TELFORD
HOTEL MARKET
FACT FILE

February 2014

INTRODUCTION

The Telford Hotel Market Fact File has been compiled to assist hotel companies, developers and investors in assessing hotel investment opportunities in Telford. It provides the latest available information on:

- The current hotel supply in Telford;
- Recent hotel development;
- Current hotel development proposals;
- Recent hotel performance (2010-2013)
- The key markets for hotel accommodation in Telford;
- The prospects for growth in demand for hotel accommodation and what will drive this.

All of the data included in the Fact File is drawn from the Telford Hotel Futures Study 2013 undertaken by consultants Hotel Solutions between June and October 2013.

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TELFORD HOTEL SUPPLY

Current Hotel Supply

- There are currently 24 hotels in Telford & Wrekin, with a total of 1,293 letting bedrooms. The District's current hotel supply comprises predominantly 3 star and budget/ limited service hotels. The District has two 4 star hotels and one small boutique hotel – Carriages in Wellington. There is no purpose-built serviced apartment provision currently in Telford and as far as we have been able to establish there are no residential apartments in the town that are presently being let out as serviced apartments.

CURRENT HOTEL SUPPLY- TELFORD &WREKIN
BY STANDARD/TYPE OF HOTEL -FEBRUARY 2014

Standard[1]	Hotels	Rooms	% of Rooms
4 star	2	168	13.0
Boutique	1	7	0.6
3 star	9	697	53.9
2 star	1	32	2.5
Budget/ Limited Service	6	321	24.8
Ungraded	5	68	5.2
Total Hotels	**24**	**1293**	**100.0**

Notes:
1. AA, VisitBritain, booking.com or LateRooms gradings

- In addition to hotels, the District has a supply of 18 small inns and pubs with rooms that together offer a total of 128 letting bedrooms. This includes the 5 star Old Orleton Inn contemporary/boutique coaching inn at Wellington. None of the District's other inns and pub accommodation establishments are currently star-rated under the national accommodation grading scheme. From our analysis of their Tripadvisor reviews they seem to offer accommodation of varying standards. Some establishments are consistently receiving 'Excellent' and 'Very Good' customer reviews, while reviews for others are more mixed, with some 'Poor' and 'Terrible' reviews.

- The District's ungraded hotels similarly appear to offer variable standards of accommodation judging by their customer reviews on Tripadvisor.

TELFORD HOTEL SUPPLY

TELFORD & WREKIN HOTEL SUPPLY –FEBRUARY 2014

Hotel	Location	Standard/Type[1]	Bedrooms
Park House	Shifnal	4 star	54
Telford Hotel & Golf Resort (Q Hotels)	Sutton Heights	4 star	114
Carriages	Wellington	Boutique	7
Buckatree Hall	The Wrekin	3 star	62
Best Western Valley	Ironbridge	3 star	44
Hadley Park House	Hadley	3 star	22
Haughton Hall	Shifnal	3 star	37
Holiday Inn Telford-Ironbridge	Southwater	3 star	150
Mercure Madeley Court	Madeley	3 star	49
Park Inn by Radisson	Telford	3 star	153
Ramada Telford Ironbridge	Telford	3 star	90
Telford Whitehouse	Wellington	3 star	90
White House Hotel	Muxton	2 star	32
Grove House Hotel	Wellington	n/a	18
Lord Nelson Hotel	Wellington	n/a	12
Royal Victoria Hotel	Newport	n/a	19
Norwood House Hotel	Newport	n/a	7
The Oaks Hotel	Redhill	n/a	12
The International	Southwater	Limited Service	101
Days Inn Telford	Shifnal	Budget	48
Premier Inn Telford Central	Telford	Budget	62
Premier Inn Telford North	Donnington	Budget	20
Premier Inn Newport/Telford	Newport	Budget	50
Travelodge Telford Shawbirch	Shawbirch	Budget	40

Notes:
1. AA, VisitBritain, booking.com or LateRooms gradings

TELFORD HOTEL SUPPLY

TELFORD&WREKIN - SUPPLY OF INNS/ PUBS WITH ROOMS - FEBRUARY 2014

Hotel	Location	Standard/Type[1]	Bedrooms
Old Orleton Inn	Wellington	5 star Inn	10
Cock Hotel	Wellington	n/a	2
Swan Hotel	Wellington	n/a	12
Arleston Inn Hotel	Arleston Brook	n/a	7
Newport Arms	Newport	n/a	8
Swan Inn	Newport	n/a	8
The Swan at Forton	Forton, Newport	n/a	10
Odfellows	Shifnal	n/a	7
Old Bell Inn	Shifnal	n/a	5
Bird in Hand Inn	Ironbridge	n/a	3
Golden Ball Inn	Ironbridge	n/a	4
Meadow Inn	Ironbridge	n/a	6
The Malthouse	Ironbridge	n/a	14
The Swan	Ironbridge	n/a	8
The Tontine Hotel	Ironbridge	n/a	12
White Hart	Ironbridge	n/a	5
Shakespeare Inn	Coalport	n/a	4
Coalbrookdale Inn	Coalbrookdale	n/a	3
Lion Hotel	Broseley	n/a	8

- The District's hotel supply is spread across the Telford urban area. Telford town centre (Telford Central) has the largest concentration of hotel accommodation – 5 hotels with 556 bedrooms, accounting for 43% of the District's total hotel supply. There is only one hotel at Ironbridge – the Best Western Valley with 44 bedrooms - alongside 10 inns that offer a combined total of 67 letting bedrooms. Newport is served by 3 hotels with 76 bedrooms and 3 inns with 26 bedrooms. Wellington has 5 hotels with 167 bedrooms and 3 inns with 24 bedrooms. Shifnal has 3 hotels with 139 bedrooms and 2 inns with 12 bedrooms.

CURRENT HOTEL SUPPLY- TELFORD &WREKIN BY LOCATION -FEBRUARY 2014

Location	Hotels	Rooms	% of Rooms
Telford Central	5	556	43.0
Telford North (Oakengates, Donnington, Hadley, Muxton)	4	86	6.7
Wellington	5	167	12.9
The Wrekin	1	62	4.8
Telford South (Madeley, Sutton Heights)	2	163	12.6
Ironbridge	1	44	3.4
Shifnal	3	139	10.7
Newport	3	76	5.9
Total Hotels	**24**	**1293**	**100.0**

TELFORD HOTEL SUPPLY

Changes in Supply 2008-2013

New Hotels

- Four new hotels have opened in the past five years adding 167 new rooms to the Telford & Wrekin hotel supply, primarily at the 3 star and budget levels but also including a small boutique hotel in Wellington.

TELFORD & WREKIN - NEW HOTELS 2008-2013

Hotel	Standard	Rooms	Details/Status
Telford Central			
Grays(now Ramada)	3 star	90	Conversion of residential training centre to hotel, completed 2008
Telford North			
Premier Inn Telford North	Budget	20	Opened 2009
Wellington			
Carriages	Boutique	7	Opened January 2013
Newport			
Premier Inn Newport/Telford	Budget	50	Opened March 2010

TELFORD HOTEL SUPPLY

Investment in Existing Hotels

- A number of hotels in Telford and the surrounding area have seen investment in the period since 2008, mostly in terms of refurbishment programmes. Bedroom extensions to a number of hotels have added 47 new rooms to the District's hotel supply.

TELFORD & WREKIN - INVESTMENT IN EXISTING HOTELS

Hotel	Investment	Year Completed
Telford Central		
Holiday Inn	Restaurant & gym extension. Refurbishment underway	2008 Ongoing
Park Inn by Radisson	£5m refurbishment programme	2013
Ramada	Bedroom refurbishment	2013
Telford North		
Hadley Park House Hotel	12 bedroom extension and 150 capacity function suite	2010
Telford South		
Telford Hotel & Golf Resort	£12m, refurbishment programme to upgrade the hotel to 4 star + 18 additional bedrooms	2008
Madeley Court	Refurbishment as part of rebranding to Mercure	2011
Wellington		
Travelodge Telford Shawbirch	Bedroom upgrade to new Travelodge bedroom product	2013
Newport		
Swan Inn	Conversion of adjacent buildings to provide 8 letting accommodation	2008
Ironbridge		
Best Western Valley	9 bedroom extension	2009
The Swan	Refurbishment by new owners	2013
The Wrekin		
Buckatree Hall	Refurbishment	2013
Shifnal		
Haughton Hall Hotel	Refurbishment of bedrooms and public areas following change of ownership	Ongoing

TELFORD HOTEL SUPPLY

Hotel Rebrandings & Changes of Ownership/ Management Company

- There have been changes of ownership and/or re-brandings to 6 of Telford's hotels over the past 5 years, introducing additional national and international brands to the District's hotel offer.

TELFORD & WREKIN - RE-BRANDINGS & CHANGES OF OWNERSHIP

Hotel	New Brand/ Owner/ Management Company	Previous Brand/ Owner/ Management Company
Telford Central		
Ramada Telford Ironbridge	Ramada (Southwater Event Group)	Grays (Southwater Event Group)
Telford South		
Telford Hotel & Golf Resort	Q Hotels	Corus Hotels
Mercure Madeley Court	Mercure	Clarion (Choice Hotels)
Wellington		
Telford Whitehouse	Redefine BDL Hotels (Management company)	Whitehouse Hotels
The Wrekin		
Buckatree Hall	Sarac Hotels	Swallow Hotels
Haughton Hall	Independent	Independent

Hotel Closures

- One hotel has closed during the past 5 years - the Charlton Arms at Wellington (22 bedrooms) - which was granted change of use to residential.

TELFORD HOTEL SUPPLY

Hotels under Construction

- An 85-bedroom Premier Inn is currently under construction as part of the first phase of the Southwater town centre redevelopment. It is due to open in April 2014 alongside an 11-screen Cineworld cinema, a number of bars and restaurants, a 700-space multi-storey car park, a visitor centre and the fully refurbished and extended ice rink.

Proposed Hotels

- There are 6 proposals for new hotels that are currently unimplemented. Three of these have incorporated hotels as part of wider masterplans and regeneration schemes. Only one of the proposals is for a hotel in the town centre – the allocation at Southwater. The remainder are in edge of centre or out of centre locations.

TELFORD & WREKIN
HOTEL PROPOSALS, PERMISSIONS AND ALLOCATIONS

Site	Location	Standard	Rooms	Details/Status
Telford Central				
The International Centre	Southwater	3/ 4 star	150	Allocation for one or more hotels, up to 300 rooms
Ironstone Square	Lawley	Budget	60	Hotel as part of a housing-led regeneration scheme that will deliver 3500 homes, a Morrisons supermarket, Marstons pub and other retail and commercial uses plus community infrastructure. Hotel likely to be part of Phase 2.
Telford North				
Castle Farm Way	Priorslee	n/a	n/a	Masterplan for 51,000 sq m of employment B1/B2, 550 dwellings, hotel. Outline permission subject to S106.
Stafford Park	Stafford Park	n/a	n/a	Pre-application enquiry for the conversion of an existing office to hotel
Hadley Park East	Hadley Park	Budget	27	Permission to develop a pub/restaurant and hotel (Marstons)
Newport				
Land off A41	Newport	n/a	n/a	Permission for service area including motel (2010)

TELFORD HOTEL SUPPLY

Planned Development of Existing Hotels

- Four hotels in Telford & Wrekin have been granted planning permission for bedroom extensions. As far as we have been able to establish none of these hotels have imminent plans to implement these permissions.

TELFORD & WREKIN – PLANNING PERMISSIONS FOR HOTEL BEDROOM EXTENSIONS

Site	Standard	Proposed New rooms	Details/Status
Telford Central			
Premier Inn Telford Central	Budget	27	Permission granted 2011 for an extension
Telford South			
Telford Hotel & Golf Resort	4 star	44	Permission renewed 2011
Wellington			
Lord Nelson	n/a	4	Permission granted 2009
Ironbridge			
Valley Hotel	3 star	27	Permission granted 2011

- Two hotels currently have plans for refurbishment, upgrading and development:

TELFORD & WREKIN - PLANNED HOTEL REFURBISHMENT, UPGRADES & DEVELOPMENT

Site	Standard	Details/Status
Telford North		
Hadley Park House	3 star	Planning to refurbish the bedrooms in the original hotel with a view to upgrading the hotel to 4 stars
The Wrekin		
Buckatree Hall	3 star	New meeting room/private dining room and mini-gym currently under development

Occupancy, Achieved Room Rates and Revpar

- Average annual room occupancies, achieved room rates and revpar figures for Telford hotels for 2010, 2011, 2012 and the year to date figures to September 2013 are summarised in the table overleaf.
- Telford 3/4 star hotel occupancies, achieved room rates and revpar figures have been significantly below the national averages for the last 4 years. The average room occupancy for 3/4 star hotels grew in 2013 as some hotels drove more business by offering lower room rates through online travel agents such as LateRooms and booking.com, which resulted in a drop in their achieved room rates. Overall 3/4 star achieved room rates remained largely flat but the occupancy growth contributed to a slight upturn in revpar.
- 3/4 star hotel achieved room rates are stronger during the week than at weekends but still low.
- Budget hotel occupancies are high, particularly in Telford. Achieved room rates for budget hotels were only marginally behind the 3/4 star average in 2013 but with budget hotels achieving such strong occupancies the revpar average for budget hotels was ahead of the 3/4 star figure.

TELFORD HOTEL PERFORMANCE 2010-2013

Location/ Standard of Hotel	Average Annual Room Occupancy %				Average Annual Achieved Room Rate[2] £				Average Annual Revpar[3] £			
	2010	2011	2012	2013YTD[4]	2010	2011	2012	2013YTD[4]	2010	2011	2012	2013YTD[4]
UK Provincial 3/4 Star Chain Hotels[1]	**68.9**	**69.6**	**70.3**	**72.3[4]**	**68.01**	**68.40**	**69.39**	**70.49[4]**	**46.88**	**47.61**	**48.38**	**50.93[4]**
Telford 3/4 Star Hotels	61.2	61	61.8	65.6	50.33	50.25	51.18	51.28	30.83	30.63	31.63	33.66
Telford Budget Hotels	n/a	n/a	n/a	75.4	n/a	n/a	n/a	47.54	n/a	n/a	n/a	36.42

Notes

1. Source: TRI Hotstats UK Chain Hotels Market Review
2. 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.
3. 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
4. Year to date September 2013

TELFORD HOTEL PERFORMANCE & MARKETS

Patterns of Demand

- Estimated average weekday and weekend occupancies for Telford hotels in 2012 are summarised in the table below.

TELFORD HOTELS - WEEKDAY/ WEEKEND OCCUPANCIES – 2012

Standard of Hotel	Typical Room Occupancy %	
	Mon-Thurs	Fri-Sun
3/4 Star	73	60
Budget	85	73

- Midweek occupancies and achieved room rates for Telford 3/4 star hotels are much stronger than at weekends. Tuesday and Wednesday nights are the strongest. Some, but not all hotels, are frequently full, or close to full on these nights. Monday, and especially Thursday night occupancies are generally lower.

- Conferences and exhibitions at the International Centre generate sharp spikes in demand for hotel accommodation across the District. Depending on the size of the conference and exhibition, hotels across Telford & Wrekin are usually fully booked at such times and many are able to yield their room rates because of the increased demand for accommodation.

- Midweek occupancies are strongest for 3/4 star hotels in Telford Central and can at times be relatively low for some of the hotels in the outer areas of Telford.

- Budget hotels achieve high Monday to Thursday occupancies, particularly in Telford, where budget hotels consistently fill and turn business away on 3 or 4 midweek nights for much of the year.

- Weekend occupancies are strong for most of the hotels in the outer parts of Telford that attract good weddings business. They are much lower for hotels in Telford Central other than when there are major weekend events and exhibitions on at the International Centre and major events in the area, such as V Festival.

TELFORD HOTEL PERFORMANCE & MARKETS

- Saturday nights are the strongest weekend night for 3/4 star hotels. Friday occupancies are not as strong, particularly for hotels in Telford Central, and Sunday occupancies are usually very low.

- Friday occupancies are strong for budget hotels and Sunday night budget hotel occupancies do not drop as much as they do for 3/4 star hotels, typically running at around 40-60%.

- Midweek demand follows a seasonal pattern linked to the peak periods for conferences and exhibitions at the International Centre – April, May and June and September, October and November. Midweek occupancies generally dip in August.

- Weekend occupancies are also seasonal, peaking between April and October. Weekend occupancies are generally very low in the winter.

Midweek Markets

- Corporate demand from companies and organisations based in Telford is the key midweek market for Telford's 3 and 4 star hotels, typically accounting for around 40-60% of midweek demand for most hotels. Budget hotels also attract corporate demand during the week.

- The Telford corporate market is highly competitive and corporate rates are consequently relatively low. A significant proportion of corporate business in Telford is government business, which tends to be on lower room rates. Our survey of Telford companies (Appendix 2) identified a number of companies that have a relatively low limit on the amount they are prepared to pay for hotel accommodation in Telford, generally around £70 B&B. Price is a key consideration for them and 3 star hotels are adequate for their needs.

- Our research found some evidence of a long stay corporate market in Telford from some of the international companies in the town and related to corporate project work.

TELFORD HOTEL PERFORMANCE & MARKETS

- Corporate demand is strongest for centrally-located hotels. Those situated in the outer parts of Telford appear to be second choice hotels for many corporate customers. Such hotels only appear to attract strong corporate demand when business is displaced from the centre when there are major conferences and exhibitions on at the International Centre.

- Our survey of Telford companies showed a high level of satisfaction with the town's existing hotel stock. Companies only experience problems with availability when there are major events on at the International Centre, typically on around 10 occasions per year. This is consistent with the insight we gained from talking to the town's hotel managers, which suggests that business is being lost from Telford on around 10-20 occasions when the town's hotel sector is trading at full capacity when there are major events at the TIC.

- Conference, exhibitions and events at the International Centre account for around 30% of midweek roomnight demand for 3/4 star hotels in Telford. They are the primary midweek market for the Southwater Event Group hotels, which prioritise this business over local corporate demand and receive around 70% of the midweek business that is generated conferences and events at the TIC.

- Hotel Solutions' survey of conference buyers and consultations with the management of the TIC suggest that the TIC may be losing some events because of the lack of an on-site 4 star hotel. A survey of conference buyers that attended a familiarisation trip to Telford in 2011 showed some dissatisfaction with Telford's hotel offer (with around 25% of buyers rating the town's hotel offer as 5 out of 10 or lower) and showed interest in seeing a 4 star hotel being developed as part of the Southwater Development. No research has been undertaken however to quantify the number of conferences, exhibitions and events that might be attracted to the International Centre if it were to be supported by an on-site 4 star hotel, or to determine the room rates that conference buyers might be prepared to pay for 4 star hotel accommodation in Telford. The feedback that we received from the TIC's management suggested that there would be resistance to a B&B room rate of anything more than £110. The majority of the conference buyers that we spoke to identified a requirement for a range of different standards of hotel accommodation within walking distance of the main conference venue as the most common requirement for their clients. From other research we have undertaken as part of Hotel Futures Studies for destinations such as Liverpool, Brighton and Southport our understanding is that this is generally the key requirement for association conferences, particularly where some or all of the delegates are paying for their accommodation themselves.

- While some of the District's hotels are not actively seeking business directly from the TIC, most hotels benefit from TIC events largely in terms of displaced corporate business.
- Residential conferences are a very minor market for most of Telford's 3 and 4 star hotels. Only one of the District's hotels currently attracts a reasonable level of residential conference business.
- Contractors working on construction and development projects in the area are a key midweek market for budget and limited service hotels, some of the small, independent hotels and pub accommodation establishments and one 3 star hotel.
- Midweek leisure breaks are fairly significant secondary midweek market for a number of Telford's 3 and 4 star hotels, accounting for 10-20% of their midweek trade. This business is largely low-rated and generated through online travel agents.
- Group tours are an important secondary midweek market for two 3 star hotels, accounting for 20-25% of their midweek roomnights. A number of other 3/4 star hotels also take some midweek group tour business in the summer months. This is low-rated business that hotels take in the absence of other higher-paying markets. Our survey of coach tour operators and group tour operators (Appendix 2) provided some evidence of room rates for coach tour groups being as low as £25-30 per person per night for dinner, bed and breakfast. Private groups will usually pay higher room rates however.
- Midweek weddings and functions generate a small amount of midweek trade for some of Telford's 3/4 star hotels.

Weekend Markets

- Weekend markets vary by location and type of hotel.

- Weddings are the main source of weekend business for a number of the hotels in the outer parts of Telford, particularly those that have a more attractive building or setting. In contrast the business hotels in the centre of Telford attract relatively little weddings business. People attending weddings and other family occasions are the key weekend market for budget hotels and many of the small, independent hotels and pub accommodation businesses.

- Weekend leisure breaks are a key source of weekend business for a number of hotels, accounting for 25-30% of weekend trade for some and up to 50-70% for others. Hotels that have a strong weddings trade are usually blocked out to weekend break guests during the summer months but may take weekend break stays during the winter. Weekend break business is largely rate driven, with hotels offering low room rates through the online travel agents and in some cases some of the daily deals sites e.g. Groupon, Travelzoo and Secret Escapes or voucher sites. Hotels need to keep their room rates very competitive of these sites and also have to pay a fairly high commission charge on any bookings they receive, which further erodes their achieved room rate. Key selling points that Telford hotels use to promote weekend breaks are Ironbridge, Shropshire, Shrewsbury, Ludlow and the Severn Valley Railway.

- Group tours are a key source of weekend trade for a number of 3 star hotels that can have twin rooms. This market accounts for up to 35-50% of weekend trade for these hotels. Weekend group tours are primarily from the UK and stay 2-3 nights. Telford hotels also attract some single night stop-overs by groups travelling en-route to Wales or Ireland. Key selling points for weekend break tours are Ironbridge, Shrewsbury Flower Show, Shropshire and the Severn Valley Railway. Group tour business is generally low rated. Typical group tour rates quoted by Telford hotels are £28-45 per person per night for dinner, bed and breakfast.

TELFORD HOTEL PERFORMANCE & MARKETS

- Some weekend events at the International Centre generate strong demand for hotel accommodation. Many TIC events primarily attract day visitors however and only generate business for hotels from exhibitors and set up crews.

- Local events that generate good business for hotels are as follows:

    - V Festival
    - Shrewsbury Flower Show
    - Cosford Air Show – for some hotels
    - Midland Game Fair, Weston Park
    - British Beekeepers Association Convention, Harper Adams University – for hotels in Newport
    - Graduation ceremonies for Harper Adams University – for hotels in Newport

- People visiting friends and relatives are a key weekend market for budget hotels and some of the small, independent hotels and pub accommodation establishments.

- Other minor weekend markets are as follows:

    - Individuals and teams attending sports competitions and tournaments at Lilleshall – for hotels in Telford North and Newport ;
    - Parents of students studying at Harper Adams University – for hotels in Newport;
    - People stopping off in Telford for the night en-route to Wales and/or Ireland;
    - Weekend residential conferences – for one hotel;
    - Corporate customers – either long stay corporate guests or corporate arrivals on Sunday nights.

TELFORD HOTEL PERFORMANCE & MARKETS

Market Trends

- **Corporate demand** for hotel accommodation in Telford appears to have been largely static in volume terms in the last 2-3 years, although there has been some movement of corporate business between hotels and some hotels reported a slight recovery in levels of corporate business in 2013. Corporate rates have however reduced in what has become a very price competitive local corporate market and there do not appear to be any signs of corporate rates starting to strengthen at present.

- **Corporate conference business at the International Centre** has reduced and delegate room rates have been flat. The growth in demand for the TIC has been in day events rather than multi-day events that generate demand for hotel accommodation.

- The **residential conference** market has generally reduced across the UK during the recession as companies have cut back on meeting and training budgets, developed their own in-house conference and meeting room facilities and made greater use of video and teleconferencing technology. This is now a very small market for most of Telford's hotels. Two hotels reported some signs of recovery in 2013 but expect residential conferences to remain a minor market.

- **Contractor demand** for budget/ low-priced hotel accommodation has increased in the last few years, driven by the Southwater development and the construction of the new Morrisons supermarket at Lawley.

- Most hotels have boosted their **leisure break business** by promoting discounted room rates through the online travel agents and in some cases the daily deals and voucher sites.

- Some hotels have taken more **group tour business** to boost their occupancy levels, albeit at low room rates

- Accommodation demand related to **weddings** has generally either increased or remained unchanged for most of Telford's hotels. Only one hotel reported a drop in weddings business.

- One hotel reported a downturn in **Christmas party business** and associated accommodation demand.

TELFORD HOTEL PERFORMANCE & MARKETS

Denied Business[1]

- The Southwater Event Group hotels deny midweek corporate business when there are conferences, exhibitions and events on at the International Centre as this business takes precedence for them. Other 3/4 star hotels generally only denying midweek business when there are major events being held at the TIC. This seems to happen on around 10-20 occasions per year. Only one hotel reported regularly turning away some midweek business at other times.

- Hotels in the outer parts of Telford that have a strong weddings trade are generally blocked out to leisure break customers by wedding guests between April and October. Weekend denials are otherwise related primarily to major events at the TIC and other events in the area, most notably V Festival.

- Group tour organisers reported difficulties in securing availability at Telford hotels for the Shrewsbury Flower Show and when major events are being held at the TIC.

- Budget hotels in Telford consistently deny fairly significant levels of business on 3 or 4 midweek nights for most of the year. They also consistently turn significant business away on Saturday nights from April to December and Friday nights between May and September. Budget hotels also occasionally deny business on Sunday nights.

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

TELFORD HOTEL PERFORMANCE & MARKETS

Prospects for 2014

- Most Telford hotel managers expect their hotels to see a slight upturn in occupancy in 2014 but no improvement in achieved room rates and in some cases a drop. The majority of hotels will continue to pursue strategies to boost occupancies in 2014. The general view is that the Telford hotel market will remain very price competitive, with limited scope to grow room rates.

- Corporate demand related to local companies looks set to begin to recover in 2014 as the national and local economy strengthens and business travel resumes.

- 2014 is set to see another busy convention and exhibitions calendar at The International Centre, boosted by the launch of the new Convention Quarter, with a number of returning events and some new conferences and exhibitions.

- Growth in leisure demand is likely to come through lower-rated markets, including leisure business driven through online travel agents and group tours. Some hotel managers predict an upturn in weddings business for 2014. Sporting events including the Indoor Archery World Cup (held for the first time in Telford in January 2014) and the National Cheerleading Championships will continue to generate demand for hotel accommodation in Telford in 2014.

- A few hotels are starting to switch to rate-led strategies as they feel that their occupancies have built to the maximum that can realistically be achieved in the Telford market.

- There is some uncertainty about the likely impact of the new Premier Inn in the town centre and the Marston's hotel at Hadley Park. The general view is that the Premier Inn will result in lower levels of business spilling out to hotels in the outer parts of Telford when there are major exhibitions, conferences and events on at The International Centre.

PROSPECTS FOR GROWTH IN HOTEL DEMAND

The Big Picture

- 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, particularly if available by sector. Leisure demand is important for weekend and holiday periods and for locations that are less business-orientated. Forecasts for tourism growth, attendance at key attractions and events and growth in population and housing are all useful indicators of how this element of the market might grow.

- The levels of growth forecast for Telford & Wrekin and the broad spatial vision as articulated in the Core Strategy and emerging Shaping Places work are summarised below:

    - The vision for Telford & Wrekin to 2026 is for 'a Modern City':
        - An urban area of 200,000 people;
        - Blending the old with the new and balancing high quality built and green environments;
        - A vibrant and successful town centre of regional significance that is the focus for cultural activities, jobs and shopping as well as living;
        - Supported by regenerated Borough Towns and thriving distinctive local communities.
    - The previous Regional Spatial Strategy identified Telford as a focus for growth, and the strategy going forward is to continue this approach to housing-led regeneration, which will deliver transformational change to Telford.
    - The levels of development proposed 2011-2031 are:
        - 26,500 new homes
        - A maximum of 377.9 ha of employment land to support the delivery of 24,800 new jobs – but with a more likely scenario of 12,300 jobs (7500 in B class industries) and 77.7 ha of B class employment land
    - This scenario envisages a population increase of between 29,600 and 46,600, depending upon the growth scenario, from a base of 171,700 in 2011 to 201,300-218,300.
    - Telford town centre will see 2500 new homes, 110,000 sq m of office floorspace and 65,000 sq m of retail floorspace

PROSPECTS FOR GROWTH IN HOTEL DEMAND

- In terms of distribution, roughly 70% of this growth will be in Telford itself, with 20% in new urban extensions and 10% in the rural area.

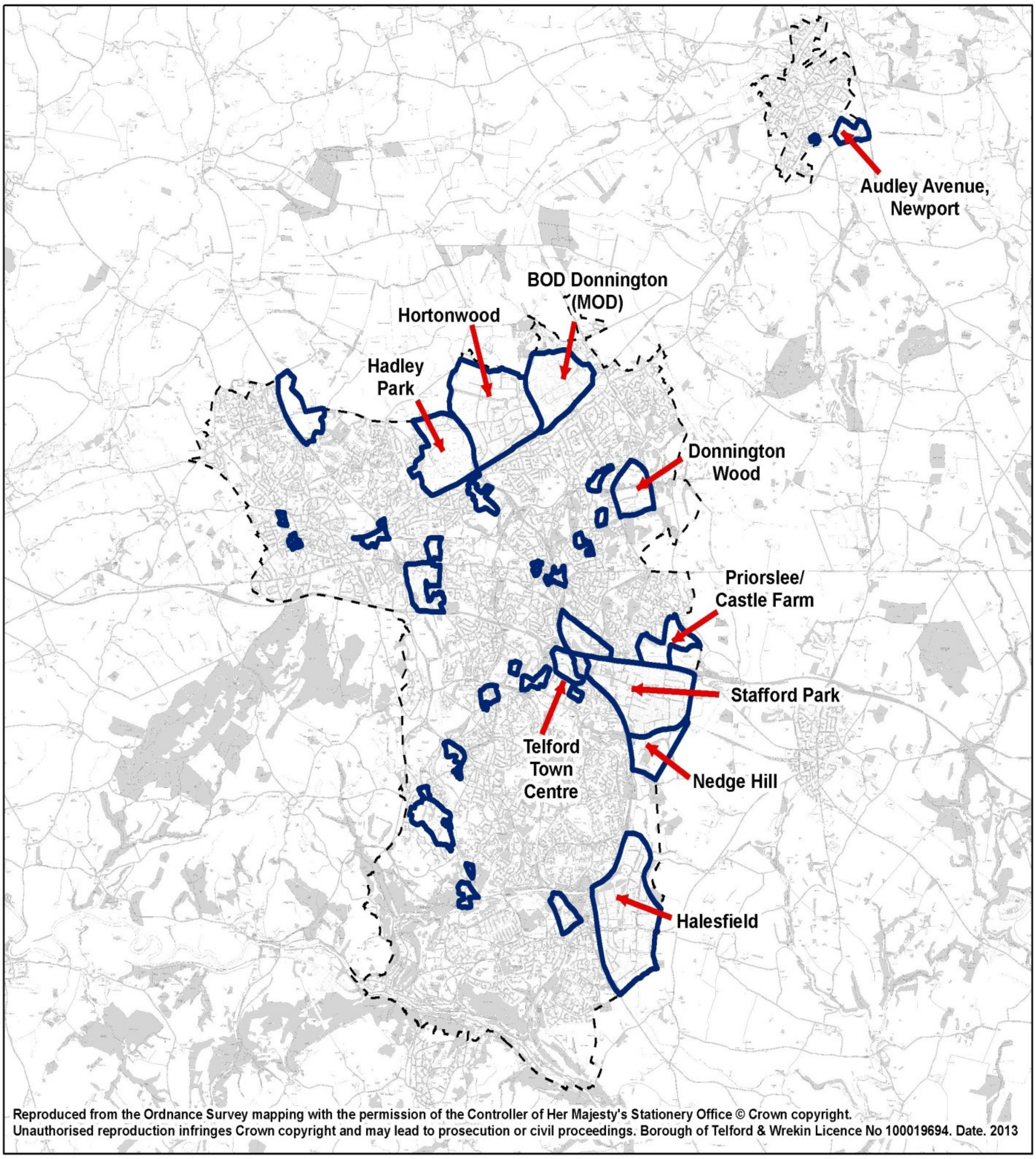
- In terms of economic development, the current Economic Development Strategy (2005) focuses on developing a resilient economy with recognised strengths in certain knowledge-intensive industries with long term growth prospects, including value-added manufacturing. It identifies 7 clusters with significant economic potential – advanced engineering, polymers and composites, tourism and leisure, ICT, specialist business and professional services (insurance, computing, outsourcing), food and drink, and building technologies. Telford has a large number of overseas companies based in and around the town – 148 have located here over the past 25 years, including 48 from the US, 28 from Germany, 16 from France and 14 from Japan. They generate visits from across the world, including some long stay contract work, particularly as some have UK and European headquarters offices in Telford. Telford has a higher than average proportion of its workforce in manufacturing. A new Business Investment and Regeneration Strategy for Telford is currently in preparation, which will reflect other emerging priorities such as the automotive sector and environmental technologies. A wider 'Destination Telford' initiative is being put in place to deliver growth and develop the Telford 'brand' across all sectors.

- Key sites that are likely to be the focus for employment growth (see map overleaf) include:

    - Telford Technology Park (Nedge Hill)
    - Stafford Park
    - Halesfield
    - Hortonwood
    - Hadley Park (West and East)
    - Donnington Wood (Campus and Business Park)
    - Shawbirch
    - Celestica (Castle Farm)

PROSPECTS FOR GROWTH IN HOTEL DEMAND

TELFORD – EMPLOYMENT SITES & FOCUS FOR EMPLOYMENT GROW



PROSPECTS FOR GROWTH IN HOTEL DEMAND

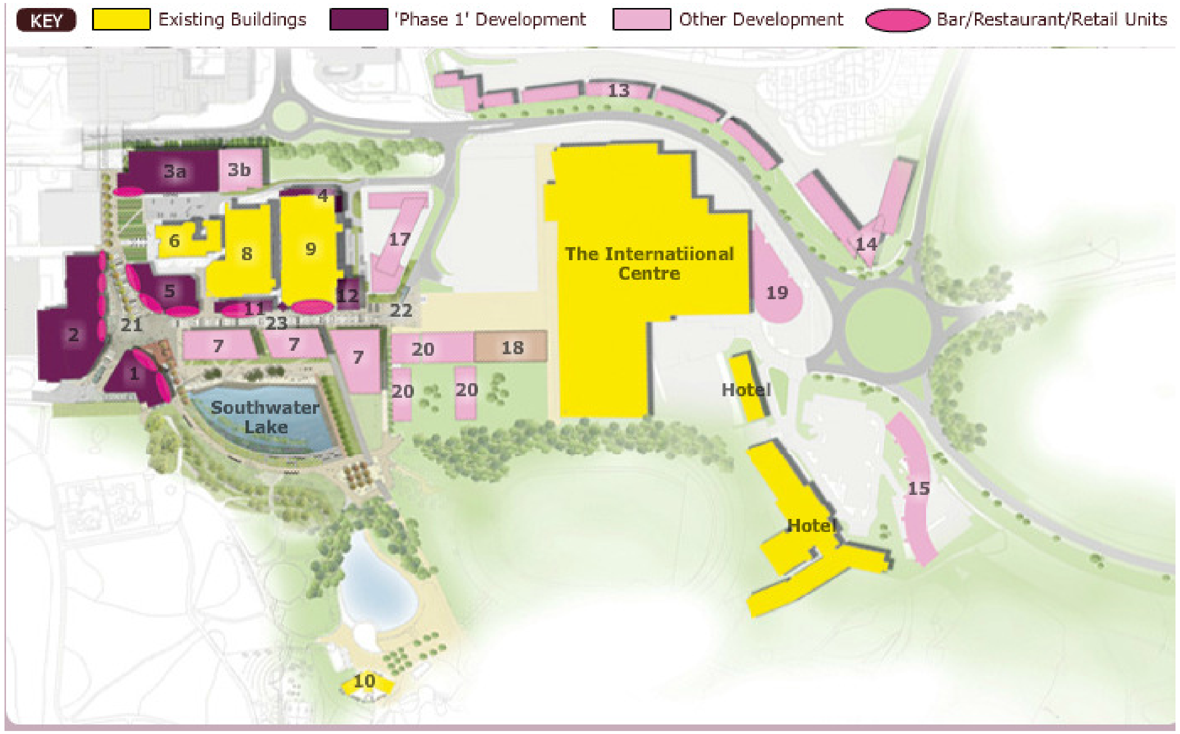
Major Projects

- Some of the major projects that are likely to drive growth in the Telford economy and generate demand for hotels include:

The Southwater Development

The Southwater Regeneration scheme, led by Telford & Wrekin Council with private sector partners, is a flagship £250m project to transform the centre of Telford into a vibrant heart with a thriving night time economy, improved cultural, leisure, retail and event facilities, new homes and offices, an enhanced convention quarter and high quality public space. Southwater occupies the space between the 1m sq ft retail core (12m footfall p.a.), the International Centre (200,000 delegates a year) and the 170 ha Town Park (750,000 visitors pa), better connecting these key aspects of Telford's destination offer, whilst at the same time boosting capacity and appeal. This is a 10-15 year project in all, but is well underway, kick-started by the expansion of the International Centre, enabling it to host multiple major events simultaneously, and with the potential to double delegate numbers. The £25m Southwater Leisure Hub is also under construction – an 11 screen cinema, an 85 bedroom Premier Inn and 7 restaurants, including Nandos, Wagamama, Zizzi and Pizza Express: this aspect involves an investment of £25m and will create 200 jobs. Also within Phase 1 of Southwater are the extension and refurbishment of the ice rink (200,000 visitors p.a.), a new library, a visitor centre for Town Park and various public realm improvements. Completion of phase 1 is targeted for April 2014. The medium term plan for Southwater (4-7 years) will see the delivery of an additional 150 bedroom full service hotel at the International Centre, further expansion of the International Centre, mixed use development with bars, restaurants and retail (site 7) and some residential (site 13). Longer term (8-15 years) there is further office, residential, commercial, hotel and restaurant development earmarked for sites east of the International Centre, and between the TIC and ice rink. The total impact on completion of the £250m 10-15 year scheme will be the development of 14,980 sq m of employment floorspace (office, retail, leisure), 595 jobs and 527 homes.

PROSPECTS FOR GROWTH IN HOTEL DEMAND



Timescale - Southwater development

Phase one to Spring 2014

- 1: Southwater One (SW1)
- 2: 11 screen Cineworld cinema and 4 bar/restaurants
- 3a: Circa 700 space multi storey car park and retail unit
- 4: Energy Centre
- 5: 83 bedroom hotel and 3 bar/restaurants
- 10: Visitor Centre, landscaping and new play areas
- 11: Restaurant to the front of Mecca Bingo and Tenpin Bowling
- 12: Ice rink refurbishment and extension

Medium term (4-7 years)

- 3b: Expansion to multi storey car park, circa 350 spaces
- 7: Mixed use - ground floor bar/restaurant/retail units
- 13: Residential
- 18: Hotel
- 19: Extension to The International Centre

Long term (8-15 years)

- 14: Commercial/hotel/resturant
- 15: Residential
- 17: Offices
- 20: Residential

i54

A 220 acre technology-based business park to the east of Wolverhampton, at J2 of the M54. It is a £67m project led by Wolverhampton City Council and Staffordshire County Council. 2.5 million sq ft of space will be developed, primarily for advanced manufacturing, plus some headquarters office space, supported by some commercial, retailing and leisure, including a hotel. International aerospace company MOOG moved here in 2011 as did leading international laboratory testing company Eurofins. Jaguar Land Rover are currently on site with a £365m project to deliver an advanced engine plant here which will create 750 jobs; the plant is due to open in 2015. i54 now has Enterprise Zone status.

Wolverhampton-Telford Technology Corridor

i54 forms part of a wider initiative originally promoted by regional development agency Advantage West Midlands – that of the Wolverhampton to Telford Technology Corridor. There are clear opportunities for Telford to benefit from supply chain opportunities to serve companies on i54. Telford Technology Park, to the east of Telford, is well-positioned to do so. It is a 32 hectare site 1 mile from J4 of the M54 identified for technology uses. Current occupiers include Infoteam International Services, Mitac (UK), SmartWater Technology, Syntex Information Technologies and Trac Measurement Systems. On completion this site should deliver 1800 jobs.

The Telford International Rail Freight Terminal

The Telford International Railfreight Terminal located on the edge of Horton Wood opened in 2009; the associated 24 acre logistics park is growing, with a view to developing as a regional logistics centre within the West Midlands. DB Schenker Rail has recently been appointed as the new operator of the site, and has plans to grow business through the terminal. The Telford terminal will be integrated into their national and international network. Part of the forward strategy will be to encourage major local companies to use the terminal to move more of their goods by rail rather than road, but DB Schenker will also be looking at the potential to divert its traffic from the continent to the Telford site.

PROSPECTS FOR GROWTH IN HOTEL DEMAND

MoD Centre of Excellence

The MoD site at Donnington is under consideration as the location for an MoD logistics centre of excellence. A decision is due by October 2013. This would see the safeguarding and expansion of this site, and use of the railfreight terminal for rail processing and storage.

Telford Shopping Centre

Sovereign Land has been granted permission for a £200m redevelopment of Telford Shopping Centre. This 70 acre site currently offers in excess of 1 million sq ft of retail space and 170 units, and attracts more than 12m shoppers each year. Proposals had been worked up to almost double the size of the centre, adding 400,000 sq ft of new retail space, and 250,000 sq ft of leisure, incorporating bars, cafes, restaurants, a hotel and potentially a cinema. The 5 year development is estimated to create 3000 new permanent jobs on completion, and 1000 construction jobs.

Ironbridge Gorge World Heritage Site

Plans are currently being worked up to further capitalise on the Ironbridge Gorge World Heritage Site as a visitor draw, including the development of stronger physical links between the site and Telford town centre. It is hoped to secure EU funding to progress the plans.

Key Housing Developments & Associated Infrastructure

- Telford's spatial development strategy is a housing-led strategy to deliver urban renaissance and balance the target for new homes to 2031 of 26,500 with jobs and population growth. Strategic sites at Lightmoor, Lawley and East Ketley will be the focus for much of this growth, along with new homes in the town centre.
- Whilst being part of the growth strategy to accommodate an expanding population and create jobs long term, this major development activity will also create demand for hotels during the planning and development period from the construction sector and associated professionals.
- Beyond Telford, there is a major development site in the rural area at Allscott. Formerly a processing site for British sugar. This 50+ acre site is to be developed as a sustainable community, with a residential-led scheme with community facilities, but also an enterprise hub.

PROSPECTS FOR GROWTH IN HOTEL DEMAND

Prospects by Market

- **Corporate demand** for hotel accommodation in Telford should grow strongly over the next 5-10 years given the targets for employment growth, the expansion of existing companies, and proposed office and business park development in Telford and development of the i54 business park at Wolverhampton and Wolverhampton-Telford Technology Corridor. Many of the target employment sectors for Telford (advanced manufacturing, automotive, environmental technologies, polymers and composites and business and professional services) are productive in terms of generating demand for hotel accommodation, particularly if national and international companies can be attracted.

- Hotel demand generated by **events at The International Centre** should grow, particularly if multi-day association and corporate conferences and larger exhibitions can be attracted. The improved evening offer that the Southwater Development will provide should enhance the TIC's ability to win such events. The current lack of such provision has frequently been cited as a reason for conference and event organisers deciding not to come to Telford. The TIC has already had some success in securing medical association conferences and is looking to secure 3-year deals for association conferences, which will give guaranteed business for the future. Association conferences are often booked many years in advance, so it will take time for the TIC to build up this business. Some associations hold their conferences over a weekend, so this market could generate weekend business for the TIC and Telford hotels.

PROSPECTS FOR GROWTH IN HOTEL DEMAND

- There could be some recovery in **residential conference** business as the national economy returns to growth and Telford's economy develops. Hotels may be able to successfully target small to medium association conferences and could see some recovery in corporate conference business. The market for public sector conferences and training courses looks likely to remain sluggish however given the continuing austerity in the public sector, with further rounds of cuts to come. Most commentators expect recovery in the corporate residential conference market to be slow and unlikely to return to pre-recession levels as companies have got used to not holding meetings, have developed their own in-house meeting and training facilities and/or have switched to using video and teleconferencing technology. Many companies also do not want to be seen to be spending money on conferences and corporate events. All sectors of the residential conference market are expected to remain price sensitive and cost conscious for the foreseeable future.

- **Contractor demand** for budget and low-priced hotel and pub accommodation looks set to increase significantly over the next few years, given the continuing development of the Southwater scheme, the planned expansion of Telford Shopping Centre, proposed business park projects and the planned housing development. Construction projects should also generate demand for 3 and 4 star hotel accommodation and possibly some demand for serviced apartments from the architects, consultants and management teams that are working on them.

- Telford hotels may see some growth in **leisure break business** as a result of the ongoing staycation trend and the growing numbers of retired people looking to take short break. This market is likely to remain largely rate driven and generated primarily through the online travel agents and daily deals sites. There is good scope for hotels to grow their leisure business through these channels, albeit at competitive prices.

- The further development of the Ironbridge Gorge World Heritage Site and development of physical links to Telford town centre could stimulate growth in leisure break business for the town's hotels.

PROSPECTS FOR GROWTH IN HOTEL DEMAND

- The attraction and staging of new weekend exhibitions, public shows, sports events and concerts at The International Centre and the planned focus on the development of events and festivals in Telford town centre should generate increased demand for hotel accommodation.

- Improved marketing of Telford as a leisure break destination should also contribute to growth in this market, given increased and sustained budgets and staff resources to deliver well thought through marketing campaigns.

- The development of nightclubs as part of the Southwater Development could attract demand for hotel accommodation from **clubbers** that want to stay overnight after a night out in the town. The nightclubs at Festival Park in Basildon, for example, generate strong demand for the Travelodge and Holiday Inn that are located on the site. As far as we can see however, nightclubs are not currently proposed for the Southwater Development.

- There could be scope for Telford hotels to take more **group tour business** if they wish to given the likely future growth in this market as the UK population ages (given a more favourable investment climate that gives retired people better returns on their pensions and investments) and in view of the fact that group tours are a target growth market for Ironbridge. There could also be scope for hotels to tap into the growing markets for special interest tours and for extended families to go on coach holidays and breaks together.

- The **weddings** market and associated demand for hotel accommodation should grow as Telford's population increases.

- Demand for hotel accommodation from **people visiting friends and relatives** should similarly increase in line with population growth.

SOURCES OF FURTHER INFORMATION

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