]

4.1.1. The table overleaf sets out our estimates of average annual room occupancies, achieved room rates and revpar for Surrey hotels for 2012, 2013 and 2014, based on the information provided to us by the managers and owners of the county's hotels.

4.1.2. Room occupancies for Surrey hotels are slightly below national averages but achieved room rates and revpar performance are significantly ahead of the UK provincial hotel sector norms.

4.1.3. Luxury destination country house and golf hotels in Surrey are achieving strong occupancies and very high average room rates, particularly at the 5 star end of the market.

4.1.4. Surrey 4 star hotel occupancies are not particularly high but achieved room rates and revpar figures are very strong. Occupancies vary significantly by location. They are high (75%+) in Guildford and for some hotels in Elmbridge[12]. Surrey 4 star hotels otherwise generally trade at average annual room occupancies of around 60-65%.

4.1.5. The county's large branded 3 star/midmarket hotels are achieving comparatively strong average room rates. Their occupancies vary significantly by location. They are high in Woking but otherwise below national averages, and under 60% for one hotel.

4.1.6. Surrey's small independent 3 star hotels are generally trading at relatively low levels of occupancy, achieved room rate and revpar.

4.1.7. Budget hotels in all parts of Surrey achieve very high room occupancies. Average annual room occupancy levels are well above 80% in most locations and approaching 90% in some. Locations of lower budget hotel performance (room occupancies of 70-75%) are Camberley, Sunbury and Leatherhead.

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[10] The amount of rooms revenue (excluding food and beverage income) that hotels achieve **per occupied room** net of VAT, breakfast (if included) and discounts and commission charges.

[11] The amount of rooms revenue (excluding food and beverage income) that hotels achieve **per available room** net of VAT, breakfast (if included) and discounts and commission charges.

[3] The Surrey borough that covers Weybridge, Walton-on-Thames, Esher and Cobham

**Table 17**
**SURREY HOTELS PERFORMANCE 2012-2014**

| Location/ Standard of Hotel | Average Annual Room Occupancy % | | | Average Annual Achieved Room Rate[3] £ | | | Average Annual Revpar[4] £ | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2012 | 2013 | 2014 | 2012 | 2013 | 2014 |
| **UK Provincial Hotels (All Standards)[1]** | **69.8** | **72.6** | **75.0** | **59.22** | **59.94** | **64.00** | **41.32** | **43.53** | **48.00** |
| **UK Provincial 3/4 Star Chain Hotels[2]** | **69.6** | **72.0** | **73.9** | **69.97** | **72.00** | **76.49** | **48.72** | **51.84** | **56.53** |
| **Surrey Luxury Destination Hotels** | **73** | **74** | **75** | **131** | **132** | **141** | **96** | **99** | **106** |
| **Surrey 4 star Hotels** | **69** | **69** | **70** | **94** | **95** | **100** | **65** | **66** | **70** |
| **Surrey Large Branded 3 Star/Midmarket Hotels[5]** | **68** | **68** | **70** | **79** | **82** | **84** | **53** | **56** | **59** |
| **Surrey Small (Independent and Branded ) 3 Star Hotels** | **61** | **65** | **67** | **57** | **61** | **61** | **35** | **40** | **41** |
| **Surrey 3/4 Star Hotels[5]** | **67** | **68** | **69** | **83** | **85** | **88** | **55** | **58** | **61** |
| **Surrey Country House Conference Hotels** | **n/a** | **69** | **70** | **n/a** | **82** | **87** | **n/a** | **56** | **61** |
| **Surrey Budget Hotels** | **n/a** | **n/a** | **79** | **n/a** | **n/a** | **51** | **n/a** | **n/a** | **40** |
| **Surrey Hotels (All Standards)[5]** | **n/a** | **n/a** | **73** | **n/a** | **n/a** | **84** | **n/a** | **n/a** | **61** |
| Guildford Hotels (All Standards) | n/a | n/a | 78 | n/a | n/a | 79 | n/a | n/a | 62 |
| Woking Budget Hotels | n/a | n/a | 81 | n/a | n/a | 54 | n/a | n/a | 44 |
| Camberley Budget Hotels | n/a | n/a | 72 | n/a | n/a | 43 | n/a | n/a | 31 |
| Frimley/Farnborough 3/4 Star Hotels | 66 | 67 | 70 | 98 | 92 | 100 | 65 | 62 | 70 |
| Horley/ Gatwick North Hotels ( 3 Star + Budget Hotels) | n/a | n/a | 81 | n/a | n/a | 42 | n/a | n/a | 34 |
| Gatwick Airport (All Standards)[1] | n/a | n/a | 79 | n/a | n/a | 61 | n/a | n/a | 48 |

Source: Hotel Solutions

Notes
1. Source: STR Global
2. Source: TRI Hotstats UK Chain Hotels Market Review
3. The amount of rooms revenue (excluding food and beverage income) that hotels achieve per occupied room net of VAT, breakfast (if included) and discounts and commission charges.
4. The amount of rooms revenue (excluding food and beverage income) that hotels achieve per available room net of VAT, breakfast (if included) and discounts and commission charges
5. Excluding Horley/Gatwick North 3 star and budget hotels

4.1.8. Surrey's country house conference hotels generally trade at slightly below national average levels of room occupancy but high achieved room rates and revpar figures as a whole. Achieved room rates vary significantly however. Some of the county's conference hotels traded at average annual achieved room rates of around £60 in 2014, while others achieved much stronger figures of £80-100.

4.1.9. While the sample of lower grade hotels that we interviewed is not sufficient to allow us to publish performance data for this category of hotel, the lower grade hotels that we spoke to all reported relatively low occupancy levels, ranging from 53% to 68% in 2014, and comparatively low achieved room rates.

4.1.10. The hotels that have opened at Thorpe Park and Chessington World of Adventures have quickly attracted strong demand for family breaks at weekends and during school holidays.

4.1.11. The discussions that we had with serviced apartment companies that operate in Surrey showed very high demand for serviced apartments in the county's key towns and business locations from the long stay corporate market.

4.1.12. In terms of hotel performance at a more local level (where sample sizes have allowed us to publish data):

- Guildford hotels are trading strongly for all performance indicators;
- Budget hotels in Woking are trading ahead of county budget hotel occupancy and achieved room rate averages;
- Camberley budget hotels are not trading as strongly as budget hotels in other parts of the county;
- Hotels in Frimley/Farnborough achieve relatively low room occupancies but very high achieved room rate and revpar results;
- Horley/Gatwick North hotels trade at very high levels of occupancy but low achieved room rates, due to the dominance of budget hotels in the sample here that cater primarily for Park & Fly customers on discounted room rates.

4.1.13. In line with the national trend, average annual room occupancies have generally edged upwards for all standards of hotel in Surrey over the last 3 years, while achieved room rates and revpar figures have steadily increased. Rate growth was particularly strong at the top end of the market in 2014. Factors behind the improved hotel performance have been:

- The strengthening national and local economy, which has resulted in recovery and renewed growth in corporate demand for hotel accommodation and some recovery in the residential conference market. The stronger demand has also enabled hotels to hold out for higher room rates from transient corporate customers;
- Continued growth in the short break market;
- Increased and improved marketing and sales activity by many hotels, including greater use of online travel agents (booking.com, Expedia, LateRooms etc) and daily deals sites (Groupon, Wowcher, Living Social etc.)
- The investment that some hotels have seen.

4.1.14. Hotel occupancies and/or achieved room rates have dropped back in some parts of Surrey following the opening of new hotels:

- Full-service hotel occupancies and room rates reduced in Guildford in 2012 following the opening of the Radisson Blu Edwardian. Occupancies have built back up by 2014 but achieved room rates have still not fully recovered.
- Occupancies dropped slightly in 2013 and 2014 for hotels in Horley following the opening of the new 700-bedroom Premier Inn at Gatwick's North Terminal in 2012 and the Hampton by Hilton in 2014.
- Room rates dropped back slightly in Woking in 2014 following the opening of the new town centre Premier Inn in October 2013.
- 3 and 4 star hotels in Farnham and Camberley have seen a substantial drop in occupancies since the new hotels have opened in Farnborough and Aldershot.

## 4.2. Patterns of Demand

4.2..1 The table below sets out our estimates of average annual weekday and weekend occupancies for Surrey hotels, based on the information provided to us by the managers and owners of the county's hotels.

**Table 18**
**SURREY HOTELS - WEEKDAY/ WEEKEND OCCUPANCIES – 2014**

| Standard of Hotel | Average Annual Room Occupancy % | | | |
|---|---|---|---|---|
| | Mon-Thurs | Fri | Sat | Sun |
| **Surrey Luxury Destination Hotels** | 76 | 76 | 95 | 56 |
| **Surrey 4 star Hotels** | 80 | 56 | 75 | 33 |
| **Surrey Large Branded 3 Star/Midmarket Hotels** | 80 | 46 | 70 | 39 |
| **Surrey Small (Independent and Branded) 3 Star Hotels** | 79 | 48 | 73 | 25 |
| **Surrey 3/4 Star Hotels**[1] | 80 | 53 | 74 | 33 |
| **Surrey Conference Hotels** | 79 | 56 | 64 | 43 |
| **Surrey Budget Hotels** | 89 | 79 | 88 | 60 |
| **Surrey Hotels (All Standards)** | 82 | 64 | 78 | 46 |
| Guildford Hotels (All Standards) | 86 | 67 | 80 | 48 |
| Frimley/Farnborough 3/4 Star Hotels | 81 | 54 | 75 | 38 |
| Horley/ Gatwick North Hotels ( 3 Star + Budget Hotels) | 84 | 89 | 89 | 88 |

4.2.2. Hotels of all standards in all parts of Surrey achieve very high midweek (Monday to Thursday) occupancies and room rates. Most hotels consistently fill on Tuesday and Wednesday nights for much of the year. Monday night occupancies are also strong and many Surrey hotels frequently fill on this night also. Thursday occupancies tend to be lower, typically running at around 75%, and are generally more variable. Midweek occupancies are strong throughout the year but can dip for some hotels during school holidays and in early January.

4.2.3. Weekend occupancies and room rates are much lower for most of Surrey's hotels, other than the county's luxury destination country house and golf hotels, budget hotels, serviced apartments and hotels at Horley/North Gatwick. It is this weaker weekend performance that results in the below national average occupancy levels for Surrey hotels. Saturday is the strongest weekend night. Friday occupancies are lower and Sunday occupancy levels are not usually very high. Weekend occupancies are stronger between April and October, when demand from wedding guests, leisure break business, and demand generated by major events all increase. Some hotels regularly fill on Saturday nights during the summer months, while others usually have Saturday night availability. Some hotels also trade strongly on Saturday nights in December as a result of demand from people attending Christmas parties. Sunday occupancies are very low other than for luxury country house and golf hotels, budget hotels and 3 star and budget hotels at Horley and Gatwick North. Serviced apartments also achieve high occupancies on Sunday nights as a result of the extended stay corporate business that they attract. In common with most parts of the UK weekend hotel occupancies are low in Surrey in January and February.

4.2.4. Although we did not collect average room rate data for weekdays and weekends, our discussions with the county's hotel managers showed Surrey hotels to be achieving high midweek room rates but generally much lower weekend room rates, with weekend business generally being more price driven, other than for the county's luxury destination country house and golf hotels. Weekend business is generally low-rated for Surrey's 3 star hotels and very low-rated for the county's lower grade hotels.

## 4.3. Market Mix

### Midweek Markets

4.3.1. Midweek markets vary by type and standard of hotel:

- Residential conferences are the key midweek market for most of the county's luxury destination country house and golf hotels, accounting for as much as 60-70% of midweek occupancy for some hotels. Corporate demand from local companies is generally a secondary midweek market, although is stronger for some hotels. Luxury country house hotels also attract leisure break business during the week in the summer (as much as 10-20% of summer midweek occupancy for some hotels), together with bedroom business from midweek weddings and some demand during the week from overseas tourists during the summer months.
- Corporate demand is the key midweek market for most of Surrey's 4 star hotels, typically accounting for 65-85% of midweek occupancy. Residential conferences are a strong midweek market for two of the 4 star hotels in Runnymede and Elmbridge, accounting for as much as 50% of their midweek bedroom business. Residential conferences otherwise account for around 15-25% of weekday demand for 4 star hotels. The county's 4 star hotels also attract some midweek leisure break business during the summer.
- Residential conferences are the core source of midweek trade for country house conference hotels, accounting for 75-95% of their weekday occupancy. These hotels also top up with transient local corporate business during the week, together with some trade from midweek weddings, midweek leisure breaks and occasionally a midweek tour group.
- Local corporate demand accounts for 80-90% of midweek occupancy for most of the county's 3 star hotels. Contractors are a secondary weekday market for many 3 star hotels. Residential conferences are a minor midweek market for the county's larger, branded 3 star hotels but not generally a market that the smaller, independent 3 star hotels attract. 3 star hotels otherwise attract small amounts of midweek leisure break business, some group tour business, and some bedroom business from funerals and midweek weddings.

- Budget hotels typically attract a roughly even mix of midweek trade from corporate customers and contractors. Corporate demand is stronger for budget hotels in Guildford, Woking and Elmbridge. Surrey's budget hotels also attract a small amount of midweek leisure business and one of the county's budget hotels take some midweek group tour business.
- Hotels at Horley and Gatwick North cater largely for air passengers departing on holiday flights from Gatwick, usually on Park & Fly packages. 3 star hotels here also attract some corporate demand from companies in Crawley and Redhill. Horley hotels do not attract aircrew business. This mainly goes into the 4 star hotels on the airport terminals.
- Serviced apartments cater for long stay corporate customers during the week and at weekends.

### Weekend Markets

4.3.2. Weekend markets similarly vary by type and standard of hotel:

- The key weekend markets for Surrey's luxury country house and golf hotels are leisure breaks and weddings. They attract both of these markets but tend to focus on one or other of them. Overseas tourists are a further weekend market for most of the county's luxury country house hotels.
- Leisure breaks are the primary weekend market for Surrey's 4 star hotels, typically accounting for 60-65% of weekend occupancy. Weddings and functions are the other main weekend market for 4 star hotels, generally account for around 20-40% of their weekend trade. Other weekend demand is from people attending major events in and around the county, weekend conferences for some hotels and corporate arrivals on Sunday nights. Only one 4 star hotel reported taking any group tour business at weekends.
- Weddings are the main weekend market for country house conference hotels, generally accounting for 55-75% of their weekend occupancy. They also attract some demand for weekend conferences and a number have a strong weekend trade from church groups. Leisure breaks generally account for around 10-30% of weekend demand.

- Leisure breaks are the main weekend market for the county's large, branded 3 star hotels, typically accounting for around 70-75% of weekend occupancy. Group tours are an important secondary weekend market for one of these hotels and a minor source of weekend business for the others.
- Guests attending weddings in hotels and other venues are the main weekend market for the smaller, independent 3 star hotels. Leisure breaks account for around 20-30% of their weekend trade. Other weekend markets for 3 star hotels are people visiting friends and relatives, those attending major events and visiting sports teams.
- The main weekend markets for budget hotels are wedding guests and people visiting friends and relatives. Budget hotels also attract some weekend leisure break business. Other weekend markets are people attending major events and sports groups. Tour groups are also a key weekend market for one budget hotel.
- Air passengers flying from Gatwick remain the main market for hotels in Horley and Gatwick North at weekends.
- In addition to the long stay corporate customers that they have staying over the weekend, serviced apartments also attract wedding parties and leisure break guests to fill any weekend availability that they have between corporate lets.

## 4.4. Insight into the Key Markets for Surrey Hotels

### Corporate Demand from Surrey Companies

4.4.1. Midweek corporate demand for hotel accommodation is very strong across Surrey, particularly in Elmbridge, Runnymede, Spelthorne, Epsom, Guildford and Woking. There are significant numbers of national, European and Global headquarters of major national and multinational blue chip oil & gas, financial & professional services, IT, electronics, pharmaceutical and engineering companies in these parts of the county that have significant requirements for hotel accommodation for visiting executives, staff and customers. A lot of this demand is from international visitors that require 4 star hotel accommodation. There also appears to be a significant element of long stay, project-related demand that is catered for by serviced apartments and some 4 star hotels.

4.4.2. Corporate demand does not appear to be as strong in Dorking, Farnham, Godalming, and Haslemere. The few hotels in these locations appear to be adequately catering for the hotel requirements of local companies. Hotels in Farnham rely primarily on business from companies in Farnborough and Aldershot: there does not appear to be a particularly strong corporate market for hotel accommodation in Farnham itself.

4.4.3. Our research showed some evidence of Redhill and Reigate companies using hotels in Epsom and Horley due to the lack of hotel provision in these towns. We also found evidence of some companies in Leatherhead using hotels in Epsom, suggesting an inadequacy of hotel provision in the town to meet the needs of local companies. 3 and 4 star hotels in Camberley and Frimley derive a significant amount of their midweek business from companies based in Farnborough. 3 star hotels in Horley attract some corporate business from companies based in Crawley. Corporate demand is otherwise highly localised in other parts of Surrey, with hotels essentially catering for the needs of companies in their immediate vicinity. Some hotels that are located close to train stations also appear to be used by some business visitors as a base for commuting into Central London.

4.4.4. While the Hotel Futures Study has not included a survey of Surrey companies to assess their requirements for hotel accommodation, we did speak to BP, which has one of its two global bases located at Sunbury. Its site here is the base for BP's Eastern Hemisphere and African operations, as well as 56 other BP businesses. It attracts significant numbers of visitors from all over the world that require 4 star hotel accommodation. The company primarily uses Central London hotels and 4 star hotels in Richmond as there are no suitable 4 star hotels close to its Sunbury base. BP opened a new global high tech training centre on its Sunbury site in July 2014. This attracts people from across the globe for training programmes lasting from 2 days to up to 2 weeks. The training centre expects to handle 5,000 visitors in 2015 and eventually 8,000 visitors per year, all of whom will require hotel accommodation in the area. Going forward BP is looking to consolidate its other UK operations at its Sunbury base, so the company's requirements for hotel accommodation here are likely to rise. While our contact at BP was unable to quantify the company's total requirement for hotel accommodation in the Sunbury area, as each BP business makes its own arrangements for its visitors, he indicated that the company would be able to make good use of a new 4 star hotel if one were to be developed close to its Sunbury site.

### Residential Conferences

4.4.5. Corporate residential conferences are a key midweek market for Surrey's luxury country house and golf hotels, some 4 star hotels and the county's country house conference hotels. This business is derived either from the major national and international companies that are based in Surrey or Central London companies that use Surrey hotels for national and international conferences and meetings, with overseas attendees flying in through Heathrow and to a lesser extent Gatwick.

4.4.6. Luxury country house hotels most typically host residential conferences for around 50 delegates that last for 3 days. They also attract good demand for larger conferences of around 100 delegates.

4.4.7. Country house conference hotels generally have contracts with specific companies that use them as their corporate training and conference centre. They also attract business from the national clients of their brand, together with footloose conferences and series training programmes. The size and duration of conferences and training courses that country house conference hotels attract varies significantly. Some attract a fair number of larger conferences of 100+ delegates. One country house conference hotel located just outside Surrey attracts a good number of 300-400 delegate conferences.

4.4.8. The branded 3 star hotels in the county that attract residential conference business generally cater for smaller meetings and training courses from local companies, of around 10-20 delegates, with a requirement for hotel accommodation for one or two nights.

4.4.9. Hotels in Woking and Guildford do not attract any business from conferences and exhibitions held at the H G Wells Conference and Events Centre in Woking and G Live centre in Guildford. Hotels in Farnham, Frimley, Camberley and Guildford attract some business from the major trade exhibitions that are held at the FIVE event venue in Farnborough.

## Contractors

4.4.10. Contractors working on construction, development, transport infrastructure, IT and shop fitting projects are a key midweek market for Surrey's budget hotels, typically accounting for around half of their weekday occupancy. They are also the primary source of midweek business for many lower grade hotels, and a secondary weekday market for most 3 star hotels.

## Leisure Break Business

4.4.11. Most hotels in Surrey attract weekend break demand and some midweek leisure break business. The nature of the leisure break business that hotels attract and what drives it varies significantly by type and standard of hotel however:

- Luxury country house hotels and some 4 star hotels attract high-rated leisure break business as a result of the quality of their offer and food. They act very much as destination hotels. Special celebrations, anniversaries and birthdays are a key driver of their leisure break business. Hotels with luxury spas attract strong demand for spa breaks.
- Golf hotels attract demand for golf breaks. This market tends to be price driven and is controlled largely by the two leading golf break operators in the UK - GolfBreaks.com and YourGolfTravel.com. Golf hotels with spas also attract spa break business.
- Families coming for short breaks focused on the Legoland Windsor, Thorpe Park and Chessington World of Adventures theme parks are the key source of weekend break business for the county's branded 3 star hotels, budget hotels and some 4 star hotels. Families may also combine a theme park visit with a trip into London as part of their break. Family breaks are the key market for the on-site hotels at Thorpe Park and Chessington World of Adventures. A lot of this business is driven through the Holiday Extras wholesaler that has deals in place for theme park tickets. This is a very price-driven and competitive market, with significant numbers of hotels in the South East all trying to gain a share of the business to help boost weekend occupancy.
- Some of the 3 and 4 star hotels in Guildford, Dorking and Waverley focus more on the grey market for leisure break business, This market is motivated more by attractions such as RHS Wisley, National Trust properties, and the countryside of the Surrey Hills AONB. Guildford does not appear to be a major draw for leisure break customers, other than possibly in terms of its high quality retail offer.
- 3 and 4 star hotels with spas attract some spa break business.

- Weekend break business for the county's 3 star hotels and most of its 4 star hotels and country house conference hotels is primarily driven on price, with hotels offering reduced weekend rates through the online travel agents (OTAs), and in many cases also promoting weekend break deals and packages through daily deals sites and hotel company short break marketing programmes.

## Overseas Tourists

4.4.12. Very few of Surrey's hotels identified overseas tourists as a market that they attract, other than some luxury country house hotels that identified US visitors as a market that they derive some business from.

## Group Tours

4.4.13. The county's branded 3 star hotels and one budget hotel take some group tours at weekends. This is low-rated business but gives them a base of demand to help boost their weekend occupancies. Group tours are a mix of overseas and UK groups that primarily use Surrey hotels as a base for London. The county's 4 star hotels and luxury country house hotels have very little, if any, interest in the group tour market as it delivers business that is too low-rated and unprofitable for them. They would only consider taking a group tour for a Thursday or a Sunday night. Some country house conference hotels occasionally take a tour group. Group tours are not really a market for the county's smaller 3 star hotels.

## Business from Major Events

4.4.14. A number of events that take place in and around Surrey generate bedroom business for nearby hotels in each part of the county. The key events that were identified by the hotel managers that we spoke to are listed in the table overleaf. The only event that generates business for hotels across Surrey is Farnborough Air Show, which takes place every other year. Other events are more localised in terms of the demand that they generate for hotel accommodation.

**Table 19**

**EVENTS THAT GENERATE BUSINESS FOR SURREY HOTELS**

| Event | Locations Where The Event Generates Business for Hotels |
|---|---|
| Farnborough Air Show | Frimley<br>Camberley<br>Bagshot<br>Farnham<br>Elmbridge<br>Runnymede<br>Guildford<br>Woking<br>Spelthorne<br>Farnham<br>Dorking |
| Royal Ascot | Runnymede<br>Camberley<br>Frimley<br>Bagshot<br>Elmbridge<br>Camberley<br>Frimley<br>Bagshot<br>Farnham |
| Royal Windsor Horse Show | Egham |
| Cartier Polo, Guards Polo Club, Windsor Great Park | Egham |
| Royal Holloway graduations and open days | Egham |
| Hampton Court Flower Show | Elmbridge<br>Shepperton |
| The Derby | Epsom<br>Leatherhead<br>Dorking |
| Epsom Racecourse Races /Party Nights | Epsom |
| Major London events - Wimbledon, Chelsea Flower Show, London Fashion Week, World Travel Market | Elmbridge |
| PGA Wentworth | Runnymede<br>Bagshot |
| Rugby matches at Twickenham | Sunbury<br>Shepperton |
| Kempton Park races | Sunbury<br>Shepperton |
| Sandown Park races | Elmbridge |
| Lingfield Park races | Lingfield |
| Major concerts at Wembley | Sunbury<br>Shepperton |
| Exhibitions at FIVE, Farnborough | Camberley<br>Farnham<br>Guildford |

| Event | Locations Where The Event Generates Business for Hotels |
|---|---|
| Passing out parades - Sandhurst, Aldershot, Pirbright | Frimley<br>Camberley<br>Woking<br>Guildford |
| Goodwood Festival of Speed<br>Goodwood Revival | Guildford<br>Farnham<br>Godalming |
| Glorious Goodwood | Godalming<br>Haslemere |
| GuilFest | Guildford |
| Events at Guildford Spectrum | Guildford<br>Woking |
| Sports tournaments at Surrey Sports Park | Guildford<br>Woking |
| University of Surrey graduations and open days | Guildford |
| Lakeside International Darts, Frimley | Frimley<br>Camberley |
| EVRA (European Veterans Rugby Association) Festival, Farnham | Farnham |
| Weyfest Music Festival, Farnham | Farnham<br>Churt |
| Jalsa Salana Muslim Convention | Godalming<br>Churt |

Source: Hotel Solutions - based on information provided by hotel managers

### Weddings

4.4.15. Weddings are a key market for luxury country house and golf hotels, 4 star hotels and country house conference hotels, from which they generally derive good bedroom business at weekends. 3 star hotels also attract weekend bedroom business from wedding parties that are either attending weddings that they are hosting or weddings that are being held in other venues. Wedding guests are a key weekend market for budget hotels and the only real source of weekend business for lower grade hotels. There are a number of popular wedding venues in Waverley (e.g. Cain Manor, Frensham Heights and Gate Street Barn) that generate bedroom business for nearby hotels. Many of the county's golf clubs, racecourses and visitor attractions, e.g. Denbies Wine Estate and Loseley Park, also host weddings that generate demand for hotels in their vicinity.

### Other Markets

4.4.16. Other markets that Surrey hotels attract are as follows:

- People visiting friends and relatives - a key weekend market for the county's budget hotels;
- Hospital visitors;
- Sports groups training or competing at the Surrey Sports Park, Guildford Spectrum, Chelsea FC's training ground at Cobham or other sports venues;
- Parents visiting their children at the private schools in the county e.g. ACS Cobham International School;
- Air passengers departing on holiday flights from Gatwick, typically on Park & Fly packages - the key market for hotels in Horley;
- People relocating to Surrey - a market that serviced apartments attract.

4.4.17 Hotels in the Surrey M25/Thames Corridor did not identify air passengers travelling through Heathrow as a market that they particularly attract. It is likely that these markets are satisfied by hotels closer to the airport. The proximity to Heathrow is however a key factor behind much of the corporate and residential conference business that hotels in this part of Surrey attract.

## 4.5. Market Trends

4.5.1. Our discussions with Surrey's hotel managers have identified the following trends in the county's hotel markets over the last 3 years:

- **Corporate demand** for hotel accommodation has grown strongly, particularly in 2014, as a result of the upturn in the local and national economy and the increased business travel that it has stimulated, the expansion of some of the county's major companies, and the relocation of a number of national and international companies to the county. Transient corporate business has grown, in some cases squeezing out lower-rated locally negotiated corporate business. Corporate rates have generally strengthened, although some hotel managers reported that local companies are still resisting rate increases.

- There has been some recovery and renewed growth in **residential conference business** for most of Surrey's luxury country house and golf hotels, 4 star hotels and country house conference hotels. This market reduced significantly during the recession but has slowly started to come back in 2013 and 2014. One hotel in Guildford reported that it has lost some residential conference bookings because of the traffic congestion problems in and around the town. Another Guildford hotel has taken fewer residential conferences as higher-rated corporate demand has increased.
- **Contractor business** has increased for budget hotels.
- MoD business from Aldershot has reduced for Farnham hotels as a result of the defence cuts and reduction in resettlement courses.
- **Leisure break business** has remained strong for Surrey's luxury country house hotels, even during the recession, and has increased in the last 3 years for some 4 star hotels. Some 3 star hotels and country house conference hotels have successfully grown their weekend leisure break trade through the OTAs and daily deals sites.
- Hotels with spas have generally seen growth in their **spa break business**.
- **Weddings** business is up for those hotels that have proactively targeted it. Weddings demand has remained flat for other hotels and reduced for some in 2015. The 3 star hotels that have been trading in administration have seen a substantial downturn in weddings bookings.
- The move of the England Rugby squad's training camp from the Surrey Sports Park to Pennyhill Park has generated new demand for this hotel but resulted in a loss of business for one Guildford hotel.
- Surrey's 4 star hotels have taken fewer **group tours** as other higher-paying markets have grown. Two branded 3 star hotels and one budget hotel have taken more group tours to boost their weekend occupancies. One 3 star hotel reported that European tour groups are cancelling in 2015 as a result of the current weakness of the euro.
- Horley hotels report an increase in **Park & Fly** business as passenger numbers travelling through Gatwick have grown in 2013 and 2014.

## 4.6. Denied Business[13]

### Midweek Denials

4.6.1. Many of Surrey's hotels regularly fill and turn business away on Tuesday and Wednesday nights for most of the year. Some 4 star hotels also deny business on Monday nights, while many budget hotels consistently turn away bookings on all four midweek nights.

4.6.2. The levels and nature of midweek denials vary significantly by type, standard and location of hotel:

- Weekday denials are very high for most budget hotels: many reported that they could often at least fill again.
- Tuesday and Wednesday denials are highest for 4 star hotels in Elmbridge and Runnymede: 4 star hotels in these parts of the county reported frequently turning away bookings for at least 20-25 rooms. Elsewhere in the county 4 star hotels are only turning away a few bookings on Tuesday and Wednesday nights.
- Some 3 star hotels reported typical Tuesday and Wednesday night denials of 10-15 bedrooms. Other 3 star hotels rarely, or only occasionally turn down weekday bookings.
- Luxury country house occasionally deny midweek corporate business. Some also frequently refuse residential conference bookings because they do not have the bedroom and/or conference room availability to accommodate them.
- Country house conference hotels also deny residential conference bookings during the peak conference months (May, June, September and October). They are often closed out to transient corporate business when they are full with conferences.

[13] Business that hotels turn away because they are fully booked.

**Weekend Denials**

4.6.3. 3 and 4 star hotels, and country house conference hotels that have a strong weddings trade regularly turn business away on Saturday nights between April and October. Other 3 and 4 star hotels rarely deny weekend business.

4.6.4. Luxury country house hotels frequently deny business on Saturday nights. Some also turn business away on Friday nights and occasionally also on Sunday nights.

4.6.5. Budget hotels in most parts of Surrey regularly turn down significant levels of business on Friday and Saturday nights. Some also refuse bookings on Sunday nights during July and August.

4.6.6. All hotels deny business when major events are being held in their area.

**Horley/Gatwick Hotels**

4.6.7. 3 star and budget hotels at Horley and North Gatwick consistently deny significant numbers of bookings during the main summer holiday season, over Easter, for the February and October school half term holidays and during the Christmas and New Year period, when holiday departures from Gatwick are at their highest. Denials are otherwise more sporadic and variable.

**Serviced Apartments**

4.6.8. The serviced apartment operators that we spoke indicated that they constantly do not have sufficient apartments available to meet the demand for this type of accommodation in Surrey's key towns and business locations.

## 4.7. Prospects for 2015

4.7.1. Surrey hotel managers are generally very positive about the business prospects for their hotel in 2015: most expect to see further growth in occupancy and achieved room rates. 4 star and budget hotels, and 3 star and budget hotels at Horley and North Gatwick, that are already achieving very high occupancies will focus primarily on rate growth. Some country house conference hotels are also focusing mainly on driving up their achieved room rates. A number of 3 star hotels are less optimistic about the potential for rate growth, but some expect to see an uplift in their performance following refurbishment.

4.7.2. Hotel managers expect to see continued growth in corporate, residential conference, and leisure break business in 2015. Some are also projecting growth in weddings business, but a number of hotel managers reported a drop in wedding bookings. The Magna Carta 800 anniversary commemoration events planned at Runnymede are expected to boost demand for hotels in this part of the county. Hotels in the northern half of Surrey expect to see additional business from the Rugby World Cup matches that are being held at Twickenham.

# 5. FUTURE MARKET PROSPECTS

## 5.1. Strategic Context – The Surrey Growth Agenda

5.1.1. Any analysis of future market prospects for the hotel sector needs to be based upon an assessment of the business and leisure drivers that have the ability to drive growth in demand. The fortunes of the hotel sector are closely allied to trends in the local and national economy, so employment trends and forecasts together with GDP and GVA trends and projections are good indicators of potential business demand. Leisure demand is important for weekend and holiday periods and for locations that are less business-orientated. Forecasts for tourism growth and increases in population and housing are all useful indicators of how this element of the market might grow.

### Economic Growth Prospects

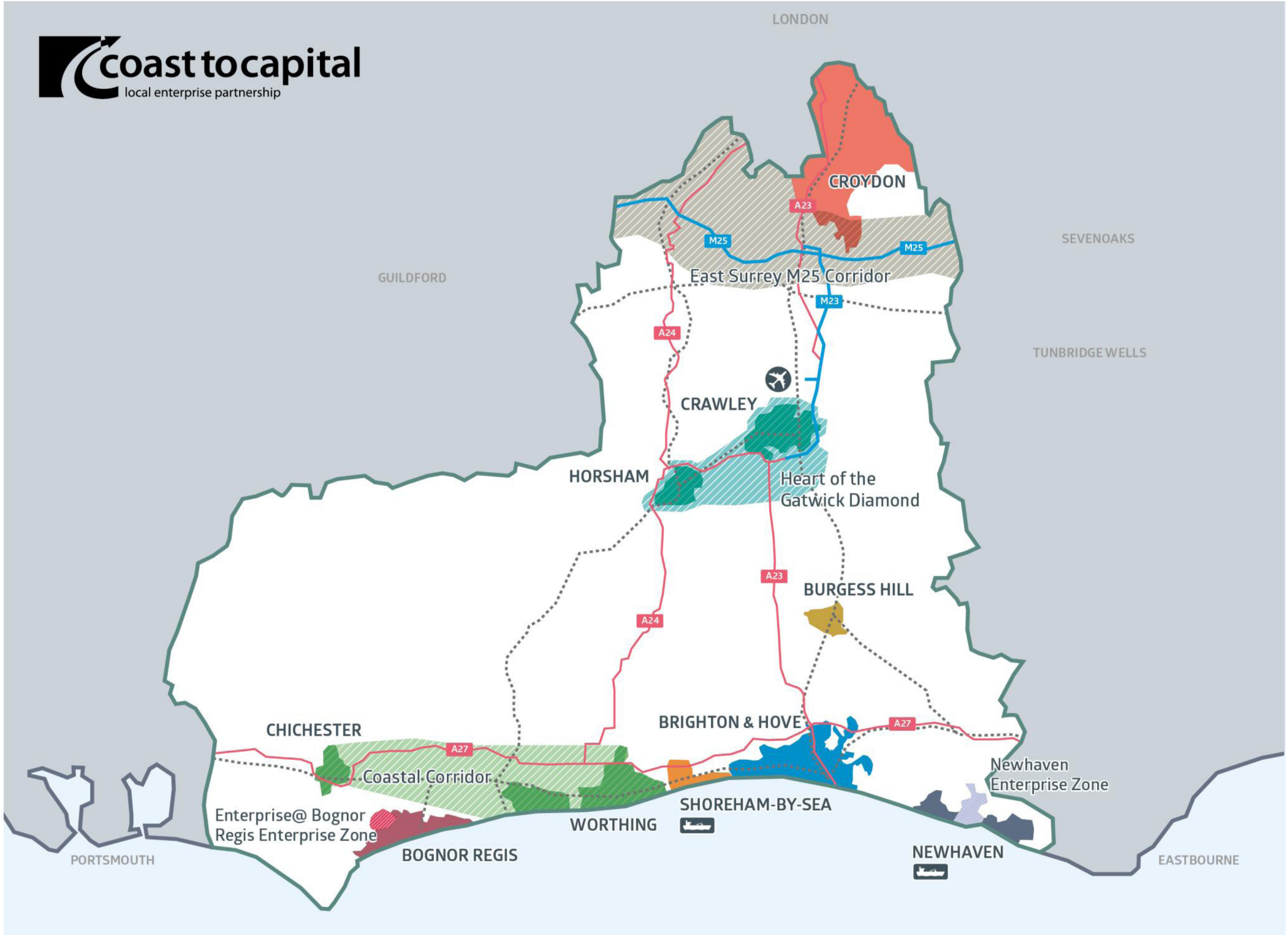
5.1.2. In terms of national trends and growth in the economy, the UK Economic Outlook report [14] shows that the UK economy has been recovering at a relatively strong rate since early 2013, growing by 2.6% in 2014 , the fastest rate seen since 2007 and the strongest growth rate in the G7. UK growth has been driven primarily by the service sector, but manufacturing and construction have also been on an upward trend since early 2013 despite some slowdown in late 2014. UK employment has continued to rise strongly, which has supported consumer spending growth. Rising house prices have also supported consumer confidence and spending. PwC forecasts GDP growth to average 2.5% in 2015 and 2.3% in 2016, with consumer spending and the service sector remaining the main engine of growth. London continues to lead the recovery, but growth is building in other regions. After London, the South East remains the fastest growing region, with forecasts of 2.9% growth for 2015 and 2016. In terms of the longer term outlook, the Office for Budget Responsibility[15] forecasts GDP growth for 2017-2019 at 2.3%-2.4%. Whilst the UK's recovery appears relatively robust, the international environment (slow growth in the Eurozone and geopolitical risks in Russia/Ukraine and the Middle East) remains a downside risk.

[14] http://www.pwc.co.uk/en_uk/uk/assets/pdf/ukeo-mar2015.pdf
[15] Economic and Fiscal Outlook, December 2014

### Local Economic Partnership Strategy

5.1.3. In terms of strategic direction to economic growth, Surrey forms part of two Local Economic Partnerships: Enterprise M3 covering 7 Districts and Boroughs in the west and north of the county; and Coast to Capital, covering 4 Districts and Boroughs in the east of the county. Their Strategic Economic Plans set out the economic priorities for each area as a basis for bidding for Local Growth Fund money to implement key projects.

- **Coast to Capital LEP** is made up of 5 area partnerships, the principal one covering Surrey being the Gatwick Diamond Initiative. The SEP details 6 strategic priorities, focusing on developing successful growth locations, successful businesses, competitive advantage, growth in digital, skills and workforce, and housing and strategic infrastructure. The 6 year investment programme aims to deliver £3.3 billion of public and private investment, 60,000 jobs, 26,000 homes and 970,000 sq m of employment space. Key sectors being targeted include Creative, Digital and IT; Advanced Engineering; Low Carbon & Environmental Goods; Financial and Business Services; Health, Medical Technology and Life Sciences; Visitor Economy; Food and Horticulture; with a focus on Smart Specialisation; and Research and Innovation.



coast to capital
local enterprise partnership
LONDON
GUILDFORD
SEVENOAKS
TUNBRIDGE WELLS
CROYDON
East Surrey M25 Corridor
CRAWLEY
HORSHAM
Heart of the
Gatwick Diamond
BURGESS HILL
CHICHESTER
BRIGHTON & HOVE
Coastal Corridor
Newhaven
Enterprise Zone
Enterprise@ Bognor
Regis Enterprise Zone
SHOREHAM-BY-SEA
WORTHING
BOGNOR REGIS
NEWHAVEN
PORTSMOUTH
EASTBOURNE
A23
M25
M23
A24
A27

- The **Enterprise M3** SEP aims to deliver 30,700 new jobs, 11,500 new homes and £757m in GVA by becoming the premier location for enterprise and economic growth. This will be achieved through targeted interventions to promote enterprise development and competitiveness, the generation and commercialisation of innovation, the growth of high value industries, and the development of skills needed by employers. World class sectors here include ICT and digital media, pharmaceuticals, aerospace and defence, and professional and business services. These are supported by knowledge-based industries, high value manufacturing, and world class higher-skill levels. A number of Growth Packages will enable growth at different levels – growth and step-up towns, the Sci:Tech Corridor (all Enterprise M3), and the intersection of the Sci:Tech Corridor with other LEP areas. The Surrey part of the EM3 LEP area contains some key world class companies, business parks and educational centres capable of making a significant contribution to future growth. Guildford and Woking are identified as Growth Towns, and Staines and Camberley as Step-Up Towns. Niche sectors identified in the strategy for growth include satellite technologies, mobile communications, cyber security, nano-technology, photonics, advanced aerospace/automotive manufacturing, animal health, computer games and entertainment technologies.

**ENTERPRISE M3 - BUSINESS, EDUCATION, INNOVATION, DEFENCE & TRANSPORT CENTRES**


**Business***

**01.** Thales
**02.** Proctor and Gamble
**03.** BP
**04.** McLaren
**05.** QinetiQ
**06.** Fluor
**07.** Vitacress
**08.** Eli Lilly
**09.** AXA Wealth
**10.** Motorola
**11.** Baker Tilly
**12.** Surrey Satellite Technology
**13.** Philips Electronics
**14.** Stannah
**15.** IBM
**16.** Estee Lauder

* Small selection of the area's key businesses.

**Transport**

**Air**
**01.** Heathrow
**02.** TAG Farnborough
**03.** Gatwick
**04.** Southampton

**Sea**
**05.** Southampton
**06.** Portsmouth

**Education / Innovation**

**01.** Royal Holloway - Uni. of London
**02.** Brooklands College
**03.** Pirbright Institute
**04.** Farnborough College of Tech.
**05.** Basingstoke College of Tech.
**06.** University of Surrey
**07.** Surrey Research Park
**08.** Guildford College
**09.** Uni. for the Creative Arts Farnham
**10.** Sparsholt College
**11.** University of Winchester
**12.** Southampton Science Park
**13.** University of Southampton
**14.** Brockenhurst College

**Defence**

**01.** Aldershot Garrison
**02.** RAF Odiham
**03.** Tidworth Garrison
**04.** British Army Land Forces Headquarters
**05.** Bulford Garrison
**06.** Worthy Down Barracks
**07.** Army Air Corps Middle Wallop
**08.** The Defence Science and Technology Laboratory
**09.** HMNB Portsmouth
**10.** Royal Military Academy Sandhurst

### Surrey Local Economic Assessment & Strategy

5.1.4. The Surrey Local Economic Assessment (2010) identifies Surrey as 'a strong, knowledge-driven, wealth-creating, 'powerhouse' economy'. In terms of GVA Surrey's economy is as big as Birmingham and Liverpool combined. However, as a global interconnected economy, it is increasingly affected by London as well as national and international events, and suffers from the pressures of success such as congestion and high house prices. Key characteristics of Surrey's economy include:

- A small county that is densely populated;
- 73% of Surrey is Green Belt constraining development;
- GVA at £30.3m means Surrey is the largest sub-regional economy in the South East;
- Surrey's Boroughs rank highly in the UK Competitiveness Index and in 2010 Guildford was ranked the most competitive 'city' in the UK outside London;
- Knowledge-based sectors are driving innovation and enterprise here, with over half of all jobs in Surrey in top occupational categories;
- Growth sectors are:
    - Financial, business and professional services
    - Pharmaceuticals
    - Advanced manufacturing
    - Electrical and mechanical engineering
    - Computer, gaming, digital and creative technologies
- Surrey's population is forecast to grow by 19% (222.600 people) between 2012 and 2037[16].

5.1.5. Forecasts for how Surrey's economy might grow to 2030 were revised in 2013 (SQW) and identified in its baseline scenario that the county would continue to grow at levels that will out-perform the national average on all counts:

- GVA is projected to grow at 2.3% p.a. in the short term, rising to 2.8% p.a.
- Employment is projected to grow at 0.7% p.a.
- Productivity (GVA per job) is estimated at £41k per job, 8% above the national average;

[16] Source: Office for National Statistics

5.1.6. Despite the impact of the 2008 downturn on dampening overall growth prospects for Surrey and its competitors, the county's performance continues to be strong, outperforming the UK and the South East in the past and in the near and long term future. Surrey's globally competitive sectors have been its engine of growth, and the local economy will continue to rely on financial and business services and managerial and similar roles for future growth.

5.1.7. Surrey Connects is leading the county's future economic strategy, articulated in its 'Forward through Smart Economic Growth' document. The ambition is to double the value of the economy by 2030 to £52bn, through accelerating the growth of Surrey's key sectors, driving innovation, enterprise and global competitiveness, and capitalising on the knowledge economy. The five growth sectors as identified above are financial and business services, pharmaceuticals, advanced manufacturing, electrical and mechanical engineering and computer gaming and creative technologies. There are eight priority projects which provide a focus for the activities of Surrey Connects:

- Secure Surrey as a world class business location by retaining existing businesses and actively promoting Surrey as an inward investment location;
- Lobby for and stimulate investment in the business critical infrastructure required for the future success of Surrey's economy;
- To establish Surrey as a venture capital hub and create a Surrey Business Investment Fund of £1bn;
- Create a Business Incubation Network backed with a comprehensive business support service;
- Stimulate International Trade and Exporting activity by our local companies
- Establish a World Class Business School in Surrey;
- Stimulate Youth Enterprise and Employability – ensuring Young People can succeed in the workplace;
- Promote Surrey as Leaders of the Digital Age.

## The Visitor Economy

### National Leisure Tourism Trends and Forecasts

5.1.8. National forecasts for domestic and overseas tourism provide a context for considering the potential for growth in leisure tourism business for Surrey hotels:

- Research undertaken by Deloitte and Oxford Economics for VisitBritain in 2013[17] projects an average annual growth in **domestic tourism** in the UK of 3% and a real annual growth rate in domestic tourist spending on overnight stays of 8.7% from 2013 to 2025.
- **Inbound tourism** is forecast to grow strongly in the UK, boosted by the massive worldwide exposure of the country during the London 2012 Olympic and Paralympic Games. The Deloitte/Oxford Economics report for VisitBritain projects a 6.1% per annum growth in inbound tourism to the UK and an average real annual growth rate of just over 14% in overseas tourist spending in the UK through to 2025. Strong growth is expected to come from the emerging economies such as China, UAE, India, Brazil and Russia due to the increasing wealth of consumers in these countries. A new streamlined visa service introduced in August 2014 will make it easier for Chinese people to visit the UK. By 2017, the UAE and Russia are set to break into the top ten nationalities to visit the UK, while spending by Chinese tourists visiting the UK is set to increase by 84% compared to the 2013 figure. There could however be a reduction in demand from near European markets with the slowdown in the Eurozone economy. It must also be recognised that London is likely to be the main beneficiary of inbound tourism growth, especially from long-haul markets. VisitBritain is however very focused on spreading the benefits across the UK and there are opportunities for all parts of the country to see growth in near overseas tourist markets. It is also important to bear in mind that inbound tourism can be very vulnerable to major crises. It would only take a major terrorist attack in London or another major city for there to be a significant drop in overseas tourist visits to the UK.

[17] Tourism Jobs and Growth: The economic Contribution of the Tourism Economy to the UK, Deloitte/Oxford Economics, November 2013.

5.1.9. A number of trends in the domestic leisure tourism market suggest strong potential for future growth in leisure business for Surrey's hotels, given effective marketing activity and investment to improve, develop and expand the county's hotel offer:

- The continued growth in demand for UK short breaks from the emptynester, family and Generation Y markets. The growing grey market has time and money to spend on short breaks. Many families are increasingly taking more shorter breaks than long holidays. Time poor career couples are increasingly looking for high quality weekend escapes. The Generation Y market has money to spend on travel as young people stay at home longer and delay marriage;
- The growing demand for high quality, distinctive and contemporary hotels with a good food and leisure offer - with a market that is prepared to pay for them.
- The continued growth in the spa break market.
- The increasing importance of online marketing and booking channels and social media for short break decision making and planning, enabling hotels to reach customers much more cost effectively than they have ever been able to before. The growth of online travel agents is however resulting in a more competitive and deal-driven leisure break market.
- The growth in leisure breaks linked to visits to friends and relatives.

**Surrey's Visitor Economy and Product**

5.1.10. As the basis for establishing a position on tourism Surrey County Council commissioned an audit[18] in 2012 to provide an evidence base on the Surrey visitor economy. In terms of the scale and nature of the county's visitor economy the audit identified the following:

- Over 2 million visitors stayed overnight in Surrey in 2009 and spent £507.8 million.
- Key markets are holiday tourism, business tourism and visits to friends and relatives.
- There is a strong overseas dimension to staying business trips, reflecting the many corporate headquarters based here and proximity to London and major airports.

[18] Surrey Visitor Economy Evidence Base Study Industry Audit – Tourism South East/Matthews Associates, 2012

- VFR is boosted by a large student population in the county, at University of Surrey, Guildford (15,200), Royal Holloway (7,700) in Egham, University of Creative Arts (2,000) at Epsom and Farnham, and various International Schools.
- 25 million day visitors spent £900 million in the county in 2009.
- The combined visitor spend in Surrey in 2009 was £1.4 billion. This supported 42,199 jobs, over 8% of all employment in Surrey.

5.1.11. In terms of product, Surrey has three distinct tourism geographies:

- North Surrey along the Thames, from Thames Ditton to Runnymede and connecting to Windsor
- South Surrey and the Surrey Hills AONB
- Guildford, the county town with a high quality retail and cultural offer.

5.1.12. The county includes some major visitor attractions that are destinations in their own right:

- Thorpe Park (1.85 million visitors)
- Chessington World of Adventures (bordering Surrey -1.35 million visitors)
- RHS Gardens at Wisley (964,000 visitors)
- Denbies Vineyard (300,000 visitors)
- Mercedes Benz World (300,000 visitors)
- Polesdon Lacey (262,000 visitors)
- Godstone Farm (226,000 visitors)
- Brooklands Museum (110,000 visitors)

5.1.13. Growth opportunities identified in the audit were:

- Basingstoke Canal
- Cycle tourism
- Walking
- Golf tourism
- Cultural tourism
- Vineyards

**Visit Surrey**

5.1.14. Visit Surrey is the official tourism organisation for the county. It operates as an independent Community Interest Company that works with, and is supported by Surrey County Council and seven of the county's District and Borough Councils (Guildford, Mole Valley, Reigate & Banstead, Runnymede, Surrey Heath, Waverley and Woking). It is a very small organisation with just three part-time staff. It's core activities are the production and distribution of the annual Visit Surrey guide; the development, management and promotion of the Visit Surrey website; and press and media work to provide travel writers with information about the county's tourism offer.

**Guildford Visitor Strategy 2014-2020**

5. 1.15. Guildford Borough Council launched a new Visitor Strategy in September 2014, which seeks to actively promote and sustainably develop the visitor economy of the town and borough, capitalising on Guildford's position as a gateway to the Surrey Hills AONB and an historic, riverside, county town and rural borough with excellent links to London and a number of world class visitor attractions. The strategy seeks to grow visitor spending in the borough by 50% by 2020. Key actions for achieving this aim:

- Improving the Guildford visitor experience, in terms of improvements to the A3, white on brown signs from the A3, improved signage around the town, and potentially further coach parking;
- The possible establishment of a DMO and Tourism BID;
- The establishment of a clear marketing plan focused on key target markets;
- The development of a new mobile-enabled visitor website;
- Celebrating a Guildford festival culture by developing a co-ordinated programme of events;
- Developing Guildford's heritage offer, including the development of Guildford Castle and Museum and the creation of a heritage quarter.

**Conference Tourism**

5.1.16. The conference and business events market in the UK is big business. In 2013 there were 1.25m business events, with 91m delegates accounting for 148m business event days[19]. In terms of the characteristics of these events, over half are generated by corporate clients, 25% by the public sector and 19% by the associations market. 34% of events were residential. The majority are regional events, just over a quarter from elsewhere in the UK and around 5% from overseas. The average size of event was 73 delegates; only 5% of events have more than 200 delegates. The sector has been through a challenging time during the recession, but performance appears to have turned a corner in 2013 compared to 2012. In general, venues are optimistic about prospects with two thirds expecting the market to improve. Austerity in the public sector is still a challenge to growing conference business and venue competition is increasing. Overall, as the UK sees economic growth return market forecasters indicate renewed confidence in the market and increased occupancies, enquiries and bookings.

5.1.17. The Enterprise M3 and Coast to Capital LEPs have both included the visitor economy in their Strategic Economic Plans, focusing on the potential of business and conference tourism:

- Coast to Capital: International business tourism is estimated to generate £100m for the Coast to Capital area, with the potential to increase the value of international conference and meeting visits by over 50% over ten years. The LEP approach focuses on three areas:
    - Developing partnerships with conference organisers and tourism leads in partner organisations to actively target conferences and attract them to the area;
    - Working with the trade bodies for the key sectors to raise awareness of the area as a conference venue; and
    - Improve access to information on what the area can offer.

[19] UK Events Market trends Survey 2014 (EVCOM)

- Enterprise M3: The Enterprise M3 visitor economy is worth an estimated £2.66 billion[20], supporting over 61,000 jobs[21], and is recognised by the LEP as a valuable asset. Enterprise M3 has focused on the limited provision of major international venues in the South East and in particular has identified a gap within the LEP area for a high quality international standard major event venue. To this end it has recently advanced a £5 million loan facility to Farnborough International Ltd to support its ambitions to develop £25m state-of-the-art conference and exhibition facilities at the FIVE events venue. The proposals include a 12,500 sq m double height exhibition space that can be subdivided into three halls, supported by conference and meeting rooms, a media centre, restaurants and a business centre. At this stage the plan is for the new facilities to be open by 2018.

## 5.2. Major Projects that Will Drive Growth in Hotel Demand

5.2.1. Beneath any economic forecasts lie a number of key projects that will deliver growth. Of particular interest to this study are those projects that have the ability to generate demand for hotel accommodation. The location of these drivers and the nature of the hotel demand they are likely to generate will help steer future locational strategies for hotel development and the size and standard of hotel that will have best fit with the identified potential.

5.2.2. Schemes with the potential to drive growth in hotel markets on which there appears to be some activity and/or which are linked to funding pots and bids include:

- **The Gatwick Diamond**

  The C2C SEP refers to the Gatwick Diamond as 'the beating heart of the C2C economy', with over 45,000 businesses from blue-chip companies to small innovative businesses, and generating over £19 billion of GDP. Crawley and Horsham are the key towns here. Improvements to transport infrastructure are a key strand of the Growth Deal programme here that seeks to create 5000 jobs, 3,300 homes and 78,500 sq m of employment space. This will include a new rail station at North Horsham with a new community and business park; regeneration and expansion of Crawley town centre and associated transport improvements; and improvements to Manor Royal industrial estate

[20] Cambridge model estimate – Tourism South East 2011
[21] ONS/Tourism South East 2011

- **East Surrey M25 Strategic Corridor**

  The C2C SEP project will tackle a number of transport issues, improve the main town centres, and unlock key sites to deliver growth of 9,700 jobs, 1,325 homes and 51,000 sq m of employment space. There are clusters of national and international business headquarters along this corridor at Epsom, Leatherhead, Dorking, Oxted, Reigate and Redhill. The accessibility of this area from London and the airports makes this strategic corridor attractive to business, but congestion and increased volumes of traffic are in danger of threatening its growth potential and ability to compete internationally. Interventions focus on road and rail improvements and measures to release/intensify sites creating 6400 jobs in Epsom (remodelling the town centre and connecting and intensifying strategic employment sites), 900 in Reigate-Redhill (consolidation of commercial centre and reconfigured road network), 700-800 in Leatherhead (redevelopment and unlocking employment land) and new employment in Oxted and Caterham (redevelopment of site adjacent to the station).

- **Airport Growth and Development**

  Air passenger movements through Heathrow Airport are projected to increase by 13.6% between 2011 and 2020 to 75 million[22]. A further growth of 9.3% is forecast between 2020 and 2030, with growth then slowing substantially by 2040 and 2050 as the airport reaches its capacity. Passenger movements through Gatwick are projected to increase by 19.4% by 2020 and a further 10.8% by 2030, before levelling off as Gatwick also reaches its capacity. The future expansion of Heathrow or Gatwick is the subject of scrutiny by the Davies Commission which is tasked with recommending how additional airport capacity can be met. A decision is expected this summer. The options proposed for the two airports are summarised overleaf.

[22] Source: UK Aviation Forecasts, Department for Transport, January 2013

- **Heathrow: A New Approach**

  Identifies the potential for a third runway at Heathrow to increase capacity from 480,000 flights to 740,000, and passenger capacity from 80m to 130m. The report estimates passenger numbers at 100m by 2030, and 130m by 2040. The cost would be £14-£18bn, depending upon which option was chosen, with the potential to deliver the runway between 2025 and 2029. The report estimates benefits of over £100m would be delivered from this scheme; 76,600 staff are currently employed at Heathrow, but many more jobs are dependent upon the airport through supply chain linkages, the combined estimate being 114,000. Future job estimates with a third runway range from 70,000 to 150,000 extra jobs. A key benefit of a third runway at Heathrow is the ability for it to develop its hub role, enabling 75 additional locations to be serviced with transfers. A fourth runway could be added at an additional cost of £8-14bn, taking a further 5 years to deliver. A whole series of transport improvements around Heathrow will improve its connectivity – Crossrail will be fully open by 2019; Western Rail Access (a £500m scheme to connect Heathrow to Slough, Reading and the Thames Valley) by 2021; HS2 and a new passenger interchange at Old Oak Common connecting to the Midlands by 2026; and Southern Rail Access providing direct connections to south and south west London.

- **Gatwick Obviously**

  The rationale for expansion at Gatwick is to have several London airports with two runways rather than one mega hub at Heathrow. Three southern runway options have been identified that could deliver a capacity of 60-90m passengers a year from current levels of around 33m. Costs are estimated at between £5bn and £9bn, and the runway could be in place by 2025. Benefits include the potential to generate £56bn of investment, support an additional 4.5m tourist visits and £3bn of tourist spending; create up to 19,000 jobs; act as a catalyst for the development of more aviation related international businesses in the Gatwick Diamond economic sub-region; and support the economic and social regeneration of the wider area.

- **Other Infrastructure Schemes**

    - Guildford A3 strategic corridor improvements – a key route between London and Portsmouth - to increase capacity at key junctions. Guildford suffers high levels of congestion; larger scale improvements could serve a potential strategic mixed use urban expansion of the town.
    - A3/M25 junction improvements at Wisley interchange to relieve peak time congestion.
    - Woking junction rail flyover, to increase capacity on the South West Main Line and support economic growth by allowing more frequent and faster services in what is currently a key pinch point.
    - Improvements to Guildford railway station to improve accessibility to employment, improve communications and retain and attract new businesses to Guildford. A wider scheme around this by Solum Regeneration will see the development of 450 homes, shops and a multi-storey car park at a cost of £150m. Previous proposals for two hotels here have been dropped.
    - Egham Sustainable Transport Package – to improve the Causeway for cycles and buses and for improvements to Egham station.
    - £4.8m of LEP funding has been awarded for improvements to the Runnymede roundabout at the end of the Causeway, to start in 2015.
    - Flooding is a key issue in Surrey; £266m is to be spent on the Thames flood alleviation scheme, providing a flood channel which cuts across Runnymede, Spelthorne and Elmbridge.

- **University Development Projects**

**University of the Creative Arts at Epsom – A Creative Business Quarter**

This is a SEP project, to develop a creative business quarter for Epsom that will be a focus for education and creative business, with incubation space and business support to stimulate the development of young companies with scalable product innovations in creative digital and design. This regional creative hub will be supported by the Design Business Institute and is seen as the first stage in a longer term strategy to attract world class businesses to create a digital hub of national significance in and around Epsom, creating several thousand new jobs over the next 10-15 years.

**Royal Holloway, University of London**

Royal Holloway at Egham is a world-leading university for cyber-security research in collaboration with Microsoft, Facebook and others. It is growing its commercial activities and support to spin out companies by developing a £7m incubator that will act as a focal point for the sector across the EM3 area. The University has developed a masterplan based on growing student numbers from 8600 to 10,500 by 2021 and 12,000 by 2031. This will include developing an additional 2,500 study bedrooms and 55,000 sq m of operational buildings. The development is seen as critical to enabling Royal Holloway to compete with major metropolitan universities. Permission was granted in January 2015.

**University of Surrey, Guildford**

- 5G Mobile Communications Arrow Project

  This is a £53m investment secured by the University and backed by leading private sector companies and the LEP focusing on world leading 5G mobile communication technologies. The aim is to establish the UK as the primary place for businesses to invest in R&D for mobile communications, with the potential to create 200 high growth companies employing 4,000 people and drawing significant inward investment.

- Manor Park Campus

  The University has a masterplan agreed with the Borough Council back in 2003 for the development of its Manor Park Campus. Recent developments have included the new £45m School of Veterinary Medicine and the Surrey Sports Park. Further phases will include new student accommodation – a total of 4,790 bedrooms of which 1,650 have been built to date. This will facilitate an expansion of student numbers from 9000 to 12,500. Future priorities for developing the University's strengths in innovation include the One Health/One Medicine agenda, initially focused on the delivery of the Veterinary Medical School and the expansion of Clinical Medicine as well as complementary activities on the Surrey Research Park, the development of a Medical School in a 5-10 year timeframe, and the creation of a world class Business School. There are also proposals for a hotel on the campus that will help the university develop its conference business and provide a training facility for the School of Hospitality and Tourism Management.

**Development of the former Brunel University Campus**

The Runnymede Campus site, which ceased operating as part of Brunel University in 2006, is the subject of a major mixed use development proposal. A masterplan has recently been approved for the development of 528 units of student accommodation, 59 extra care units, 28 affordable homes, and 56 units of private housing.

- **Major Employment Sites**

**McLaren Applied Technology Centre, Woking**

McLaren is part of an advanced engineering cluster. A new Applied Technology Centre is proposed, with 60,000 sq m or workshops, prototype manufacturing and testing space, an aerodynamic research and development facility, meeting and teaching facilities and offices. The scheme will create 400 permanent jobs once the site has been built; an additional 200 jobs will be created indirectly through manufacturing, suppliers and clients, and increased retail spending in the area

**Pinewood Studios Expansion, Shepperton**

The Pinewood Studios development framework is a £200m long term scheme of national significance that responds to increasing global demand for production facilities in the UK to deliver growth over a 15 year period. The proposed expansion will add 100,000 sq ft of new facilities, including 12 stages and supporting workshops, production offices and infrastructure. The benefits of the scheme include generating £194m of private sector investment, creating over 2,000 new jobs, supporting over 8000 jobs, and creating £149m of GVA.

**Frimley 4**

Frimley 4 Business Park is an established business destination with a mix of international and national tenants . Under the ownership of Investream, the park has undergone significant re-master planning, with a number of newly refurbished office buildings and office development sites now being marketed.

**Bourne Business Park, Weybridge**

LaSalle Investment Management has secured planning consent from Runnymede Borough Council to double the size of its Bourne Business Park with new 40,000 sq ft and 50,000 sq ft office buildings.

- **Town Centre Regeneration Schemes**

There are numerous proposals for the improvement, regeneration and intensification of Surrey's town centres that have the potential to generate construction demand for hotels but also an improved environment for leisure visitors and the inclusion of uses such as offices that can generate additional business demand for hotels. There is also an opportunity for some of these to include hotel development schemes.

**Woking**

Proposals for the £250m development of Victoria Square, to include 392 flats in three skyscraper towers, a 190 room hotel, car parking, retail and public plazas, bringing an estimated £24.9m to the Woking economy. The scheme is due to start in Autumn 2016

**Guildford**

Masterplanning is currently underway, with initial proposals focusing on relieving congestion with a reconfiguration of the gyratory system and a new bridge, opening up a pedestrianised riverside for the development of shops, restaurants, cafes and apartments, and releasing land for the development of 2,000-5,000 homes. Plans for the redevelopment of North Street and a £10m to transform the Tunsgate Square shopping centre are also in process.

**Staines**

A town centre redevelopment scheme was approved in 2009 for a mix of retail, office, apartments and a new public square. Redevelopment of Bridge Street car park is scheduled to begin in 2016, for a landmark residential building with 143 apartments, restaurants and other leisure based development, possibly including moorings, all designed to make more of the river frontage.

**Redhill**

The first phase of the revitalisation of Redhill town centre is underway with the creation of a new Sainsburys, a Travelodge hotel and gym, opening Autumn 2016. Other schemes include investment in the theatre and leisure centre, construction of a new state of the art campus by East Surrey College, and a new cinema, apartments and restaurants at Marketfield Way, all of which is aimed at strengthening the retail and leisure offer and developing the evening economy.

**Horley**

The town centre masterplan seeks to deliver quality sustainable development to improve the vitality and viability of the town centre alongside 2,600 new homes. Key sites have been identified for mixed use development for commercial and residential uses, alongside investment in the town's transport infrastructure, public realm improvements and a new library.

**Egham**

A masterplan has recently been prepared for redevelopment of key sites around Egham town centre, following on from the development of a Waitrose and Travelodge on a former car park site.

**Addlestone**

Redevelopment of the town centre is focused on a large mixed use scheme adjacent to the Council offices. The £70m scheme will incorporate a 101 bedroom Premier Inn, 213 residential units, a supermarket, a cinema and a collection of restaurants, creating a new destination for shopping and leisure.

**Leatherhead**

The redevelopment of Leatherhead town centre is identified in the C2C SEP as a potential driver of economic growth. Masterplanning is just beginning, but the introduction of a diversity of uses will be an important thread, especially restaurants, cafes and entertainment facilities. The development of a new hotel on the site of The Bull hotel or the Red House Grounds is an identified business need, alongside a cinema, offices and residential via the encouragement of mixed use schemes.

**Camberley**

The town centre Vision is a £310m regeneration plan for Camberley that includes major road and rail improvements to improve accessibility, the creation of a new town centre gateway, a town square, refurbishment of the Mall shopping centre, and the creation of a new cultural quarter including a £7m Discovery Centre.

**Caterham**

Work is currently being progressed to develop a Town Centre Design Statement for Caterham.

- **Visitor Attraction Development**

**Brooklands Museum Redevelopment**

Brooklands Museum at Weybridge has received £4.6m of HLF funding for its Brooklands Aircraft Factory & Race Track Revival Project'. The £7m project will considerably expand and up-grade the exhibition and visitor facilities on offer, creating a more interactive experience that it is hoped will inspire future generations to embrace science, technology and engineering. It will include a training scheme for volunteers in historic aircraft restoration, and will enable many new activities on the Race Track. Completion is due summer 2016.

**Guildford Castle and Museum**

The Guildford Visitor Strategy includes plans for a £6m project to improve access, interpretation and visitor facilities at Guildford Castle and Museum. The next step in the project will be to secure HLF funding.

**Thorpe Park**

Merlin Entertainments submitted a planning application in October 2014 for a new 'dark ride' to open in 2016. The Medium Term Development Plan for the park also includes plans for a new roller coaster. In May 2014 the park entered the detailed design phase for its planned 250-bedroom hotel, due to open in 2018.

- **Developments Bordering Surrey**

**Chessington World of Adventures**

For 2015, Merlin Entertainments is adding to several areas of its Chessington World of Adventures theme park and zoo as part of a development known as the 'Year of the Penguins'. This includes the overhaul of the Penguin Cove area and a new 'Penguins Live' animatronics show based on the 'Penguins of Madagascar' film. Given Merlin's strategy to transform its theme parks into destination resorts, and the success of the Safari and Azteca hotels, it is reasonable to assume that the company may develop further on-site accommodation at Chessington.

**Farnborough**

There are a number of developments taking place or planned in Farnborough that are likely to generate increased demand for hotel accommodation in the town and surrounding parts of Surrey (Farnham, Frimley and Camberley), depending on whether new hotels are developed in Farnborough:

- Farnborough International Ltd's £25m project to develop new state-of-the-art exhibition and conference facilities at the FIVE centre have moved a step closer with the award by EM3 LEP of a £5m loan facility to help fund the scheme.
- The Farnborough Business Park continues to develop, with two new office buildings (Pinehurst I and II) currently under construction, detailed consent granted for two further buildings in Phase 2 of the Pinehurst scheme, and further development opportunities available on the remaining 6 acres of land at Plot C.
- BMW is in the process of relocating its UK sales, marketing, financial services and leasing and fleet management subsidiaries to Nokia's former office campus on Summit Avenue in Farnborough, now rebranded as Summit ONE.
- Farnborough Airport has taken out a £50m loan from Lloyds Banking Group to expand its operations amid booming demand for executive flights. The Government granted permission in 2011 for the airport to increase its capacity to 50,000 flights by 2019, from the current level of 28,000.

**Slough**

The IQ Slough scheme is a 20-year project to expand and develop the Slough Trading Estate that will create 2 traffic-free plazas incorporating new offices; two purpose built transport hubs; two hotels; convenience shops; restaurants; cafes; a conference centre; leisure facilities; and a dedicated skills and training centre ( Slough Aspire).

**Bracknell**

Bracknell Town Centre is undergoing a £240m regeneration set to open in Spring 2017. This is principally a retail-led scheme, delivering an additional 585,000 sq ft of retail space, alongside a new cinema and residential apartments. Work is also underway on major road improvements focused on the town centre and improving the A329 and A322 links to the M4 and M3.

## 5.3. Future Growth Prospects by Market

5.3.1. The above analysis suggests good potential for growth in all of the key markets for hotel accommodation in Surrey over at least the next 5 years:

- **Corporate demand** for hotel accommodation in Surrey is set to grow significantly given:
    - The projected growth in the UK and Surrey economy, with the key target sectors for the county all productive in terms of generating hotel demand;
    - The development and intensification of existing business parks and employment sites and potential new office development;
    - The expansion of existing companies and attraction of new ones;
    - The continuing strength of Surrey as a location for national and multinational companies, generating strong demand for hotel accommodation for executives and international business visitors;
    - The likely growth in long stay corporate business associated with corporate projects.

The continuing development of the Farnborough economy should generate increased demand for hotels in Farnham, Frimley and Camberley, depending on whether new hotels open at Farnborough.

- Surrey is well placed to benefit from the anticipated continuing recovery and renewed growth in **the residential conference market**, particularly in terms of international corporate meetings and conferences, given the number of major national and international companies in Surrey, the ease of access to the county from Central London, the proximity of Heathrow and Gatwick airports, and the Coast to Capital conference marketing initiative. Existing luxury country house hotels, 4 star hotels and country house conference hotels should be able to capitalise on the growth in this market, while new hotels of these standards should also be able to build residential conference business.

- Hotels in Farnham, Frimley, Camberley and possibly also Woking and Guildford should attract business from new trade exhibitions and consumer shows that are attracted to the new exhibition halls at **the FIVE events venue in Farnborough** .

- **Contractor business** should increase significantly for Surrey's budget and lower grade hotels given the planned construction, town centre regeneration, development and infrastructure projects across the county.

- **The development of Pinewood Studios** should generate new demand for hotel accommodation in Shepperton for film production crews.

- **The expansion of Surrey's universities** should generate increased demand for hotel accommodation related to their research activities, spin-out companies, academic visitors, conferences, graduations and open days.

- Surrey hotels should benefit from the projected growth in **the domestic short breaks market** in terms of:

    - Theme park-focused family breaks - particularly given the further expansion and development of Thorpe Park, Chessington World of Adventures and Legoland Windsor;
    - The grey market taking breaks focused on the heritage, gardens and countryside offer of Guildford, the Surrey Hills AONB and Windsor;
    - Weekend breaks by people that want to escape from London.

- Luxury country house, golf and boutique hotels should be able to attract high-rated weekend break business from the London market and for special celebrations, birthdays and anniversaries. Leisure break business is likely to be more price-driven for other hotels, through the online travel agents, daily deals sites and hotel company short break marketing campaigns.

- There is potential for significant growth in leisure break business for Guildford hotels if the implementation of the Guildford Visitor Strategy (which aims to grow visitor spending in the Borough by 50% by 2020) is effectively resourced.

- Luxury country house hotels close to Windsor could benefit from the projected growth in inbound tourism to the UK. **Overseas tourists** are otherwise likely to remain a relatively small market for the county's hotels.

- There is scope for hotels in Surrey to act as a base for UK and overseas **tour groups** visiting London. This market is very low-rated however and one that hotels will only use to give them base business for quiet periods. Most hotels are unlikely to want to develop this market to any significant degree, particularly if they can attract business from other higher-paying weekend leisure markets.

- Bedroom business related to **weddings and other family occasions** should grow strongly for Surrey's hotels as the county's population increases.

- Demand from **people visiting friends and relatives** is also likely to increase in line with population growth. This is a key weekend market for budget hotels.

- Demand from **clubbers** using town centre budget hotels could increase as the evening economy and nightclub offers of some of Surrey's towns develop.

- Demand from **air passengers travelling via Gatwick** is set to increase for hotels in Horley and North Gatwick given the forecast growth in air passenger movements through Gatwick. Growth could be even more significant in the longer term if proposals for a second Gatwick runway are progressed. A recent report by real estate advisers Savills estimates that demand for hotel accommodation at Gatwick will rise by 71% if the second runway goes ahead.

- The Savills report also estimates a 42% increase in hotel demand at Heathrow if the expansion of Heathrow is the chosen option. This level of growth could generate air passenger demand for hotels in the Surrey M25/Thames Corridor, depending on the levels of new hotel development that take place at or closer to Heathrow.

# 6. THE HOTEL DEVELOPER PERSPECTIVE

## 6.1. The Climate for Hotel Investment

6.1.1. The fortunes of the hotel industry are closely aligned to the national and local economy and so the economic downturn that began in 2008 and the subsequent climb out of recession has hit the sector in a number of ways. Hotel performance fell back with occupancy dropping below 70% from 2009, only recovering to pre-recession levels in 2013. In terms of achieved room rates, they have taken until 2014 to recover to these levels. The drop in performance affected end values in some cases to the point where it would cost more to build a hotel than its value, resulting in hotel investors holding back on new build schemes until yields improved. This has made funding more difficult to secure, especially for small hotel companies and franchisees, and when available often on less favourable terms, with less debt funding and more equity required. These trends have had implications for the type of new hotel being delivered, favouring conversions and re-brandings alongside refurbishment and improvement, encouraged by the ability to buy existing hotel stock at less than replacement value.

6.1.2. As a result of this risk-averse climate, many hotel companies are now focusing their development strategies on routes that don't involve them in capital outlay – or as one hotel company terms it 'an asset-light strategy'. A number of 4 star and luxury international brands like Hyatt and Millennium & Copthorne have for some time only done management contract deals, but certainly their prevalence has spread as funding has become more difficult to secure. These schemes involve significant levels of investment and what the operator brings to the table is their sector expertise and brand strength. This reinforces an earlier trend in the sector pre-recession, for hotel companies to divest themselves of their property assets whilst retaining the contract to operate – Hilton and Accor are good examples.

6.1.3. Whilst funding 3 and 4 star hotels has been a challenge during the economic downturn, budget hotel development has continued apace: Travelodge and Premier Inn have remained active, offering the advantage of their ability to take lease deals in developer-led schemes. One advantage of the downturn in the property market has been that residential and some commercial sites have come forward for hotel development that would not previously have been available or affordable. A weaker market has also seen some distressed hotels coming onto the market being bought up by chain hotel companies and re-branded. London is also an increasing focus of hotel development interest, driven by strong performance and the 2012 bounce.

6.1.4. PwC identifies a solid return to revpar growth as critical to de-risking hotel investment; with revpar having turned the corner in 2014, access to finance should improve and the pace of new hotel development should accelerate. Growth will vary between regions and segments, with London likely to continue to see the highest growth in supply, and key regional cities having the largest active hotel development pipelines. The structural shifts that have taken place continue to squeeze the middle, with budget hotels making up 50% of total pipeline schemes identified in PwC's hotel forecast, and the four and five star segment accounting for almost 40%.

6.1.5. In overview, the Credit Crunch and recession have inevitably had an impact on reining in the development plans of hotel companies, and seen new routes to delivery emerging. The upturn in the hotel market and economic growth looks likely to improve the climate for hotel investment, though in counterbalance the up-turn in demand from residential and office markets will mean greater competition for land, making it harder and more expensive to acquire sites.

## 6.2. Hotel Business Models & Funding Routes

6.2.1. Hotels can be developed and operated under a number of different business models (summarised in the table overleaf) with hotel brand owners, franchisees and property developers playing different roles in each case, with development and operating risks shifting under the different models.

6.2.2 The levels of capital outlay as well as development risk required by a hotel company therefore vary considerably between these options. Many more operators, particularly at the 4 star level, which is much more capital intensive, are likely to be interested in options put to them that involve management contracts than in building and funding hotels themselves, as access to capital will naturally restrict the latter and require hotel companies to prioritise their investment locations.

6.2.3. Many of the chain hotel companies will have a mix of the above structures in place, though some do prefer a single route. Often franchisees are looking to build the asset value of the company with a view to exit within a 5-10 year period, and in such situations are less likely to be interested in lease options.

**Table 20**

**HOTEL DEVELOPMENT MODELS**

| Model | Property Developer Risk | Hotel Operator Risk |
|---|---|---|
| Hotel company (hotel brand owner) develops the hotel & subsequently operates and markets under one of its brands<br>e.g. InterContinental Hotel Group(IHG) builds and operates a hotel under its Holiday Inn brand | x | √ |
| Hotel company (hotel brand franchisee) develops the hotel then operates and markets under a franchised hotel brand name<br>e.g. Sanguine Hospitality builds a hotel and operates it under a Holiday Inn franchise agreement with IHG | x | √ |
| Property company develops the hotel & seeks a hotel company to lease the hotel<br>e.g. Travelodge leases a hotel that has been built and funded by a property developer | √ | √<br>(depending on the type of lease) |
| Property company develops the hotel & seeks a hotel company to purchase the freehold of the hotel | √ | x |
| Property company develops the hotel & employs a hotel company to manage the hotel under a management contract | √ | √ (some depending on the terms of the management agreement) |

6.2.4. Lease models require a little more explanation, as there are some key issues surrounding lease structures that are impacting upon the ability to deliver hotel developments currently. Developers require hotel operators to take a fixed lease, a standard institutional lease that will give a guaranteed fixed payment per room over a period of 20-30 years. Once secured, this guaranteed income stream makes the development fundable, and the developer can secure finance on the back of this. On completion the developer may retain or sell the investment. Currently, only Travelodge and Premier Inn are able to take such leases, as only they have the strength of covenant required. One or two of the multiple brand chains have taken leases, but generally these will only be for large hotels in premium locations such as London or Edinburgh, where occupancy and high rates are guaranteed. There are accounting implications of fixed leases also, as they represent a financial commitment going forward, and this has also put hotel companies off this model.

6.2.5. More favoured by hotel companies are variable leases, made up of a combination of base rental and a share of turnover. Some guarantees can be built into these arrangements, but should the market fall back, the risk and impact is shared by the developer/funder and the operator. Their responsiveness and flexibility accounts for their appeal to hotel companies. Certainly in previous recessionary climates, fixed leases have contributed to the downfall of hotel companies, as they became unable to meet their rental commitments when trading performance fell back. However, there is evidence that these turnover leases make it difficult to fund development because they don’t give the same fixed income stream.

6.2.6. The differing objectives and requirements of developers/investors and operators has led to something of an impasse and resulted in it being difficult to get hotel schemes off the ground. During our consultations with hotel companies we have come across numerous schemes and sites that have stalled for this reason, with few hotel operators able or willing to do the sort of deal the funding institutions require.

6.2.7. The funding climate and the changes in the way that hotels are being delivered has had an impact on the development strategies of hotel companies, with schemes increasingly developer and/or investor-led. Many hotel developers and operators have stopped having target lists of locations where they would like to be, rather considering schemes on an individual basis, if they are live. Many are willing to respond to specific sites and schemes, and to work with a developer on sites and locations to determine the strength of the market and the most appropriate brand to consider. From a destination or landowner point of view, the response should be about making the case and evidencing the potential.

6.2.8. The difficulty in securing funding for hotel schemes has also led to other interventions being used to secure hotel schemes. Local authorities have begun to provide funding to support the development of hotels as part of strategically important mixed-use schemes and the conversion of architecturally important buildings to hotels. In Hampshire, Eastleigh Borough Council has funded the development of a new Hilton as part of the development of the Ageas Bowl cricket ground on the edge of Southampton. In Newcastle the City Council has played a pivotal role in enabling Silverlink to secure the funding package for phase 1 of the Stephenson Quarter through acquiring the site for staged buy-back. Travelodge has been working with a number of local authorities nationally, where the Council has invested in the hotel; an example in Surrey is the Redhill Travelodge and town centre mixed use scheme. IHG have also worked on several projects involving Council funding of hotels, most recently for Holiday Inn and Holiday Inn Express offers in Stockport and Blackpool. In each case the Council has funded, developed and owns the hotel – or bought it back off the developer – and taken a franchise with IHG, with an option to put in place a management company.

## 6.3. Hotel Developer Interest in Surrey

### The Approach

6.3.1. Testing hotel developer, operator and investor interest in Surrey provides an opportunity to gain an insight into their views of the county and its key towns as hotel investment locations and some of the key challenges they face in delivering hotel development here. Discussions with those at the sharp end bring a different viewpoint, and often a dose of realism to what is achievable and viable.

### Sampling & Response

6.3.2. A sample of hotel developers, operators and investors was compiled based upon:

- Hotel products and brands that have fit with the identified market potential;
- Hotel operators understood to be associated with currently proposed hotel schemes;
- Hotel companies known to be active currently, albeit in other parts of the country;

6.3.3. The research was conducted via an initial email followed up by a structured telephone interview with Acquisition/Development Directors. Consultees were asked about their interest by location and brand/standard of hotel, their view of the market, their site requirements, the type of deal they are seeking, and any obstacles to investment.

6.3.4. Contact was made with over 30 hotel companies, many of whom represent and deliver multiple hotel brands. 27 responses were received.

### Interest in Surrey by Brand, Standard and Location

6.3.5. There were 5 respondents that were not interested in investing in Surrey currently. The principal reasons for this related to a focus on other geographic areas and/or a limited capacity to take on new schemes. One serviced apartment operator did not have enough clients requiring long-stay accommodation in Surrey to justify the volume of business needed for investment in a new build operation.

6.3.6. Of the 21 operators that were interested in being represented in Surrey, a number of these were prepared to look at placing multiple brands in key locations across the county. Accor, for example, would look at Novotel, Adagio, Ibis Styles, Ibis Budget, Ibis Red, Mama Shelter and Mercure. In total there was interest in 47 brands. A summary of brand interest by standard is given in the table overleaf.

**Table 21**
**HOTEL BRANDS INTERESTED IN SURREY – BY STANDARD**

| 4 STAR | 3 STAR | BOUTIQUE/ LIFESTYLE | BUDGET BOUTIQUE |
|---|---|---|---|
| Bespoke | Courtyard | Autograph | Bespoke |
| Crowne Plaza | Four Points | Bespoke | Ibis Styles |
| Doubletree | Hilton Garden Inn | Hotel du Vin | Mama Shelter |
| Golden Tulip | Holiday Inn | Hyatt Place | Moxy |
| Mercure | Park Inn | Malmaison | Aloft |
| Novotel | Tryp | Radisson Red | |
| Radisson Blu | | | |
| Ramada Plaza | | | |
| Sheraton | | | |
| Village | | | |
| **UPPER TIER BUDGET/LIMITED SERVICE 3 STAR** | **DESTINATION HOTEL** | **BUDGET** | **SERVICED APARTMENTS** |
| Express by Holiday Inn | Bespoke | Premier Inn | Adagio |
| Hampton by Hilton | Hilton | Travelodge | Beyonder |
| Ibis Red | Hyatt | Days Inn | Premier Apartments |
| Ramada Encore | | Ibis Budget | Residence Inn |
| Tulip Inn | | | SACO |
| | | | Spires |
| | | | Staybridge Suites |
| | | | Staying Cool |

6.3.7. It is notable that there is interest across the full spectrum of hotel provision, but in particular that there is significant interest for premium products, 4 star and boutique/lifestyle brands. The product interest also includes interest from some hotel brands that are new to the UK, for example, Hyatt Place, Aloft, Moxy, Mama Shelter, Radisson Red and Residence Inn. This is an indication of the perceived strength of the market, but also of market maturity, as many of the established brands are already represented here.

6.3.8. In terms of feedback by location, some consultees expressed interest generally in the county and said they would be prepared to look at any opportunities on a site by site basis as they saw the area as generally strong. Others gave more location specific responses, particularly the budget hotel companies who have more focused targets as they are already widely represented here. Interest by location is summarised in the table below. A number of consultees indicated that any locations falling within the M25 ring would be definite targets for them should sites be available.

**Table 22**
**SURREY HOTEL COMPANY INTEREST BY LOCATION AND STANDARD**

| Location | 4 Star | Boutique | Midscale[1] | Budget | Destination[2] | Aparthotel/ Serviced Apartment |
|---|---|---|---|---|---|---|
| Addlestone | | | √ | √ | | |
| Banstead | | | √ | | | |
| Camberley | √ | √ | √ | √ | | √ |
| Caterham | | | √ | √ | | |
| Chertsey | | √ | √ | | | √ |
| Cobham | | | | √ | | |
| Dorking | | √ | √ | √ | | |
| Epsom | | | √ | √ | | |
| Esher | | √ | √ | | | |
| Farnham | | √ | √ | √ | | |
| Frimley | √ | | √ | √ | | |
| Gatwick | √ | √ | √ | √ | | |
| Godalming | | | √ | | | |
| Godstone | | | | | √ | |
| Guildford | √ | √ | √ | √ | | √ |
| Leatherhead | | | √ | √ | | √ |
| Redhill | | √ | √ | √ | | √ |
| Reigate | | | √ | √ | | |
| Shepperton | | | √ | √ | | |
| Staines | | √ | √ | √ | | √ |
| Sunbury | √ | √ | √ | √ | | √ |
| Walton on Thames | | √ | √ | √ | | √ |
| West Byfleet | | | | √ | | |
| Weybridge | √ | √ | √ | √ | | √ |
| Woking | √ | √ | √ | √ | | √ |
| Rural Area | | | | | √ | |
| Non Location Specific | √ | √ | √ | √ | | √ |

[1] 3 star/Upper Tier Budget
[2] Country House Hotel/Resort/Spa

6.3.9. The strongest interest (for 24 hotel brands) was in Guildford. To quote one of the major international hotel operators and multiple brand owners:

'Guildford is a phenomenal market'

Woking had the next highest levels of interest (for 17 brands), followed by Weybridge (11 brands), and Gatwick, Camberley and Staines (9 brands). A further 7 locations were of interest to between 4 and 7 brands, and the remaining 12 locations had interest from 1-4 brands. Clearly, this is interest from only a sample of hotel companies, and bearing in mind that a number said they would look at anywhere in the county on an opportunistic basis, the levels of interest in individual locations could be much greater, but the relative positioning seen in the table certainly reflects the sentiments expressed in conversations with Acquisition Directors.

**Table 23**
**NUMBER OF HOTEL BRANDS INTERESTED IN SURREY BY LOCATION**

| Location | No. of Brands Interested |
|---|---|
| Guildford | 24 |
| Woking | 17 |
| Weybridge | 11 |
| Camberley | 10 |
| Gatwick[1] | 9 |
| Staines | 9 |
| Sunbury | 9 |
| Redhill | 7 |
| Walton-on-Thames | 6 |
| Chertsey | 5 |
| Dorking | 4 |
| Farnham | 4 |
| Leatherhead | 4 |
| Epsom | 3 |
| Esher | 3 |
| Frimley | 3 |
| Reigate | 3 |
| Addlestone | 2 |
| Shepperton | 2 |
| Caterham | 1 |
| Godalming | 1 |
| Banstead | 1 |
| Cobham | 1 |
| Godstone | 1 |
| West Byfleet | 1 |

Note:

1. Interest in Gatwick was only for site opportunities on the airport itself. No hotel companies were interested in Horley as a location

6.3.10. There is interest at all levels in the market from 4 star to budget and including boutique/ lifestyle hotels and serviced apartments. By standard, 4 star interest was limited to only a few locations in Surrey – Guildford, Woking, Weybridge, Camberley, Frimley, Sunbury and Gatwick. In contrast, budget hotel interest was much more widespread, with interest from hotel companies in at least 19 locations in Surrey. Between these two extremes, there was serviced apartment and boutique/lifestyle hotel interest in 10-13 locations. At the midscale level IHG expressed interest in 19 locations across Surrey for its upper-tier budget/ limited service Holiday Inn Express brand but would not develop hotels in all of them. Similarly the Louvre Hotel Group expressed interest in 14 locations for its upper-tier budget/ limited service 3 star Tulip Inn brand but is only likely to progress hotels under this brand in a handful of locations in Surrey.

### Surrey as a Hotel Investment Location

6.3.11. Key strengths of Surrey as a hotel investment location are:

- Proximity and connectivity to London;
- Proximity to the London airports at Heathrow and Gatwick for national and international business, conference and meetings business, and leisure tourism demand;
- The accessibility afforded by the M25 and connecting motorways/strategic routeways, and the impact this has on the area's market catchment;
- The breadth and depth of the corporate market, particularly in terms of national and international headquarters offices, in sectors that are productive for generating hotel roomnights;
- A perceived under-supply of quality hotel accommodation;
- Knowledge of strong performance in key locations (often from hotels within their existing networks) and high levels of denials.

## Tackling Barriers to Hotel Investment

6.3.12. **The difficulty of securing finance** for hotel development has been a major challenge for the sector since the global financial crisis, as detailed in the 'Climate for Investment' section of this report. The strategies of many hotel companies has made this problem worse, in that many are moving forward through management contracts and franchises rather than leases. Whilst it is hoped that growth in revpar will begin to create confidence amongst lenders, there remains some caution, particularly in funding upscale hotels that can require upwards of £20m to deliver. It will be important to be mindful of this situation and seek to ameliorate it in the forward Hotel Investment Action Plan for the county. Consultees have provided examples of creative solutions that have been put in place in other locations where local authorities have pro-actively engaged, partnered and even funded or incentivised hotel development for the wider good of the destination or to get a critical development off the ground.

6.3.13. However, it's not just about the money. There are many pieces of the jig-saw to put in place to deliver a hotel, and any opportunity to streamline or facilitate these could make a significant difference to the chances of attracting a hotel. Sites and planning are two key areas of focus:

- **The issues relating to sites** are to do with a combination of availability and deliverability. Surrey is a county very densely populated and developed, with over 70% of its area Green Belt as well as other issues constraining development such as flooding. All of this generates intense pressure for land, particularly from uses such as residential and employment that can generate higher land values, whilst also being higher priority uses compared to hotels that local authorities must plan to accommodate. We have seen several examples of hotels being squeezed out of mixed use schemes as a result, and of losing sites to residential competitors for significantly enhanced sums. Whilst the fall back in the market during the recession created a window of opportunity for hotels to secure sites previously planned for residential or office development, the recovery seems likely to rebalance this and make it more challenging for hotels to secure prime town centre sites. Mixed use schemes have the added disadvantage compared to a standalone hotel opportunity in that they are complex to deliver and beyond the direct control of the hotel company. The pressure on and competition for sites also often means that more difficult sites and property opportunities are being taken on, which adds to costs.

- **The issues to do with planning** have multiple aspects to them, most notably:
    - A town centre focus for hotel development, backed by the sequential test, yet for many of the reasons above, a difficulty in hotels securing sites in such locations. At the same time, certain business models require an urban fringe location, and corporate demand generated by companies on business parks often wants to be accommodated as close as the business park rather than in town centre hotels.
    - Planning policies that protect employment floorspace can often prohibit hotels developing on business parks, or being converted from offices.
    - Planning conditions relating to for example parking or design can add significant cost to a hotel scheme, sometimes pushing the boundaries of its viability. Conditions relating to operational issues can limit market up-take and similarly constrain business development and undermine viability.
    - The restrictions of Green Belt limiting extensions, conversions and new development outside built up areas (though there have been examples of hotel permissions being granted in Surrey).

6.3.14. Effective **communication between local authorities and hotel companies** that are looking for hotel development opportunities is a further issue. It is only on occasions that local authorities have been able to proactively consult hotel companies to encourage them to consider hotel development opportunities in their area or to contribute to planning policy consultations. This can be for a variety of reasons: possibly a lack of understanding about the market need for additional hotel provision; a lack of staff resources, expertise or clearly allocated responsibility; or a lack of knowledge about which hotel companies to approach and exactly who to contact in them. Equally hotel companies rarely make contact with local authorities unless they are progressing a specific planning applications, and are unlikely to respond to local authority consultations on planning policy documents. This is largely due to the very limited staff resources that hotel companies have for investigating hotel development opportunities: most hotel companies with only have one person covering the whole of the UK, and possibly also Europe and the Middle East. This Hotel Futures Study attempts to bridge this communication gap by providing guidance on planning policy formulation for hotel development based on sound evidence of market need and consultations with hotel companies. It also identifies hotel companies that are interested in opening new hotels in Surrey destinations as a starting point for more proactive and co-ordinated engagement between the county's local authorities and target hotel companies.

# 7. CONCLUSIONS AND RECOMMENDATIONS

## 7.1 Hotel Development Opportunities and Needs

7.1.1. Our analysis of current hotel performance and markets, the future prospects for growth in hotel demand, and hotel company interest in the county, shows the following opportunities and requirements for hotel development in Surrey:

- **Investment in Existing Hotels**

  There is clear potential, and in many cases a need, for investment in the upgrading, expansion and development of existing hotels in terms of:

  - The redevelopment, repositioning and possible expansion of some country house and golf hotels to a 5 star level or boutique style of hotel.
  - The upgrading of 3 star hotels that have seen little recent investment, including repositioning to more contemporary 3 star, 4 star or boutique hotels.
  - The potential repositioning, redevelopment and expansion of any of the country house conference hotels that Starwood Capital dispose of in the county, including as luxury or boutique country house hotels, spa hotels or luxury family hotels.
  - The expansion of existing hotels in terms of adding bedrooms to satisfy demand that is currently being turned away.
  - The development of additional facilities to enable hotels to develop new markets and income streams and improve their viability, including:
    - Leisure facilities and spas - to develop weekend leisure business;
    - Function rooms - to develop weddings and function trade at weekends;
    - Conference facilities - to compete more effectively in the conference market.
  - The granting of C1 use permissions for country house conference hotels to enable them to trade fully in the weddings, functions and restaurant markets to allow them to attract new trade to ensure their long-term viability and allow reinvestment to improve their offer.

- **5 Star Country House Hotels**

  The current performance of 5 star country house hotels in Surrey, Berkshire and Hampshire, particularly in terms of achieved room rates, suggests potential for the development of further such hotels in Surrey, give suitable properties for conversion and sites for development. There are already two such proposals in the county in terms of the conversion of Cherkley Court and the proposed hotel at Hurtwood Park Polo Club. Such hotels should be able to attract strong demand for residential conferences, leisure breaks and weddings, particularly from companies and individuals coming out of London.

- **4 & 5 Star Golf Hotels**

  There is scope for the development of further 4 star, and possibly 5 star hotels on golf courses in Surrey, particularly in the M25 Corridor. There are already three such proposals in the county. Golf hotels can cater for local corporate demand and residential conferences in the week and weddings and golf, leisure and spa breaks at weekends.

- **International 4 Star Hotels**

  Additional international 4 star hotels are needed in the following locations to satisfy the current and future hotel requirements of existing and new companies:

  - Guildford
  - Woking
  - Weybridge
  - Sunbury

  Existing full service hotels in these parts of the county are trading at high levels of occupancy and room rate during the week and consistently turning business away on Tuesday and Wednesday nights and sometimes also on Monday nights. Given the projected future growth in corporate demand in these locations, and the potential for growth in residential conference business, additional 4 star hotels are clearly required and can be supported here. There is strong hotel developer interest in these parts of the county, and already proposals for new 4 star hotels in Guildford and Woking.

Weekend demand could present a challenge in these locations however. New hotels will thus need leisure facilities and spas, banqueting facilities, and the support of the leisure break marketing campaigns and customer loyalty programmes of an international hotel brand to enable them to achieve sufficiently high weekend occupancies and room rates.

The hotel development potential in these locations might also, or alternatively be for 3 star hotels, depending on the requirements of local companies. The hotel developers that are interested in these parts of the county are however more likely to want to place their 4 star brands here, given the room rates that can be achieved. Weekend demand is also likely to be even more of a challenge for 3 star hotels. With much of the corporate demand being from international executives it also seems likely that company demand will be primarily for international 4 star hotels. There may however be merit in some further research to fully understand the hotel requirements of companies in these locations in terms of the need for 3 star hotel provision.

- **The Proposed Training Hotel and Conference Centre at the University of Surrey**

There is good potential and a strong case for the University of Surrey to develop a training hotel and conference centre on its Guildford campus in terms of meeting some of the requirement for additional hotel provision in Guildford, consolidating the University's potential as one of the leading international centres for hospitality management training, and helping the University to develop its academic conference business, particularly during term time. The University of Essex opened a fully commercial training hotel on its Colchester campus in 2012 and there are proposals for training hotels/ hotel schools in Oldham and Bournemouth. There is no reason to think that the University of Surrey could not develop a similar facility, particularly given the strength of demand for hotel accommodation in Guildford. A number of UK universities, including Nottingham, Leicester, Loughborough, Stirling and Lancaster, have successfully developed on-site residential conference centres and hotels, and a number of other universities are looking at similar proposals. Such facilities have enabled these universities to develop a strong residential conference business, at the same time as catering for university-related demand for hotel accommodation, together with the local corporate market and leisure break and group tour business at weekends and during the summer months. Again there is no reason to think that the University of Surrey could not do the same.

- **Boutique Hotels**

  There could be potential for new boutique hotels to be developed in the following locations, given suitable properties for conversion or existing hotels that can be repositioned:

  - Guildford
  - Esher
  - Dorking

  These are the heritage towns in Surrey that have a strong enough corporate market and suitable leisure offer to support boutique hotel development. A number of hotel companies also expressed interest in placing their boutique brands in some of Surrey's other towns. This was however largely uninformed interest that we doubt would be converted to boutique hotel development projects, other than possibly in terms of the repositioning of existing small 3 star hotels e.g. in Chertsey, Staines, Weybridge and Farnham.

- **Budget Hotels**

  The current high budget hotel occupancies and levels of denied business show potential for further budget hotels to be developed in the following locations in Surrey:

  - Addlestone
  - Cobham
  - Esher
  - Weybridge
  - Epsom
  - Guildford
  - Redhill/Reigate
  - Banstead
  - Chertsey
  - Staines
  - Walton-on-Thames
  - Caterham
  - Woking
  - West Byfleet

Most of these locations may be able to support an upper-tier budget/ limited service 3 star hotel[3] instead of, or possibly in addition to budget hotels.

There is potential for further budget hotel development at Gatwick Airport, which will be even stronger if the second runway gets the go ahead. Budget hotel companies are however only interested in site opportunities on the airport itself: they are not interested in building hotels in Horley, although might be interested in suitable sites in Reigate & Banstead on the perimeter of the airport.

Premier Inn and/or Travelodge have also identified the following locations in Surrey as targets for new hotels:

- Farnham
- Leatherhead
- Dorking
- Shepperton

Budget and 3 star hotel performance is not as strong in these parts of the county, so new budget hotel development is not such a priority here. New budget hotels are likely to challenge existing hotels in these locations.

- **Aparthotels and Serviced Apartment Complexes**

There is potential for the development of aparthotels and serviced apartment complexes in the following locations in Surrey:

- Guildford
- Woking
- Weybridge
- Esher
- Egham
- Chertsey
- Staines
- Walton-on-Thames
- Sunbury
- Redhill/Reigate
- Leatherhead
- Epsom
- Camberley/Frimley

[3] i.e. Holiday Inn Express, Hampton by Hilton, Ramada Encore or Tulip Inn hotels

There is strong long stay corporate demand in these parts of the county from visiting international executives and people working on company projects or relocating to the area. Aparthotels and serviced apartments provide an attractive alternative to hotel stays for these markets. There is also scope for them to attract weekend leisure demand, particularly from the family market that is attracted for theme park breaks, weddings and to visit friends and relatives.

- **Hotels at Racecourses**

  There is potential for hotels to be developed at Kempton Park and Sandown Park racecourses to cater for local corporate demand, residential conferences and weddings and leisure breaks at weekends. Lingfield Park and Epsom Downs have already successfully developed hotels and there is no reason to think that these other racecourses could not do the same. Kempton Park already has planning consent for a hotel.

- **Hotels at Attractions**

  Merlin Entertainments opened the Thorpe Shark Hotel at Thorpe Park in 2014 and is progressing plans for a 250-bedroom, full service on-site hotel.

  Denbies Wine Estate is currently looking at the feasibility of developing a hotel. It already provides farmhouse bed & breakfast accommodation, which trades at extremely high levels of occupancy, and is confident that there is demand for an on-site hotel. There may be scope for the Estate to develop the type of wine hotel that some European and overseas vineyards operate.

7.1.2. The tables overleaf summarise the potential for hotel development in Surrey in terms of the market potential for new hotels, hotel developer interest and consented proposals for hotels.

## Table 24
## SURREY HOTEL DEVELOPMENT OPPORTUNITIES BY DISTRICT/BOROUGH

| District/Borough | Luxury Country House and/or Golf Hotels | | | 4 Star Hotels | | | Boutique Hotels | | | Budget Hotels | | | Aparthotels/ Serviced Apartments | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Market Potential | Hotel Company Interest[1] | Live Proposal | Market Potential | Hotel Company Interest | Live Proposal | Market Potential | Hotel Company Interest | Live Proposal | Market Potential | Hotel Company Interest | Live Proposal | Market Potential | Hotel Company Interest | Live Proposal |
| Elmbridge | √ | | | √ | √ | | √ | √ | | √ | √ | | √ | √ | |
| Epsom & Ewell | √ | | | | | | | | | √ | √ | | √ | | |
| Guildford | √ | | | √ | √ | √ | √ | √ | | √ | √ | | √ | √ | |
| Mole Valley | √ | | √ | | | | √ | √ | | √ | √ | | √ | √ | |
| Reigate & Banstead | √ | | | | | | | √ | | √ | √ | √ | √ | √ | |
| Runnymede | √ | | | | | | | √ | | √ | √ | √ | √ | √ | |
| Spelthorne | | | | √ | √ | | | √ | | √ | √ | | √ | √ | |
| Surrey Heath | √ | | | | √ | | | √ | | √ | √ | | √ | √ | |
| Tandridge | √ | √ | √ | | | | | | | √ | √ | | | | |
| Waverley | √ | √ | √ | | | | | √ | | √ | √ | √ | | | |
| Woking | | | | √ | √ | √ | | √ | | √ | √ | √ | √ | √ | |

Note:
1. Our research has not fully tested country house and golf hotel company interest in Surrey. There are very few country house and golf hotel companies that are actively developing new hotels, although some may respond to specific opportunities that are put to them. Country house and golf hotel projects are most commonly progressed by individual property and golf course owners or developers, who may then seek to work with a suitable hotel management company.

**Table 25**
**SURREY HOTEL DEVELOPMENT OPPORTUNITIES BY TOWN**

| Town | 4 Star Hotels | | | Boutique Hotels | | | Budget Hotels | | | Aparthotels/ Serviced Apartments | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Hotel Company Interest[1] | Live Proposal | Market Potential | Hotel Company Interest | Live Proposal | Market Potential | Hotel Company Interest | Live Proposal | Market Potential | Hotel Company Interest | Live Proposal | Market Potential |
| Addlestone | | | | | | | √ | √ | √ | | | |
| Banstead | | | | | | | √ | | √ | | | |
| Caterham | | | | | | | √ | | √ | | | |
| Camberley/Frimley | √ | | | √ | | | √ | | | √ | | √ |
| Chertsey | | | | √ | | | √ | | √ | √ | | √ |
| Cobham | | | | | | | √ | | √ | | | |
| Dorking | | | | √ | | √ | √ | | √ | | | |
| Egham | | | | | | | | | | | | √ |
| Epsom | | | | | | | √ | | √ | | | √ |
| Esher | | | | √ | | √ | √ | | √ | | | √ |
| Farnham | | | | √ | | √ | √ | √ | √ | | | |
| Godalming | | | | | | | √ | | | | | |
| Guildford | √ | √ | √ | √ | | √ | √ | | √ | √ | | √ |
| Leatherhead | | | | | | | √ | | √ | √ | | √ |
| Redhill/Reigate | | | | √ | | | √ | √ | √ | √ | | |
| Shepperton | | | | | | | √ | | | | | |
| Staines | | | | √ | | | √ | | √ | √ | | √ |
| Sunbury | √ | | √ | | | | √ | | √ | √ | | √ |
| Walton-on-Thames | | | | √ | | | √ | | √ | √ | | √ |
| West Byfleet | | | | | | | √ | √ | √ | | | |
| Weybridge | √ | | √ | √ | | | √ | | √ | √ | | √ |
| Woking | √ | √ | √ | √ | | | √ | | √ | √ | | √ |

7.1.3. These tables show the following:

- The potential for luxury country house and golf hotels is matched by proposals with hotel companies on board in Waverley and Tandridge and by proposals that are being progressed by individual site owners and development companies in Mole Valley and Waverley. The potential for such hotels in other parts of the county is not yet matched by proposals.

- There are proposals coming forward for a 4 star hotel Woking but the market potential and hotel company interest for 4 star hotel development in Guildford, Elmbridge and Spelthorne is not yet matched with proposals.

- No boutique hotel conversion opportunities have been identified to meet the market potential and hotel company interest for boutique hotel development in Guildford, Esher, Farnham and Dorking. The hotel company interest in boutique hotel development in other parts of Surrey is not matched by clearly identified market potential or proposals. This interest was largely uninformed however, so may not convert to boutique hotel proposals.

- Budget hotel schemes are at various stages in Addlestone, Redhill, West Byfleet and Farnham. There are otherwise no live budget hotel proposals to meet the market potential and hotel company interest for budget hotels in other parts of the county.

- Proposals for aparthotels and serviced apartment complexes do not appear to be being progressed in any of the locations in Surrey where there is market potential and hotel company interest for these types of accommodation.

## 7.2. Planning Policy Implications

7.2.1. Whilst it was not part of the brief for the Hotel Futures Study to review current Local Plan/Core Strategy policies for hotels or the status and progress of the District and Borough planning policy documents, a planning output in terms of the general principles that will support the future development of the county's hotel sector was an objective. The Hotel Futures Study shows significant potential and need for hotel development in all Surrey Districts and Boroughs and clearly demonstrates that further hotel development is vital to support the future growth of the county's economy. Many parts of the county are already short of hotel provision to fully meet midweek demand from local companies. With the projected continuing strong growth in the county's economy these shortages will become even more pronounced if new hotels are not developed. Hotel development is also needed to grow the county's visitor economy. Many hotels are frequently fully booked on Saturday nights, so weekend leisure tourist demand is often constrained. There is potential for growth in leisure break, overseas tourist, weddings, visiting friends and relatives and conference demand, but additional hotel supply is needed to fully capitalise on these opportunities. New high quality destination hotels can do well in Surrey. All of this points to a need for the county's District and Borough Councils to plan effectively for hotel growth. The findings of the Hotel Futures Study point to the following key requirements for doing this:

- Policies that support the development of existing hotels;
- Clear locational priorities for new hotels - and planning policies and tools that will support the delivery of hotels in them;
- Clearly articulated hotel development strategies at a District and Borough level that give direction and certainty to the market and Development Control teams;
- Planning conditions that reflect the commercial realities of hotel development;
- Clearly set our policies for the retention of existing hotels;
- Policies that support the provision of on-site live-in accommodation for hotel workers.

7.2.2. We discuss each of these issues in the paragraphs that follow.

### Policies that Support the Development of Existing Hotels

7.2.3. The Hotel Futures Study shows clear potential, and in many cases a need, for investment in existing hotels in terms of:

- Upgrading and repositioning - which in some cases may require reconfiguration and extension of existing hotel buildings;
- The addition of new guest bedrooms to satisfy currently denied demand;
- The development of new facilities such as leisure clubs, spas, function rooms and conference space to attract new markets and give additional income streams;
- The granting of C1 use for country house conference hotels to allow them to fully trade in the weddings, functions and restaurant markets.

7.2.4. Policies are needed that will support these types of investment in existing hotels in order to help address hotel capacity issues; develop the county's hotel offer to attract new markets; and improve the viability of established hotels.

### Locational Priorities for New Hotels

7.2.5. Surrey is an area of significant planning constraint and high competition for development sites. The Hotel Futures Study identifies four types of location where new hotels can most realistically, productively and acceptably be located in the county:

- **Town centres**
  - where hotels and serviced apartments can contribute to the development of the evening economy; meet the accommodation needs of companies with town centre office bases; provide an upper-floor use within mixed-use regeneration schemes; and perhaps present a new use for a redundant office building. National planning guidance fully supports town centre hotel development. Town centres are also sustainable locations for hotels in terms of providing the opportunity for guests to access them by public transport.

- **Business parks**
  - where hotels can form an important part of the infrastructure that companies require to do business effectively, and where many business visitors prefer to stay.

- **Established leisure sites,** such as golf courses, racecourses and visitor attractions
  - where hotels can attract local corporate demand and residential conferences during the week and which may have established generators of weekend demand in terms of weddings, events and leisure visits.

- **The conversion of country house properties**
  - providing a viable future for what might otherwise be redundant assets.

7.2.6. Given the challenges of securing deliverable hotel sites in Surrey, hotel permissions should not be restricted to these locations, but they seem to be the most appropriate to direct hotel development to. Securing hotels in them may require more proactive planning interventions and/or flexibility:

### Town Centre Hotels

- As a lower value use hotels will often struggle to secure sites in town centres where there is strong competition from residential, office and other commercial uses, or may get dropped from mixed-use schemes where they have initially been included. This has happened in a number of locations in Surrey such as Guildford. With the upturn in the residential, commercial and office property markets in the county this situation is likely to worsen going forward. It may therefore be necessary to consider measures such as allocating sites for hotels or some form of legal agreement to ensure that the hotel component of mixed-use schemes is delivered. Where sites are to be allocated for hotel development it will be important to test the market to ensure that the site or building can meet hotel developer and operator requirements and that the location has fit with market potential. Some town centre hotel schemes have been refused or withdrawn in some of Surrey's towns due to concerns about their traffic impact or impact on neighbouring uses because of scale. The importance of pre-application discussions is key here to ensure that appropriate hotel proposals that address these impacts are brought forward. A further consideration is to recognise hotels as a suitable new use for redundant office buildings that may not have a viable future for other employment uses.

**Business Park Hotels**

- For hotel proposals on business parks it would seem appropriate to relax sequential test assessment requirements if business parks are accepted as suitable locations for hotel development in Surrey. There may also be a need to allow flexibility in relation to policies on the allocation and protection of employment sites, recognising hotels as an appropriate supporting and employment generating use in such locations. Hotels are not formally recognised as an employment use in planning terms, yet it is important for planning authorities to appreciate the benefits they can bring in terms of enabling companies to do business effectively, as well as the jobs that they create. Hotels can also provide an after use for office buildings that are no longer fit for purpose. A more flexible approach that recognises the vital role of hotels as part of an area's business infrastructure and the employment and other benefits that they can bring could open up some strong sites for hotel development.

**Hotels on Leisure Sites**

- There may be a need for some flexibility in the consideration of appropriate hotel proposals on leisure sites in Green Belt locations on the grounds that they would not significantly increase the built footprint of such sites or encroach into the undeveloped countryside of the Green Belt; ensure the sustainability of existing leisure businesses; and deliver significant job creation, tourism and economic benefit where they are of a luxury standard with a strong leisure offer. Green Belt policy must however be adhered to: hotel development in the Green Belt can only be allowed under special circumstances.

**Country House Hotels**

- There may be a need for flexibility to allow some new-build extensions, e.g. to provide additional guest bedrooms, leisure facilities, a spa, or conference and function space, to achieve a commercially viable country house hotel conversion proposal.

7.2.7. Judging by the hotel consents that have been granted across the county , most of Surrey's District and Borough Councils appear to be positively disposed to hotel development in these types of location.

### Clear Hotel Development Strategies

7.2.8. Local Plans will often only have a very general policy about hotel development, if they include one at all. While this is in line with national planning guidance, there is merit in local authorities thinking through and articulating a hotel development strategy for their District or Borough that sets out the number, scale, type and location of new hotels that are seen as being needed to meet the Council's economic development and tourism growth ambitions. This may require further research to determine the quantum of new hotel provision that will be needed to meet projected market growth at each level in the market, together with work to more fully understand the hotel requirements of local companies and the deliverability of potential hotel sites. The strategy can be reflected in the supporting text to the Local Plan and used to inform other planning policy documents including Area Action Plans, Site Allocations DPDs, and masterplans and development briefs for specific sites. While resourcing the required work may present a challenge, having a clear hotel development strategy in place would be beneficial in terms of giving direction and certainty to the market, supporting Development Control teams in their discussions with hotel applicants at pre-application stage, and optimising hotel development to achieve regeneration, economic development and tourism growth objectives.

### Planning Conditions that Reflect Commercial Realities

7.2.9. Hotel developers and operators were keen to foster a greater understanding of the commercial implications of the various requirements and conditions that are often attached to planning approvals for hotel schemes. It is important for local authorities to recognise that the costs of meeting the conditions that they place on hotel consents, e.g. relating to building design, external treatments, environmental standards, parking and travel plans, can potentially tip a hotel scheme beyond the point of viability.

### Hotel Retention Policies

7.2.10. Local authorities also need to consider the requirements for hotel retention policies. Such policies are usually needed to ensure that an adequate supply of hotels is retained in locations where there is pressure for alternative uses, most commonly residential, HMOs or care homes. The study has identified some loss of hotels in Surrey. Given the difficulty in securing sites for new hotels, there could be a case for seeking to retain existing hotels through planning policy, particularly where properties are well-located and have the potential for re-development or re-positioning. It is accepted however that some small independent hotels will be impacted by the opening of new budget hotels and may seek to exit the market. Robust retention policies require local authorities to clearly set out the criteria and evidence needed for the assessment of change of use applications for hotels, providing clarity for both applicants and Development Control teams. These should include a minimum period of marketing for sale at a realistic price and through a reputable specialist hotel property agent, alongside evidence that the continued operation of the hotel and investment in it would not be financially viable.

### Staff Accommodation for Hotel Workers

7.2.11. Securing and retaining staff for hotels is a major challenge in Surrey, where high levels of employment and housing costs compound the problem. Many hotels rely on immigrant workers that require live-in accommodation, or need to be able to offer staff accommodation to attract workers from other parts of the UK. Planning policies thus need to recognise this need and allow hotels to provide the on-site staff accommodation that they require to operate effectively.

## 7.3. Accelerating Hotel Development - Requirements for Public Sector Intervention

### Progressing Consented Hotel Schemes

7.3.1. Table 14 on page 35 shows that there are already a number of consented and proposed hotel schemes to meet many of the identified opportunities for hotel development in Surrey, including:

- A number of proposals for 5 star country house hotels and golf hotels;
- A proposal for a new 4 star hotel in Woking;
- Budget hotels in Addlestone, Farnham, Redhill and West Byfleet;
- Hotels of an unspecified standard in Ashford, Staines and Woking;
- A hotel at Thorpe Park;
- A proposed hotel at Sandown Park;
- A possible hotel at Denbies Wine Estate.

7.3.2. Some of these hotel schemes clearly have momentum behind them, with hotel operators signed up. Others appears to be at a much earlier stage, while some have been consented a number of years ago without any apparent progress. There is a need therefore to undertake work to assess the likelihood of the consented hotel schemes and identified hotel proposals being progressed, and to understand any barriers that schemes are facing and the roles that the County Council, LEPs and District and Borough Councils might be able to play to overcome them. Local authorities and LEPs are increasingly investing directly in hotel schemes to help bridge commercial funding gaps and deliver a good investment return. This might be an approach for the County Council, District and Borough Councils and LEPs to consider.

### Identifying Hotel Sites in Other Locations

7.3.3. While there are a good number of consented hotel schemes across Surrey there are also many locations where sites have not so far been identified to meet the market potential and hotel company interest for new hotels:

- As far as we have been able to establish no sites have as yet been identified for new 4 star hotels in Elmbridge and Sunbury;
- There are no identified proposals for new boutique hotels in Guildford, Esher, Dorking or any other locations that hotel companies have expressed interest in (although we are aware of a boutique hotel company that is actively looking at a potential opportunity in the county) ;
- There are no firm proposals for aparthotels or serviced apartment complexes, despite clear market potential and hotel company interest;
- There is a need to identify sites for further budget hotels in Guildford, Woking, Elmbridge, Epsom, Redhill/Reigate, Banstead, Staines, Chertsey, Walton-upon-Thames, Caterham, Shepperton, Farnham, Leatherhead and Dorking to meet the identified market potential and/or hotel company requirements .

7.3.4. There is a case therefore for District and Borough Councils to undertake work to identify suitable sites to meet these requirements.

### Providing Information on Hotel Development Opportunities

7.3.5. Having identified potential hotel sites there is a need to ensure that they are effectively promoted to target hotel companies. This will require the preparation of hotel sites information, supported by information on the market opportunities for hotel development in each location. To this end we would recommend the preparation of District and Borough Hotel Investment Prospectuses that provide information on hotel sites alongside information on hotel supply, performance, markets, growth prospects and drivers, drawing on the information in the Hotel Futures Study, perhaps supported by further research and information available from the local authority. These should be produced and made available online so that they can be periodically updated and easily accessed by hotel companies.

7.3.6. While some hotel companies have a good understanding of the market potential for hotel development in Surrey, others are less well informed. Hotel companies are largely reactive when it comes to hotel development: they will respond to opportunities that are put to them, but few have proactively identified target locations where they want to open new hotels, certainly beyond the obvious targets of London, major cities and key heritage destinations like Oxford, Bath and York. Providing good quality, comprehensive information on hotel development opportunities and sites will enable Surrey to get ahead of competitor destinations in terms of securing the new hotels that it needs.

### A Co-ordinated Approach to Hotel Companies

7.3.7. There is clearly a lot of interest in Surrey from hotel companies: many are interested in multiple locations across the county. There is a case therefore for a co-ordinated county level approach to building a constructive, ongoing dialogue with hotel companies, as opposed to each District and Borough Council approaching them individually at different times. This will require further thinking (and possibly additional research) to match interested hotel companies with potential hotel development opportunities and sites across the county, together with work to co-ordinate arrangements with District and Borough Councils for familiarisation and site visits for hotel companies. Such work will need resourcing at a county level in terms of staff time and/or consultancy support.

### Understanding Surrey Company Requirements for Hotel Accommodation

7.3.8. The Hotel Futures Study clearly identifies the strength of corporate demand for hotel accommodation in Surrey and its future potential for growth, but gives little insight into the nature of corporate demand, company satisfaction with existing hotels, and requirements for additional or different hotel provision in the future. There is merit therefore in undertaking research to better understand the hotel requirements of Surrey companies, particularly regarding their need for midmarket/ 3 star hotel provision and aparthotels and serviced apartments. This would help to better inform District and Borough hotel development strategies, more clearly identify target hotel brands for specific locations and sites, and help them to understand the market potential in these locations. Such research could be progressed on a countywide or district by district basis.,

## 7.4. Supporting the Surrey Hotel Industry

### Destination Marketing

7.4.1. Weekend business is a challenge for many of Surrey's hotels. Most concentrate on price-driven theme park breaks through the wholesalers that dominate this market, or weekend deals through online travel agents and daily deals sites, rather than a destination sell. While resources for destination marketing are limited, Visit Surrey can play an important role in raising awareness of Surrey's visitor destinations and attractions to generate interest in leisure break stays. A number of hotel managers commented that they would like to see more proactive and better resourced action in this regard.

7.4.2. Our research suggests that the strongest potential lies in better promotion of Guildford and its surrounding NT properties, country houses and gardens (in particular RHS Wisley), and the Surrey Hills AONB and its towns, villages and countryside. Weekend break business for hotels in Woking and the Thames, M25 and M3 corridors is driven more by family visits to theme parks and people using hotels as a base for visiting London and/or the major destinations and attractions around these parts of the county, in particular Windsor and Hampton Court. Their destinations and attractions do not appear to have the pulling power to attract leisure break interest in their own right.

### Developing the Leisure Tourism Product

7.4.3. The further development of Surrey's leisure tourism product is needed to boost weekend demand for the county's hotels. While it is not the remit of this study to advise on this issue, the key opportunities and requirements that our research has suggested are as follows:

- The continuing development of Thorpe Park;
- The development of the heritage, retail and events and festivals offer of Guildford;
- The improvement of the visitor offer of the towns and villages in the Surrey Hills AONB;
- The development of existing and possibly some new visitor attractions;
- The development of events and festivals, especially to boost hotel demand on Thursday, Friday and Sunday nights and during the shoulder season and winter months;
- The development of the evening economies of Surrey's other towns.

### Developing Conference Tourism

7.4.4. One of the issues that we were asked to consider was the potential for growth in conference tourism in Surrey and the scope to develop the county's conference product, including the potential for the county to support a purpose-built conference centre. While we have not undertaken detailed research into the Surrey conference market, we have been able to look at these issues from a hotel capacity perspective.

7.4.5. Surrey already has two purpose-built conference and events venues - the H G Wells Conference & Events Venue in Woking (with a conference capacity for 600 delegates) and the G Live centre in Guildford (that can host conferences for up to 1,000 delegates). Neither of these venues currently attracts multi-day conferences or exhibitions that generate demand for hotel accommodation. A key issue in this respect is that neither town has the hotel capacity to support these venues in attracting such events. Furthermore, hotels are generally full with corporate business that is higher-rated than the business that major conferences are likely to deliver. Hotels in the towns are more likely to be receptive to business from weekend conferences and exhibitions when they have more availability and are prepared to offer lower room rates. There may therefore be more scope for these two venues to target weekend association conferences, consumer shows and hobby exhibitions and events. However there is no clear need for the development of another purpose-built conference centre in Woking or Guildford.

7.4.6. A number of Surrey's visitor attractions (e.g. Mercedes Benz World and Denbies Wine Estate) and all of its racecourses have large capacity conference and exhibition spaces, but again are not sufficiently supported by hotel provision to enable then to target multi-day conferences and events.

7.4.7. The development of the new exhibition hall and conference facilities at the FIVE venue in Farnborough is likely to generate demand for hotels in Farnham, Frimley, Camberley, and possibly Woking and Guildford. It is difficult to see a need for a similar facility to be developed in Surrey.

7.4.8. The only location in Surrey that has the hotel capacity to support a purpose-built conference centre is Gatwick. We are not aware of conference centres that have been built at UK airports however, and as far as we are aware there are no plans for such a facility at Gatwick. A number of airport hotels have large conference rooms, which are probably sufficient to meet market requirements for conference space at Gatwick. If a conference centre were to be progressed at Gatwick it is unlikely to be built in Horley: it would more likely be progressed on the airport or possibly at Crawley.

7.4.9. There is a good range of 4 star hotels, luxury country house and golf hotels, and country house conference hotels in and bordering Surrey that have extensive conference facilities, capable of hosting conferences for up to 300-400 delegates in some cases. They attract strong demand for residential conferences, including some of scale. Our research shows evidence of larger residential conferences (of 120+ delegates) being turned away by some of the county's hotels due to a lack of bedroom and/or meeting room capacity or availability. This suggests potential for existing hotels to expand and develop their conferences facilities, possibly alongside increasing their bedroom stock, as well as potential for new hotels that are developed at these levels in the market to include large-scale conference facility provision.

7.4.10. While many of Surrey's top-end hotels already attract strong residential conference business there may be a case for stronger marketing of the county as a conference, meetings and incentive travel destination to further support hotels in developing this market. This will require further discussions with hotel marketing managers to determine their potential support for a Surrey conference marketing programme.

### Addressing Staff Recruitment Issues

7.4.11. We were asked to discuss staff recruitment issues with the county's hotel managers and get their views on interventions that they felt that the County Council might usefully undertake to help address them. Staff recruitment is clearly a major problem for all hotels across the county of all standards. The high levels of employment in higher paying jobs means that Surrey residents don't particularly want or need to work in a sector that generally offers lower paying jobs and for some roles unsociable hours. The high cost of living in the county is prohibitive for hotel workers from other parts of the country that might want to work in Surrey hotels. Some hotels struggle to attract staff because they are not served by public transport. Surrey hotels also suffer from competition from Central London hotels that generally pay higher wages. Finding trained chefs and housekeeping staff is a significant challenge. Finding local people with good customer service skills for front-of-house roles is also difficult.

7.4.12. Hotels seek to overcome these recruitment problems in a number of ways:

- The use of immigrant workers, which requires hotels to provide staff accommodation, either on-site or through buying or renting houses locally. Many of the county's hotels are reliant on foreign staff.
- The provision of live-in staff accommodation for key workers from other parts of the country.
- The use of staff that are prepared to commute long distances e.g. from Hounslow, Hillingdon and Slough.
- The use of agency staff for housekeeping and chefs. They will often bus staff in from further afield or have staff houses in the county.
- The use of part-time and casual staff, including students.
- Some hotels have alliances with European hotel schools and catering colleges for student placements and internships.
- Hotel companies are increasingly developing apprenticeship and training programmes.
- Many of Surrey's top-end hotels pay higher wages to attract the calibre of staff that they need.

7.4.13 All of these measures add to hotel operating costs and reduce profitability. They also leave hotels with high levels of staff turnover, presenting additional costs and challenges to service delivery.

7.4.14. None of these problems are new: Surrey hotels have long faced staff recruitment challenges. Many hotels and hotel companies are actively trying to resolve them. The most common hotel manager idea for County Council intervention was in terms of a countywide initiative to develop improved links between hotels and local schools, colleges and hospitality and catering training institutions in order to better promote hospitality careers and develop college courses and apprenticeship and work placement programmes to meet the skills needs of hotels . A number of hotel managers indicated that they would be happy to play a lead role in developing such an initiative. The University of Surrey's Hospitality & Tourism Department, the Tante Marie Culinary Academy in Woking and Brooklands, Guildford, East Surrey, Kingston and Farnborough Colleges might also be interested. There is merit therefore in the County Council pulling together a working group of interested parties to look at how such an initiative might be shaped and progressed.

7.4.15. Other suggestions from hotel managers included the provision of more affordable housing and better public transport to hotels. It is more difficult to see how specific hotel-focused initiatives to address these issues might be progressed. Opportunities to feed the hotel sector's requirements in these respects through to housing and transport planners should however be taken, whenever possible.

**Local Sourcing**

7.4.16. We were also asked to speak to hotel managers about their interest in sourcing and featuring locally produced Surrey food and drink products. While some of the managers of chain operated hotels felt that there was customer demand for them to use locally produced food and drink, such hotels are generally prevented from doing so due to central procurement. Surrey food and drink producers will thus need to work with the central procurement teams of hotel chains if they want to be able to supply into Surrey hotels.

7.4.17. Smaller, independent hotels that focus on a high quality food offer were more receptive to sourcing local produce. Barriers for them to do so were in terms of cost; concerns about the ability of small food and drink producers to guarantee supply and deliver the quantities that hotels need; and the impracticality for hotels to work with lots of small producers. A number of these hotels showed interest in some form of 'Taste of Surrey' initiative whereby they might periodically feature local food and drink or run food and drink themed short breaks, events, tasting sessions or chef's demonstrations. This would seem to be the most sensible way forward, rather than seeking to establish some sort of local hotel food and drink supply chain.

**Hotel Signing**

7.4.18. A number of the county's hotel managers commented that they have been unable to get adequate white on brown tourism signs to help their customers find them. Some also reported difficulties in getting permission for on-site advertising banners to help them promote special events, wedding fairs and health club membership. This suggests a need therefore to review current white on brown and advertising signage policies and their application to see if any improvements can be made to better support the operation of hotels in the county.

## 7.5. Moving Forward – Next Steps

7.5.1. The Hotel Futures Study report provides a lot of detailed information about Surrey's hotel market, its future growth potential and the opportunities for hotel development across the county. It also makes a series of recommendations on hotel planning policy and public sector interventions to accelerate hotel development and support the county's hotel industry. Further work is now needed by Hotel Solutions, Surrey County Council and the county's District and Borough Councils to disseminate the research findings and translate the recommendations into policy and action. It is hoped that the LEPs will be able to provide support for this work.

7.5.2. The key next steps actions are as follows:

### a) Surrey Hotel Investment Action Plan

7.5.5. Hotel Solutions will prepare a Surrey Hotel Investment Action Plan as a framework for acting on the study's recommendations and securing resources and funding for the required interventions.

### b) Distribution of the Report and Dissemination of its Key Messages

7.5.7. The findings and recommendations of the Hotel Futures Study need to be effectively communicated to three key audiences::

- Local authority and LEP tourism, economic development, regeneration and planning officers;
- The owners and managers of participating hotels;
- The hotel development community - hotel developers and operators, property developers, hotel consultants, hotel property agents.

7.5.8. These dissemination requirements will/can be progressed as follows:

- Surrey County Council will circulate the report to all relevant local authority officers;
- Hotel Solutions will produce an edited version of the report for planning officers, focusing purely on the planning policy recommendations;
- Hotel Solutions will produce an edited version of the report for distribution by Surrey County Council to the hotel managers and owners that took part in the study, and will supply the County Council with their email addresses;
- The study findings can most effectively be conveyed to the hotel development community through the suggested District and Borough Hotel Investment Prospectuses, if progressed. The alternative is to make the report, or an edited version of it available to interested hotel companies and through the Surrey County Council website.

### c) District/ Borough Level Work

7.5.9. The Hotel Futures Study suggests a number of options for further District/ Borough level work to more fully translate the planning policy recommendations to the local level and support the recommended interventions for accelerating hotel development . This could be in terms of the following, depending on the characteristics of each District/Borough and the staff resources, expertise and budgets of each Council:

- Work to understand any requirements for supporting the progression of consented hotel schemes;
- Work to identify hotel sites to meet as yet unmet requirements;
- The preparation of hotel demand forecasts to determine the quantum of new hotel provision that is needed at each level in the market locally;
- The preparation of clear hotel development strategies for Districts and Boroughs, or specific parts of them e.g. the main towns;
- The preparation of District/ Borough Hotel Investment Prospectuses.

7.5.10. Hotel Solutions has already produced a proposal for such District/Borough level work, which was circulated to the District and Borough Councils in October 2014 as part of Hotel Solutions' local authority and stakeholder consultation programme. A number of authorities expressed interest in progressing such work but wanted to wait until the county level work had been completed before making any decisions. It would seem sensible therefore to revisit and update the proposal and reissue it once the county level report has been finalised and circulated. There may also be a case for approaching the LEPs to see if they are able to support this next phase of work.

## 7.6. Concluding Thoughts

7.6.1. The Surrey Hotel Futures Study shows significant potential and need for hotel development in all parts of the county and clearly demonstrates that new hotel provision is vital to support the future growth of the county's economy and capitalise on its leisure and conference tourism potential, While there are already a significant number of consented and proposed new hotel schemes in Surrey, further work is needed to strengthen hotel planning policy provision and implementation; support the progression of consented hotel schemes that have stalled; identify additional hotel sites where there are unmet requirements; develop a productive and co-ordinated dialogue with hotel companies that are interested in investing in Surrey; better understand Surrey company hotel requirements; and support the county's hotel industry through investment in destination and conference marketing, leisure tourism product development, and work to help address the sector's staff recruitment challenges. Surrey County Council is in a strong position to lead and co-ordinate this work with its District and Borough Council and LEP partners as part of its wider economic development role.

**APPENDIX 1**

## SAMPLE OF PARTICIPATING HOTELS

### 4 STAR

Hilton Cobham
Brooklands Hotel & Spa, Weybridge
Oatlands Park, Weybridge
Radisson Blu Edwardian, Guildford
Holiday Inn Guildford
Mercure Burford Bridge
The Runnymede-on-Thames
Macdonald Frimley Hall

### LUXURY 4/5 STAR COUNTRY HOUSE

Pennyhill Park
Nutfield Priory
Great Fosters, Egham
Savill Court, Egham
Macdonald Berystede, Ascot
Woodlands Park, Stoke d'Arberon

### 4 STAR GOLF HOTELS

Lingfield Park Marriott Hotel & Country Club
Foxhills[26]
The Lodge@ Kingswood

### BOUTIQUE HOTELS & INNS

The Angel, Guildford
Bel & The Dragon, Churt

### COUNTRY HOUSE CONFERENCE HOTELS

Wotton House, Dorking
De Vere Venues Horsley Park
Barnet Hill, Wonersh
De Vere Venues Gorse Hill
De Vere Venues Sunningdale Park, Ascot
Beaumont Estate, Old Windsor

[26] Information sourced from an article published in The Caterer & Hotelkeeper, July 2014

**3 STAR**

Chalk Lane Hotel, Epsom
Holiday Inn Express Epsom Downs
Holiday Inn Woking
Holiday Inn London -Shepperton
Warren Lodge, Shepperton
Holiday Inn London Gatwick
Days Hotel Gatwick
Legacy Farnham Hog's Back
Manor House Hotel, Newlands Corner
Worplesdon Place
Mercure Dorking White Horse[27]
Bridge House Hotel, Reigate
Lakeside International, Frimley Green
Farnham House Hotel
Frensham Pond Hotel
The Manor House, Godalming
Georgian House Hotel, Haslemere
The Crown, Chertsey

**2 STAR/ LOWER GRADE**

Anchor Hotel, Shepperton
Lakeside Continental, Frimley Green

**THEME PARK HOTELS**

Safari Hotel, Chessington World of Adventures

[27] Information sourced from Hotel Solutions contact

**BUDGET HOTELS[28]**

Premier Inn Cobham
Premier Inn Epsom North
Premier Inn Epsom Central
Premier Inn Epsom South
Travelodge Epsom
Premier Inn Guildford North (A3)
Travelodge Guildford
Premier Inn Woking Town Centre
Premier Inn Woking West (A324)
Travelodge Woking
Travelodge Leatherhead
Travelodge Camberley
Travelodge Camberley Central
Premier Inn Camberley
Travelodge Frimley
Premier Inn Bagshot
Premier Inn Godalming
Travelodge Staines
Travelodge Sunbury
Premier Inn Sunbury (Kempton Park)
Travelodge Chertsey
Travelodge Caterham Whyteleafe
Travelodge Redhill
Premier Inn Redhill/ Reigate
Premier Inn Chessington
Premier Inn Gatwick (North Terminal)
Premier Inn Gatwick (A23 Airport Way)
Travelodge Gatwick Airport

**SERVICED APARTMENT OPERATORS**

Flexi-Lets
Room-B
The Apartment Service

**FARNBOROUGH HOTELS**

The Aviator
Holiday Inn Farnborough
Village Urban Resort

[28] Occupancy, ARR and revpar data sourced from Premier Inn and Travelodge head office contacts. Market information sourced through interviews with a sample of Premier Inn and Travelodge managers

**APPENDIX 2**

## SURREY HOTEL SUPPLY – AUGUST 2015

| Hotel | Location | Rooms | Standard |
|---|---|---|---|
| **Elmbridge** | | | |
| Foley Arms | Claygate | 17 | Boutique Inn |
| Hilton Cobham | Cobham | 158 | 4 Star |
| Premier Inn Cobham | Cobham | 48 | Budget |
| Days Inn Cobham | Cobham | 74 | Budget |
| Woodlands Park | Stoke d'Arberon | 57 | 4 Star Country House |
| Brooklands Hotel & Spa | Weybridge | 131 | 4 Star |
| Oatlands Park | Weybridge | 144 | 4 Star |
| Best Western Ship | Weybridge | 80 | 3 Star |
| Innkeeper's Lodge Weybridge | Weybridge | 19 | Budget |
| Ditton Lodge | Long Ditton | 11 | Lower Grade |
| **Epsom & Ewell** | | | |
| The Lodge@Kingswood | Epsom | 18 | 4 Star Golf Hotel |
| Chalk Lane Hotel | Epsom | 22 | 3 Star |
| Holiday Inn Express London-Epsom Downs | Epsom | 120 | 3 Star Limited Service |
| Premier Inn Epsom North | Epsom | 29 | Budget |
| Premier Inn Epsom Central | Epsom | 58 | Budget |
| Travelodge Epsom Central | Epsom | 64 | Budget |
| Nonsuch Park | Ewell | 13 | Lower Grade |
| **Guildford Borough** | | | |
| Radisson Blu Edwardian | Guildford | 183 | 4 star |
| Holiday Inn Guildford | Guildford | 167 | 4 Star |
| The Mandalay | Guildford | 72 | Boutique |
| Angel Posting House | Guildford | 21 | Boutique |
| Premier Inn Guildford Central | Guildford | 114 | Budget |
| Travelodge Guildford | Guildford | 152 | Budget |
| Asperion | Guildford | 15 | Lower Grade |
| Manor House | Newlands Corner | 50 | 3 Star |
| Barnett Hill | Wonersh | 60 | 3 Star Conference Hotel |
| De Vere Venues Horsley Park | East Horsley | 180 | 3 Star Conference Hotel |
| Legacy Thatchers | East Horsley | 87 | 3 Star |
| Legacy Farnham Hog's Back | Seale | 96 | 3 Star |
| Hurtwood Hotel | Peaslake | 13 | Boutique Inn |
| Worplesdon Place | Worplesdon | 22 | 3 Star |
| Asperion Hillside | Worplesdon | 15 | Lower Grade |
| The Talbot Ripley | Ripley | 43 | 4 Star |
| **Mole Valley** | | | |
| Mercure Burford Bridge | Dorking | 57 | 4 Star |
| Wotton House | Dorking | 111 | 4 Star Conference Hotel |
| Mercure Dorking White Horse | Dorking | 78 | 3 Star |
| Lincoln Arms | Dorking | 20 | Lower Grade |
| Travelodge Dorking | Dorking | 54 | Budget |
| De Vere Venues Hartsfield Manor | Betchworth | 50 | 3 Star Conference Hotel |
| Gatton Manor | Ockley | 18 | 3 Star |
| Surrey Hills | Capel | 12 | Lower Grade |
| Travelodge Leatherhead | Leatherhead | 96 | Budget |
| Russ Hill | Charlwood | 190 | 3 Star |
| Stanhill Court | Stanhill | 34 | 3 Star |

| Hotel | Location | Rooms | Standard |
|---|---|---|---|
| **Reigate & Banstead** | | | |
| Langshott Manor | Horley | 22 | 4 Star Country House Hotel |
| Airport Inn Gatwick | Horley | 124 | 3 Star |
| Holiday Inn London Gatwick Airport | Horley | 210 | 3 Star |
| Days Hotel Gatwick | Horley | 73 | 3 Star |
| Travelodge Gatwick Airport Central | Horley | 254 | Budget |
| Gatwick Cambridge | Horley | 32 | Lower Grade |
| Gatwick White House | Horley | 27 | Lower Grade |
| Corner House | Horley | 32 | Lower Grade |
| Gatwick Belmont | Horley | 18 | Lower Grade |
| Acorn Lodge | Horley | 22 | Lower Grade |
| Gainsborough Lodge | Horley | 30 | Lower Grade |
| The Ambers | Horley | 17 | Lower Grade |
| Gatwick Inn | Horley | 10 | Lower Grade |
| Travelodge Redhill | Redhill | 37 | Budget |
| Premier Inn Redhill-Reigate | Redhill | 48 | Budget |
| Best Western Reigate Manor | Reigate | 50 | 3 Star |
| Bridge House | Reigate | 39 | 3 Star |
| Premier Inn Epsom South | Burgh Heath | 78 | Budget |
| **Runnymede** | | | |
| The Runnymede-on-Thames | Egham | 180 | 4 Star |
| Great Fosters | Egham | 53 | 4 Star Country House Hotel |
| Savill Court | Egham | 104 | 4 Star Country House Hotel |
| Travelodge Egham | Egham | 80 | Budget |
| Crown | Chertsey | 49 | 3 Star |
| Bridge Lodge | Chertsey | 51 | 3 Star |
| Travelodge Chertsey | Chertsey | 73 | Budget |
| Thorpe Shark Hotel | Thorpe Park | 90 | Budget Theme Park Hotel |
| Wheatsheaf | Virginia Water | 17 | 3 Star |
| Foxhills | Ottershaw | 70 | 4 Star Golf Resort |
| **Spelthorne** | | | |
| Holiday Inn London-Shepperton | Shepperton | 185 | 3 Star |
| Warren Lodge | Shepperton | 50 | 3 Star |
| Anchor | Shepperton | 29 | Lower Grade |
| The Stanwell | Staines | 52 | 3 Star |
| Mercure London Staines-on-Thames | Staines | 78 | 3 Star |
| The Boleyn | Staines | 45 | 3 Star |
| Travelodge Staines | Staines | 65 | Budget |
| The Swan | Staines | 11 | Lower Grade |
| Travelodge Walton-on-Thames | Walton on Thames | 32 | Budget |
| Premier Inn Sunbury (Kempton Park) | Sunbury | 109 | Budget |
| Travelodge Sunbury M3 | Sunbury | 131 | Budget |
| **Surrey Heath** | | | |
| Macdonald Frimley Hall | Camberley | 98 | 4 Star |
| Premier Inn Camberley | Camberley | 95 | Budget |
| Travelodge Camberley | Camberley | 66 | Budget |
| Travelodge Camberley Central | Camberley | 100 | Budget |
| Lakeside International | Frimley Green | 98 | 3 Star |
| Lakeside Continental | Frimley Green | 68 | Lower Grade |
| Travelodge Frimley | Frimley | 43 | Budget |
| Pennyhill Park | Bagshot | 123 | 5 Red Star Resort |
| Premier Inn Bagshot | Bagshot | 38 | Budget |
| Bisley Pavilion | Brookwood | 20 | Lower grade |
| **Tandridge** | | | |
| Lingfield Park Marriott Hotel & Country Club | Lingfield Park | 116 | 4 Star Golf Resort |
| Nutfield Priory | Nutfield | 60 | 4 Star Country House Hotel |
| Travelodge Caterham Whyteleafe | Whyteleafe | 60 | Budget |

| Hotel | Location | Rooms | Standard |
|---|---|---|---|
| **Waverley** | | | |
| Mercure Farnham Bush | Farnham | 94 | 3 Star |
| Farnham House | Farnham | 25 | 3 Star |
| Bishop's Table | Farnham | 18 | 3 Star |
| The Princess Royal (Young's) | Runfold | 21 | Lower Grade |
| Frensham Pond | Churt | 51 | 3 Star |
| Bel & The Dragon | Churt | 16 | Boutique Inn |
| Innkeeper's Lodge Godalming | Godalming | 16 | Budget |
| Kings Arms & Royal (Relaxinnz) | Godalming | 19 | Lower Grade |
| The Manor House | Godalming | 32 | 3 Star |
| The Godalming Hotel | Godalming | 18 | Lower Grade |
| Premier Inn Godalming | Godalming | 16 | Budget |
| Lythe Hill | Haslemere | 41 | 4 Star |
| Georgian House | Haslemere | 43 | 3 Star |
| Devil's Punchbowl | Hindhead | 32 | 3 Star |
| The Richard Onslow | Cranleigh | 10 | Boutique Inn |
| **Woking** | | | |
| Holiday Inn | Woking | 161 | 3 Star |
| De Vere Venues Gorse Hill | Woking | 50 | 3 Star Conference Hotel |
| Innkeepers Lodge Woking | Woking | 34 | Budget |
| Premier Inn Woking West (A324) | Woking | 56 | Budget |
| Premier Inn Woking Town Centre | Woking | 105 | Budget |
| Travelodge Woking Central | Woking | 110 | Budget |
| The Woking Hotel | Woking | 26 | Budget |
| Maybury Lodge Hotel | Woking | 17 | Lower grade |

**APPENDIX 3**

## HOTEL SUPPLY IMMEDIATELY SURROUNDING – AUGUST 2015

| Hotel | Location | Rooms | Standard |
|---|---|---|---|
| **Ascot/Sunninghill** | | | |
| Coworth Park | Ascot | 70 | 5 star Country House Hotel |
| De Vere Venues Sunningdale Park | Ascot | 272 | Country House Conference Hotel |
| Brockenhurst | Ascot | 10 | 2 star |
| Royal Berkshire | Sunninghill | 63 | 4 star Country House Hotel |
| Macdonald Berystede | Sunninghill | 120 | 4 star Country House Hotel |
| Highclere | Sunninghill | 11 | 2 star |
| Beaumont Estate | Old Windsor | 414 | Country House Conference Hotel |
| **Farnborough/Aldershot/Fleet** | | | |
| Aviator | Farnborough | 162 | 4 star |
| Village | Farnborough | 123 | 4 star |
| Holiday Inn | Farnborough | 142 | 3 star |
| Falcon | Farnborough | 20 | Boutique |
| Premier Inn Farnborough | Farnborough | 62 | Budget |
| Travelodge Farnborough | Farnborough | 77 | Budget |
| MAX @ Max House | Farnborough | 72 | Serviced Apartments |
| Potters International | Aldershot | 102 | 3 star |
| Premier Inn Aldershot | Aldershot | 60 | Budget |
| Travelodge Aldershot | Aldershot | 91 | Budget |
| Lismoyne | Fleet | 62 | 3 star |
| Premier Inn Fleet | Fleet | 70 | Budget |
| Travelodge Fleet | Fleet | 40 | Budget |
| Days Inn Fleet | Fleet | 58 | Budget |
| The Elvetham | Hartley Wintney | 72 | 3 star |
| Casa Hotel | Yateley | 63 | 3 star |
| Ely Hotel | Blackwater | 35 | 3 star |
| **Kingston-upon-Thames** | | | |
| Brook Kingston Lodge | Kingston-upon-Thames | 65 | 4 star |
| Warren House | Kingston-upon-Thames | 45 | 4 star |
| Hotel Bosco | Kingston-upon-Thames | 20 | Boutique |
| The Bull and Bush | Kingston-upon-Thames | 14 | Lower Grade |
| Travelodge Kingston-upon-Thames | Kingston-upon-Thames | 72 | Budget |
| Holiday Inn London Kingston South | Surbiton | 116 | 4 star |
| Antoinette | Surbiton | 100 | 3 star |
| Warwick Lodge | Surbiton | 25 | 3 star |
| Chessington Safari Hotel | Chessington | 150 | 4 Star Theme Park Hotel |
| Chessington Azteca Hotel | Chessington | 69 | 4 Star Theme Park Hotel |
| Premier Inn Chessington | Chessington | 62 | Budget |
| Travelodge London Chessington-Tolworth | Tolworth | 132 | Budget |
| **Richmond** | | | |
| Carlton Mitre | Hampton Wick | 36 | 4 star |
| **Sutton** | | | |
| Holiday Inn London Sutton | Sutton | 119 | 4 star |
| Thatched House | Sutton | 24 | 2 star |
| Greyhound | Carshalton | 21 | Lower Grade |
| Duke's Head | Wallington | 24 | 3 star |

| Hotel | Location | Rooms | Standard |
|---|---|---|---|
| **Gatwick Airport North Terminal** | | | |
| Sofitel London Gatwick | Gatwick North Terminal | 518 | 4 star |
| Hampton by Hilton London Gatwick | Gatwick North Terminal | 192 | 3 star |
| Premier Inn Gatwick (North Terminal) | Gatwick North Terminal | 701 | Budget |
| Premier Inn Gatwick (A23 Airport Way) | Gatwick North Terminal | 220 | Budget |
| **Liphook** | | | |
| Old Thorns Manor Hotel & Golf | Liphook | 100 | 4 star Golf Hotel |
| Metro Inns Liphook | Liphook | 40 | Budget |
| **Grayshott** | | | |
| Grayshott | Grayshott | 59 | Luxury spa hotel |