LIVERPOOL HOTEL FUTURES 2014

Final Report

Prepared for:
Liverpool Hotel Development Group

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hotel solutions
the hotel development consultancy

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EXECUTIVE SUMMARY

The Story

- Liverpool currently has 76 hotels and serviced apartment operations with a total of 7,263 letting bedrooms/apartments. 17 new hotels and serviced apartments have opened since the last Hotel Futures study in 2011, adding 1,529 rooms/apartments. A further new hotel with 116 bedrooms will open by the end of 2014. The 18 new hotels and serviced apartments represent a 28.7% increase in supply between 2011 and 2014. The new supply that came on stream between 2011 and 2013 was primarily budget and budget boutique hotels, aparthotels and serviced apartments. The latest wave of new hotels is upscale, with 2014 seeing the opening of the first new 4 star hotel in the city for 5 years and three new boutique hotels. The availability of BPRA tax incentives for the conversion of redundant offices has clearly been a key driver of hotel development in Liverpool in the last 3 years. Looking further ahead there are 19 hotel development proposals that could come forward from 2015 with the potential to add over 2000 rooms to Liverpool's supply. The majority of these are for upscale full service hotels. Liverpool has had by far the greatest and most sustained growth in hotel supply of any of its comparator cities.

- In terms of total roomnight demand, the Liverpool hotel market grew by 19% between 2011 and 2013 and looks set to have increased by 26% by the end of 2014 compared to 2011. This compares to a 22% increase in hotel supply over this period. Midweek roomnight demand has grown by 27.7% from 2011 to 2013. 2013 has seen an improvement in all performance measures for most standards of hotel in Liverpool, which looks set to be sustained in 2014. Revpar performance for upper-tier 4 star hotels remains below the 2009 level however, and only climbed above the 2009 figure for midmarket hotels in 2014. Weekend demand remains very strong for Liverpool city centre hotels with very high Friday and Saturday occupancies and room rates. Friday demand has however softened for upper-tier 4 star hotels. Midweek demand remains a key challenge, particularly in terms of rate, the midweek market still being highly price-driven. Aparthotels and serviced apartments have a less marked difference between midweek and weekend performance as they focus more on the long stay corporate market. The midweek market mix has become more leisure driven since 2011, particularly at budget and mid-market levels. Football supporters, clubbers, stag and hen parties and domestic weekend breaks remain the key weekend markets for Liverpool city centre hotels.

LIVERPOOL HOTEL PERFORMANCE 2012-2014

STANDARD OF HOTEL	OCCUPANCY			ACHIEVED ROOM RATE			REVPAR		
	2012	2013	2014F [1]	2012	2013	2014F [1]	2012	2013	2014F [1]
National									
All UK Provincial Hotels[2]	69.8	72.6	n/a	59.22	59.94	n/a	41.32	43.53	n/a
UK Provincial 3/4 Star Chain Hotels[3]	70.2	71.9	n/a	69.72	70.71	n/a	49.05	50.81	n/a
Liverpool									
Liverpool 3/4 Star Chain Hotels[4]	69	71	72	68	70	73	47	49	53
Boutique[5]	68	73	75	77	79	83	62	68	73
Upper-tier 4 star[6]	71	74	76	79	80	83	57	59	63
Midmarket (Second-tier 4 star/ 3 star/ Upper-tier Budget/ Budget Boutique)[7]	69	72	73	55	56	59	37	40	43
Budget[8]	72	73	74	48	49	50	35	35	37
Serviced Apartments[9]	79	77	75	71	71	74	56	54	56
All Liverpool Hotels	70	72	74	60	61	64	42	44	47

Source: Hotel Solutions – Surveys of Liverpool Hotel Managers – May 2011 + June 2014

Notes:

1. Hotel Solutions' forecasts based on information provided by Liverpool hotel and serviced apartment managers. The forecasts are for existing hotels, excluding any new hotels that will open in 2014 i.e. the Titanic Hotel, 30 James Street, Aloft, Doubletree by Hilton
2. Source: STR Global
3. Source: Hotstats UK Chain Hotels Market Review
4. Sample: Crowne Plaza, Radisson Blu, Marriott, Hilton, Atlantic Tower by Thistle, Novotel , Holiday Inn, Jury's Inn
5. Sample: Hope Street, Hard Day's Night, Malmaison, 62 Castle Street, Hotel Indigo
6. Sample: Crowne Plaza, Radisson Blu, Marriott, Hilton
7. Sample: Atlantic Tower by Thistle, Novotel, Holiday Inn, Jury's Inn, The Liner, Feathers, Britannia Adelphi (Hotel Solutions estimates for 2012-2014 - this hotel did not take part in the 2014 survey), Holiday Inn Express Albert Dock, Hampton by Hilton, The Nadler/Bast2Stay, Heywood House, Z Hotel (from 2013)
8. Sample: Premier Inn Moorfields, Premier Inn Albert Dock, Premier Inn Liverpool One, Travelodge Central, Travelodge The Strand, Travelodge Exchange Street, Campanile (Hotel Solutions estimates for 2012-2014 - this hotel did not take part in the 2014 survey), Ibis, Days Inn, Dolby
9. Purpose-built serviced apartment complexes and suite hotels - Sample: Staybridge Suites, Premier Apartments, Bridgestreet, Adagio (from 2013)

- Beyond the city centre, the hotel market has weakened in Speke-Garston due to a downturn in project-related corporate demand and a reduction in airport-related demand. Outer Liverpool budget hotels perform at similar occupancy rates to city centre hotels, but lower achieved room rates. In general midweek occupancies are stronger than weekends, the latter substantially lower than the levels achieved by city centre budget hotels.

- Liverpool's continuing vision to establish itself as a world class international maritime city is likely to deliver substantial levels of growth through to 2025, including around 20,000 new jobs and a population increase of 11,000 to 481,000. The City Centre Strategic Investment Framework together with the activities of the Mayoral Development Corporation will support the delivery of a number of major regeneration and development projects on the Waterfront, in the Historic Downtown, the Commercial District, the Knowledge Quarter, the Creative Quarter and the Central retail area. The availability of public sector investment funding and the establishment of three Enterprise Zones covering Mersey Waters, the Central Business District and Sensor City, a University Enterprise Zone, will provide a significant boost to economic development in the city. The visitor economy will remain one of the key priority sectors underpinning Liverpool's growth, particularly through developing awareness of the Liverpool brand, attracting more conferences and exhibitions and international visitors, driving growth in domestic leisure visitors 7 days a week, developing a major events programme, and expanding the cruise market.

The Potential

- The 2014 Hotel Futures study forecasts that growth in the hotel market could require the development of between 2472 (low growth) and 4140 (high growth) new hotel bedrooms in the ten years to 2025, which equates to between 18 and 29 new hotels. The scale of this growth at the high growth rate is similar to the number of new bedrooms that have been developed over the past 10 years.

LIVERPOOL CITY CENTRE
PROJECTED MARKET POTENTIAL FOR NEW HOTEL BEDROOMS - 2015-2025

Standard of Hotel/Year	Projected New Rooms[1]		
	Low Growth	Medium Growth	High Growth
Upper-Tier 4 Star/ Boutique			
2015	141	170	189
2020	523	623	729
2025	751	955	1182
Midmarket			
2015	0	0	0
2020	400	549	708
2025	740	1045	1383
Budget			
2015	40	72	92
2020	348	456	597
2025	593	812	1055
Aparthotels/ Purpose-Built Serviced Apartments			
2015	92	101	107
2020	318	348	381
2025	388	450	520
TOTAL NEW HOTEL ROOMS			
2015	273	343	388
2020	1589	1976	2415
2025	2472	3626	4140

LIVERPOOL CITY CENTRE
PROJECTED MARKET POTENTIAL FOR NEW HOTELS 2015-2025

Standard of Hotel/Year	Projected New Hotels[1]		
	Low Growth	Medium Growth	High Growth
Upper-Tier 4 Star/ Boutique			
2015	1	1	1
2020	3	4	5
2025	5	6	8
Midmarket			
2015	0	0	0
2020	3	4	5
2025	5	7	9
Budget			
2015	1	1	1
2020	2	3	4
2025	4	5	7
Aparthotels/ Purpose-Built Serviced Apartments			
2015	1	1	1
2020	3	3	4
2025	4	4	5
TOTAL NEW HOTELS			
2015	3	3	3
2020	11	14	18
2025	18	22	29

Notes:

1. Excluding hotels that have opened or will open in 2014 - Titanic, 30 James Street, Aloft

- When the projected market potential for additional hotel supply in Liverpool city centre is compared to the pipeline of known hotel proposals, this shows that the new full service upscale hotels that will open in 2014 and 2015 will meet the requirements for additional supply at this level through to 2020, after which additional supply can be supported to 2025. The greater requirement for the next 5 years is for additional midmarket and budget hotels, for which there are few proposals, and serviced apartments/aparthotels. This reflects the fact that much of the market growth will be in price-sensitive leisure and conference/exhibition segments. The priority will be to develop a more distinctive midmarket and budget hotel offer in terms of attracting some of the new, innovative hotel products and brands that are emerging at these levels that can add greater choice and attract new markets. From a destination perspective simply adding more of the same types of budget hotel that the city already has may not be the optimal strategy and will do less to strengthen Liverpool's appeal as a leading international leisure and business tourism destination.

- Many hotel developers, operators and investors continue to be interested in being represented in Liverpool, with over 20 brands indicating they were either actively looking at opportunities in the city or would consider doing so. This potential interest included 5 star brands and a number of lifestyle and contemporary boutique offers, a number of which are innovation brands new to the UK that would add diversity to the city's hotel supply. Those hotel companies not interested in Liverpool cited the weakness in terms of the corporate market, a perception of oversupply, and low achieved room rates compared to some competitor cities, especially Manchester, as the key reasons for not looking at the city currently. Those that were interested were also aware of these market performance issues, and indicated that the right deal would be critical, also citing public sector intervention in terms of funding as frequently making the difference between a deal that would stack up and one that would not. The Waterfront/ACCL and the area around Lime Street were identified by a number of hotel companies as favoured locations for hotel development.

- The potential for hotel development in outer Liverpool is likely to be limited to budget hotels linked to growth drivers, such as the airport, the expansion of Liverpool FC's stadium and development of Anfield and business development in the Edge Lane area. In the longer term Liverpool Waters is likely to become a key location for the development of upper tier 4 star and lifestyle hotels as offices are occupied and the cruise liner terminal is operational.

The Future Hotel Investment Strategy for Liverpool

- The forward hotel investment strategy for Liverpool should be focused around a number of strands:

  - **Developing a more distinctive midmarket and budget hotel offer**

    - The priority for the next 5 years is to achieve greater diversity through targeting the emerging national and international budget boutique hotel brands and contemporary 3 star hotels.

  - **Attracting hotel products and brands that can attract new leisure markets**

    - Examples would be lifestyle hotels, further boutique hotels, hotels with extensive leisure facilities, hotels with spas, themed hotels, branded aparthotels and international hotel brands. However, rate may constrain the development of these more niche full-service hotel offers, which could require public sector support to ensure their viability.

  - **A market-led locational strategy for new hotels**

    - The study findings point to a need to focus new hotel development for the period 2015-2025 on the Waterfront, with the Knowledge Quarter a secondary location for hotel development most likely at budget level and Hope Street as a proven boutique hotel location. The Commercial District is already well-supplied with hotels needing midweek corporate business and is less well-placed to serve the ACCL. In the longer term Liverpool Waters is likely to become a key location for upscale and lifestyle hotel development.

- **Public sector intervention to deliver the hotel investment strategy**

    - Leaving hotel development entirely to the market can result in the wrong hotels being delivered in the wrong locations. Planning has proved to be something of a blunt tool in managing hotel development, though articulating the hotel investment strategy in the text supporting the relevant Local Plan policy would give clarity and direction to the market. Public sector interventions should focus on publicising the hotel investment strategy, more pro-active targeting of added value hotel brands and putting them in touch with developers/site owners and engaging property developers to buy into the strategy. Care needs to be taken in relation to public sector intervention in hotel schemes in order to not distort the market. Building a market impact dynamic into the criteria for financially supporting hotel schemes would help minimise such impacts.

- **A continuing focus on boosting midweek demand**

    - Boosting midweek demand remains a key priority and should centre on attracting companies that generate high volumes of hotel demand; marketing Liverpool as a leading business tourism destination; increased exposure to target overseas markets; continued marketing of the city as a midweek leisure break destination; targeting higher rated group tour business; developing midweek events; continued investment in major development and infrastructure projects to generate contractor business; the development of the city's film, TV and digital media infrastructure to boost demand from film and TV crews; and the opening of the proposed larger cruise terminal to attract cruise departures that will generate hotel stays.

1. INTRODUCTION

1.1 Background and Objectives

- The Liverpool Hotel Development Group, comprising representatives of Liverpool Vision, Liverpool City Council and Liverpool City Region Local Enterprise Partnership, have been actively monitoring hotel sector performance, developer interest and activity, and future market potential in Liverpool since 2001 through a series of Hotel Futures Studies undertaken by Hotel Solutions. The studies have enabled both policy and action to support the development of the city's hotel sector to be well informed and directed to ensure maximum benefit to Liverpool as a destination, as well as helping to underpin the future sustainability of the hotel sector in the city.

- The latest Hotel Futures Study for Liverpool was completed in 2011. It showed a significant decline in hotel performance in the city since the peak year of 2008, when Liverpool was European Capital of Culture, as a result of the significant increase in hotel supply since 2008 at a time of market downturn following the Credit Crunch and ensuing recession and government cutbacks. There were however some positive signs, with the convention centre starting to generate substantial demand for hotel accommodation, long stay project-related corporate demand for serviced apartments having increased and many of the city's hotels successfully targeting midweek group tour and leisure break business, albeit at relatively low room rates. The study identified good prospects for hotel market growth in the medium to long term as Liverpool grows and develops but a requirement in the short term for a period of recovery before additional hotels could be supported.

- Hotel development has however continued apace in Liverpool since 2011, with the opening of a further 10 new hotels and over 1,000 new hotel bedrooms, and another 4 hotels opening in the city in 2014. Hotel performance has nevertheless strengthened in 2013 and so far in 2014 despite the continuing increase in supply and will be boosted further in 2015 with the opening of the new exhibition centre at ACCL in September. Liverpool continues to see significant numbers of hotel development proposals coming forward and is still attracting interest from national and international companies wanting to open new hotels in the city.

- Taking account of these factors, the Liverpool Hotel Development Group has thus decided to commission a new Hotel Futures Study in 2014 in order to assess:
    - What has driven the improvement in hotel performance in 2013 and 2014;
    - The prospects for future growth in the city's hotel market from 2015, including an assessment of the likely impact of the new exhibition centre;
    - The potential for further hotel development in the city through until 2025, and the priorities in terms of types and standards of hotel and key brands for the city, and priority locations for the next wave of hotel development.

1.2 Research and Consultations Undertaken

- The study has involved the following programme of research and consultations:
    - An update of changes to the Liverpool hotel supply since 2011.
    - A review of current hotel development proposals in the city.
    - An assessment of hotel supply growth, current and planned hotel development activity and interest, and hotel performance trends in the comparator cities of Manchester, Leeds, Newcastle and Glasgow.
    - Analysis of hotel performance and market demand and trends in Liverpool undertaken through:
        - An analysis of STR data for the city;
        - A survey of Liverpool hotel and serviced apartment managers and owners undertaken through a combination of face-to-face and telephone interviews. A total of 37 hotel managers and owners were interviewed, covering 48 properties (listed at Appendix 1).
    - An assessment of the future prospects for growth in hotel demand in Liverpool through:
        - A review of relevant strategy documents;
        - An assessment of available economic, employment, population and tourism forecasts and projections for air traffic movements through Liverpool John Lennon Airport.
        - A review of information on major pipeline development schemes and the impact they could have in terms of driving growth in demand for hotel accommodation.
        - Interviews with the sales managers for the BT Convention Centre and Exhibition Centre Liverpool, Liverpool Convention Bureau, Marketing Liverpool, Liverpool Vision, Liverpool City Council , Liverpool City Region LEP, Cruise Liverpool and Liverpool Film Office.

  - The preparation of forecasts of hotel market growth to 2025, using different growth rates to demonstrate a range of scenarios.
  - An email and telephone survey of a sample of hotel companies to ascertain their perceptions of Liverpool as a hotel development location and their interest in opening new hotels in the city or developing their existing presence in Liverpool. This survey focused on international hotel companies that are looking to expand into the UK and introduce new hotel products and brands here, some of the national budget boutique and aparthotel companies that are starting to develop in other UK cities and a number of local hotel and property developers.

- The findings of these modules of work are presented in the report that follows, together with our conclusions regarding the future potential for hotel development in Liverpool through until 2025 and suggestions for the interventions that the public sector partners in the city might make to manage and influence sustainable hotel development in Liverpool, direct future hotel development to priority locations and build hotel demand for the future.

1.3 Report Structure

- The report that follows sets out the main findings of the study in relation to the following:

  - Trends in Liverpool's hotel supply and the likely future pipeline of hotel openings;
  - Comparisons with the other benchmark cities of Manchester, Leeds, Newcastle and Glasgow;
  - The performance of Liverpool hotels and trends in the market 2011-2014;
  - Future growth prospects;
  - The market potential for future hotel development in Liverpool to 2025;
  - Hotel developer interest in Liverpool;
  - Conclusions regarding the forward strategy for hotel development in the city and the interventions that the public sector partners can make to guide, influence and support hotel development and market growth in order to achieve a sustainable future for the city's hotel sector.

2. LIVERPOOL HOTEL SUPPLY TRENDS

2.1 Changes in Liverpool Hotel Supply 2004-2014

- Since the last Hotel Futures up-date in 2011, 17 new hotels and serviced apartment operations have opened in Liverpool adding 1,529 rooms and apartments to the city's hotel and serviced apartment stock. By the end of 2014 this will rise to 18 new hotels and an additional 1,645 bedrooms and apartments, representing a 28.7% increase in supply since 2010.

- Other than the Hotel Indigo boutique hotel that opened in 2011, the new supply that has opened between 2011 and 2013 has all been either budget or budget boutique hotels, aparthotels or serviced apartments. 2014 has seen the opening of the first new 4 star hotel in the city for 5 years in the Titanic Hotel at Stanley Dock, and will see the opening of three new boutique hotels but no further budget or aparthotel/ serviced apartment provision.

- All of the new hotels that have opened since 2010 have been in Liverpool city centre: no new supply has opened at Liverpool John Lennon Airport or in outer parts of the city.

- The availability of BPRA (Business Premises Renewal Allowances) tax incentives for the conversion of redundant offices has clearly been the key driver of hotel development in Liverpool in the last 3 years. BPRA allowances significantly reduce hotel development costs and mean that hotel schemes can work on lower occupancies and achieved room rates than they would otherwise be able to. The Hotel Indigo, Days Inn, Z Hotel and new Titanic and Aloft hotels have all made use of the BPRA tax allowances as part of their funding package. Some hotel schemes have also benefitted from City Council intervention. The Titanic Hotel/ Rum Warehouse received support from the Regional Growth Fund and the City Council purchased the freehold of the Royal Insurance Building to enable the Aloft to go ahead. The City Council will wholly own the new Pullman hotel that is under construction at Exhibition Centre Liverpool, which it is funding through borrowing that will be repaid from revenue generated by the expanded ACCL.

- The last 10 years have seen a 129% increase in Liverpool's hotel supply, with the opening of 45 new hotels and serviced apartment operations and an additional 4,157 hotel bedrooms and serviced apartments. This period has seen the emergence of new hotel products in the city in terms of the rapid growth of boutique hotels and serviced apartments and the introduction of budget boutique hotels and aparthotels, alongside a doubling of the city's 4 star and budget hotel supply and the opening of 4 new upper-tier budget hotels. 3 star hotel development has been more limited, with the Jury's Inn the only new hotel to have opened at this level in the market.

- The supply of serviced apartments in the city has fluctuated as agreements between serviced apartment operators and apartment owners have come to an end. StayCity Apartments, for example, has seen a reduction in the number of apartments that it lets in the city from 124 in 2012 to 56 in 2014.

LIVERPOOL – NEW HOTELS AND ADDITIONAL ROOMS 2004-2014

Year	Number of New Hotels	Number of Rooms
2004	2	242
2005	0	0
2006	0	0
2007	3	298
2008	10	810
2009	6	773
2010	6	389
2011	3	368
2012	4	368
2013	8	573
2014	3	336
TOTAL	**45**	**4157**

- As at July 2014 Liverpool has 76 hotels and serviced apartment operations with a total of 7,263 letting bedrooms and apartments. This will rise to 77 hotels with 7,379 letting bedrooms and apartments by the end of 2014, with the opening of the Aloft in October.

- 83% of Liverpool's hotel and serviced apartment supply is in the city centre, up from 80% in 2011.

- In terms of the city centre supply, by the end of 2014, 51% will be in full service (4 star, boutique and 3 star) hotels (compared to 59% in 2011), 35% will be in limited service (budget, upper-tier budget and budget boutique) hotels (up from 33% in 2011), and 13% will be in aparthotels and serviced apartments (up from 8% in 2011).

- The hotel supply outside the city centre is dominated by limited service (budget and upper-tier budget) hotels, which account for 68% of the total stock of hotel bedrooms. There is only one 4 star hotel outside the city centre - the Crowne Plaza at Liverpool John Lennon Airport.

LIVERPOOL – ADDITIONS TO HOTEL SUPPLY 2004-2014 (as at July 2014)

Hotel	Standard	New Rooms
2004		
Radisson Blu	4 star	194
Hope Street	Boutique	48
2005		
No new hotels opened		
2006		
No new hotels opened		
2007		
Malmaison	Boutique	130
Express by Holiday Inn Liverpool Airport	Upper-tier Budget	100
Parr Street Hotel	Budget Boutique	12
Premier Inn Albert Dock extension	Budget	56
2008		
Jury's Inn	3 star	310
Hard Day's Night	Boutique	110
Staybridge Suites	Aparthotel	132
International Inn Cocoon	Budget Boutique	32
Bridgestreet Worldwide at Liverpool ONE	Serviced Apts	77
Posh Pads at Casartelli	Serviced Apts	31
Merchant Living – Merchant Quarters (now L3 Living)	Serviced Apts	41
StayCity Serviced Apartments	Serviced Apts	39
Bridpoint Apartments	Serviced Apts	27
Signature Living	Serviced Apts	11
2009		
Hope Street extension	Boutique	41
Hilton	4 star	215
Novotel	4 star	209
Hampton by Hilton Liverpool Airport	Upper-tier Budget	160
Premier Inn Liverpool Airport	Budget	101
Hilton Apartments	Serviced Apts	47
2010		
Travelodge Stonedale Park	Budget	66
Hampton by Hilton Liverpool City	Upper-tier Budget	151
Heywood House	Budget Boutique	35
Base2Stay (now The Nadler)	Budget Boutique	106
Bamboo (now The Printwork Hotel)	Budget Boutique	16
The Print Works Apartments	Serviced Apts	15
2011		
Days Inn	Budget	155
Hotel Indigo	Boutique	151
The Block	Serviced Apts	62
2012		
Premier Inn Liverpool One	Budget	183
Travelodge Strand	Budget	141
Podworks	Budget Boutique	19
L3 Living @Irwell Chambers	Serviced Apts	25
2013		
Z Hotel	Budget Boutique	92
Ibis Styles	Budget Boutique	123
Travelodge Exchange Street	Budget	125
Signature Hotel	Aparthotel	6
Epic Apart Hotel	Aparthotel	14
The Richmond	Aparthotel	51
Adagio	Aparthotel	126
Base Serviced Apartments	Serviced Apts	36
2014		
Titanic	4 star	156
30 James Street	Boutique	64
Aloft	Boutique	116

LIVERPOOL - GROWTH IN HOTEL SUPPLY BY STANDARD/TYPE OF HOTEL & YEAR 2004-2014

Standard/Type of Hotel	New Hotel Bedrooms												Total Rooms 2014	Total Rooms 2003
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total 2004-2014		
4 Star	194					424					156	774	1469	695
Boutique	48			130	110	41		151			180	660	485	28
3 Star					310							310	1362	1052
Upper-Tier Budget				100		160	151					411	567	156
Budget				56		101	66	155	324	125		827	2032	1205
Budget Boutique				12	32		157		19	215		435	435	0
Aparthotel					132					197		329	329	0
Serviced Apts					226	47		62				253	497	86
Total New Bedrooms	**242**	**0**	**0**	**298**	**810**	**773**	**389**	**368**	**368**	**573**	**336**	**4157**		
Total Bedrooms	3464	3464	3464	3762	4752	5345	5734	6102	6470	7043	7379		7379	3222
% Annual Increase	7.5	0	0	8.6	21.5	16.9	7.3	6.4	6.0	8.9	4.8			
% Increase since 2003	7.5	7.5	7.5	16.8	41.9	65.9	78.0	89.4	100.8	118.6	129.0	129.0		

LIVERPOOL – CURRENT HOTEL SUPPLY – JULY 2014

Hotel	Standard	No Rooms
City Centre		
4 Star		
Atlantic Tower by Thistle	4 star	226
Crowne Plaza	4 star	159
Hilton	4 star	215
Radisson Blu	4 star	194
Novotel	4 star	209
Marriott	4 star	146
Titanic	4 star	156
Total 4 star		**1305**
Boutique		
30 James Street	Boutique	64
62 Castle Street	Boutique	20
Hard Day's Night	Boutique	110
Hope Street	Boutique	89
Indigo	Boutique	151
Liverpool Racquet Club	Boutique	8
Malmaison	Boutique	130
Total Boutique		**572**
3 Star		
Britannia Adelphi	3 star	402
Holiday Inn	3 star	139
The Liner	3 star	153
Jury's Inn	3 star	310
Feathers	3 star	81
Sir Thomas	3 star	39
Total 3 star		**1124**
Upper-Tier Budget		
Holiday Inn Express Albert Dock	Upper-tier Budget	135
Hampton by Hilton Liverpool City	Upper-tier Budget	151
Total Upper Tier Budget		**286**
Budget		
Premier Inn Liverpool City Centre (Moorfields)	Budget	165
Premier Inn Albert Dock	Budget	185
Premier Inn Liverpool One	Budget	183
Travelodge Liverpool Central	Budget	105
Travelodge Liverpool Central The Strand	Budget	141
Travelodge Liverpool Central Exchange Street	Budget	125
Travelodge Docks	Budget	32
Campanile	Budget	100
Ibis	Budget	127
Dolby	Budget	64
Days Inn	Budget	155
Formule 1	Budget (Economy)	87
Total Budget		**1469**

Hotel	Standard	No Rooms
Budget Boutique		
International Inn Cocoon	Budget Boutique	32
Heywood House	Budget Boutique	35
The Nadler	Budget Boutique	106
Parr Street Hotel	Budget Boutique	12
The Podworks Hotel	Budget Boutique	19
The Printwork Hotel	Budget Boutique	16
Z Hotel	Budget Boutique	92
Ibis Style	Budget Boutique	123
Total Budget Boutique		**435**
Aparthotel		
Adagio	Aparthotel	129
Epic Apart Hotel	Aparthotel	14
Staybridge Suites	Aparthotel	132
Signature Hotel	Aparthotel	6
The Richmond	Aparthotel	51
Total Aparthotel		**329**
Serviced Apartments		
Bridgestreet Worldwide at Liverpool ONE	Serviced Apts	77
Premier Apartments	Serviced Apts	63
L3 Living @ Merchant Quarters	Serviced Apts	41
L3 Living @ Irwell Chambers	Serviced Apts	25
Posh Pads at Casartelli	Serviced Apts	31
The Block	Serviced Apts	62
The Printworks Apartments	Serviced Apts	15
StayCity Serviced Apartments	Serviced Apts	56
Base Serviced Apartments	Serviced Apts	36
Bridpoint Apartments	Serviced Apts	27
Signature Living	Serviced Apts	17
Hilton Apartments	Serviced Apts	47
Total Serviced Apartments		**497**
GRAND TOTAL CITY CENTRE		**6017**

Hotel	Standard	No Rooms
Outside City Centre		
4 Star		
Crowne Plaza Liverpool Airport	4 star	164
Total 4 star		**164**
3 Star		
Village	3 star	63
Devonshire House	3 star	54
Royal, Waterloo	3 star	25
Alicia, Sefton Park	3 star	41
Park, Netherton	3 star	55
Total 3 star		**238**
Upper-Tier Budget		
Express by Holiday Inn Liverpool Airport	Upper-tier Budget	121
Hampton by Hilton Liverpool Airport	Upper-tier Budget	160
Total Upper Tier Budget		**281**
Budget		
Premier Inn Liverpool North	Budget	83
Premier Inn Liverpool (Aintree)	Budget	40
Premier Inn Liverpool (Rainhill)	Budget	40
Premier Inn Liverpool (Roby)	Budget	54
Premier Inn Liverpool (Tarbock)	Budget	41
Premier Inn (West Derby)	Budget	84
Premier Inn Liverpool Airport	Budget	101
Travelodge Stoneycroft	Budget	33
Travelodge Aigburth	Budget (Economy)	21
Travelodge Stonedale Park	Budget	66
Total Budget		**563**
GRAND TOTAL OUTSIDE CITY CENTRE		**1246**
GRAND TOTAL LIVERPOOL		**7263**

2.2. Hotel Supply Pipeline and Future Proposals

- The Liverpool Hotel Development Group closely monitors hotel development proposals and planning applications and publishes a twice yearly Liverpool Hotels Update. The March 2014 edition of the Update identifies 16[1] hotel proposals that could come forward from 2015 onwards, in addition to the 3 new hotels that have opened/will open in the city in 2014. We have also found press reports for a further two proposed hotels that look likely to come forward in 2016 - a proposed Moxy budget boutique hotel as part of the Central Village scheme and Signature Living's plans to convert the Millennium House City Council offices on Victoria Street into a Bill Shankly themed aparthotel.

- Two hotel schemes are currently on site - the delayed Doubletree by Hilton boutique hotel that now looks likely to open in early 2015, and the Pullman upper-tier 4 star hotel that is being built as part of the Exhibition Centre Liverpool project, due to open in September 2015. We think it likely that the Tune Hotel and proposed development of serviced apartments as part of the of conversion the former Trade Union building next to the Hope Street Hotel will be progressed to open in 2015. While we found a press report that indicated that work is due to start on the Martins Bank 5 star hotel for an autumn 2015 opening, we think it more likely that this hotel will open in 2016 if it goes ahead as planned.

- The currently proposed hotels in Liverpool City Centre are listed in the table overleaf. If all of these hotels were progressed they would add another 2,209 bedrooms to city centre hotel provision, equivalent to a 37% increase in supply. Experience tells us however that not all of these hotel proposals will be progressed and other schemes may well come forward. A number of the hotel projects that were identified in the 2011 Hotel Futures Study have for example been shelved or delayed, including the two hotels on Oldham Street, the Scandinavian Hotel scheme (now to be student accommodation), the proposed Millennium and Copthorne hotels that were part of the stalled Central Village scheme and the hotel proposed as part of the Sefton Street mixed-use scheme, but other hotel projects have emerged since 2011.

[1] With the opening of the Doubletree by Hilton now delayed until early 2015

LIVERPOOL CITY CENTRE – PIPELINE HOTEL SCHEMES (as at July 2014)

Operator/Developer	Scheme/Site/ Location	Standard	Rooms /Apts
2014			
Aloft	North John Street	Boutique	116
New rooms to open in second half of 2014			**116**
2015			
Pullman	ACCL	4 star	216
Doubletree by Hilton	Dale Street	Boutique	87
Tune Hotels	Castle Street	Budget	99
Castlewood	Martins Bank	5 star	138
Hope Street Hotel extension	Former Trade Union building, Hardman St/Hope Street	Serviced Apts	30
Potential new rooms 2015			**483**
2016			
Moxy Hotels	Cropper Street, Central Village	Budget Boutique	180
Signature Living	Shankly Hotel, Millennium House	Hotel + svcd apts	83
Potential new rooms 2016			**263**
Other Proposed Hotels			
Gethar Ventures	George Henry Lee Building	Aparthotel	150
J&M Hospitality	Union House, Victoria Street	Boutique	30
Private	Britannia Buildings, Fenwick Street	Budget	21
BPUK	5-7 Bridgewater Street	Aparthotel	58
The Peel Group	1 William Jessop Way, Princes Dock	Not known	129
Neptune Developments	Hurst Street, Baltic Triangle	4 star + svcd apts	170
Fountain Trustees	Kings Dock Mill Phase 2	4 star	180
CP(UK) Leisure	1 Renshaw Street	Not known	20
ETS Holdings	Gostins Building	Not known	146
The Robert Cain Brewery	Cains Brewery Village	Boutique	100
Stanley Dock Properties	Southern Warehouse, Stanley Dock	Aparthotel	128
Stanley Dock Properties	Southern Warehouse, Stanley Dock	4 star	128
Other potential new rooms			**1260**
COMBINED TOTAL			**2209**

- In addition to these proposed hotels, a number of hotels are likely to come forward in the longer term as part of the Liverpool Waters scheme, including a proposed 320-bedroom 5 star hotel as part of the proposed Shanghai Tower that could come forward in 2025. There is also likely to be an increase in the supply of serviced apartments in Liverpool city centre, with a number of the serviced apartment operators that we spoke to indicating that they would be interested in operating additional apartments in the city and other serviced apartment operators known to be looking at entering the Liverpool market.

- The majority of hotel schemes that are currently coming forward in the city centre are upscale full service hotels, including potentially the city's first 5 star hotel, or aparthotels. Very few proposals are coming forward for new budget hotels although we would expect to see proposals coming forward from some of the new generation of budget boutique hotel brands that are expanding in the UK and from some of the established budget hotel companies that may look to expand their presence in Liverpool.

- The Liverpool Hotels Update identifies proposals for a number of new hotels outside Liverpool city centre. The most significant of these are as follows:

    - Former Littlewoods Building, Edge Lane - proposed mixed-use conversion to include a 100-bedroom hotel;
    - Former Tea Factory, Speke Hall Road - 150-bedroom hotel included as part of a mixed use industrial, office, leisure and retail scheme;
    - Cabbage Hall Inn near Anfield - proposed 69-bedroom hotel;
    - Anfield Stadium development - proposed 100-bedroom training hotel.

2.3. Investment in Existing Hotels

- There has been relatively little investment in existing hotels over the last 3 years, other than ongoing upkeep; improvements to public areas, bars, restaurants and leisure clubs at some hotels; and partial soft refurbishment of a proportion of bedrooms for some hotels. The Holiday Inn, Premier Inn Moorfields, Bridgestreet Apartments and Dolby have all undergone, or are currently undergoing full bedroom refurbishment programmes in 2014.

- Going forward full bedroom refurbishments are proposed in 2015 for the Crowne Plaza, Radisson Blu and Jury's Inn. Some hotel managers commented that their owners have been unwilling to invest in hotel refurbishment in the recent hotel market in Liverpool as they have not felt that they would see a return when occupancies and achieved room rates were at best flat and in some cases reducing. This was a less frequently voiced issue than when we spoke to hotel managers in 2011. Some hotels now have new owners that appear to be more willing to invest.

- In terms of expansion and development projects at existing hotels our research has identified the following two projects:

    - The owner of Hope Street Hotel has acquired the adjacent vacant Trade Union & Unemployment Resource Centre/ former Liverpool School for the Blind on Hardman Street to convert to a 30 serviced apartment and spa extension to the Hope Street Hotel alongside creative studios and workshops.

    - The Hilton hotel is looking at the potential to substantially increase the capacity of its Grace Suite conference and banqueting room to enable it to attract large residential conferences.

2.4. Comparator City Benchmarking

2.4.1. Current Hotel Supply

- Appendix 2 provides a detailed analysis of the current (2013) hotel supply in Liverpool, Manchester, Glasgow, Leeds and Newcastle, full listings of all of the hotels in each city and a breakdown of new hotel openings in each city between 2008 and 2013, hotel openings in 2014 and planned hotel openings in 2015.

- In terms of total hotel supply, Liverpool:
    - Has overtaken Leeds;
    - Is still well ahead of Newcastle ;
    - Is catching up with Glasgow;
    - Remains a long way behind Manchester.

- By type of hotel, Liverpool is:
    - Leading the comparator cities in term of:
        - Boutique hotels;
        - Budget boutique hotels;
        - Upper-tier Budget hotels;
        - Aparthotels.
    - Some way behind Manchester, Glasgow and Leeds in terms of 4 star hotel provision, and only just ahead of Newcastle.
    - Behind all 4 cities in terms of 3 star hotel provision;
    - On a par with Glasgow for budget hotel rooms, behind Manchester, and ahead of Leeds and Newcastle.

- Manchester and Glasgow remain the only cities with 5 star hotels.

- Liverpool has a much lower level of hotel provision outside the city centre than Manchester, Leeds and Newcastle, but a greater number of hotel bedrooms than Glasgow.

2.4.2. Hotel Development Activity

- The tables overleaf detail the new hotel openings in Liverpool, Manchester, Glasgow, Leeds and Newcastle between 2011 and 2013 and the planned hotel openings in each city in 2014 and 2015, together with an analysis of hotel supply changes in each city for the periods 2008-2010, 2011-2013, 2014-2015 and the overall change between 2008 and 2015. These tables show that Liverpool has had by far the greatest and most sustained growth in hotel supply of any of the comparator cities:

  - By the end of 2015 Liverpool will have seen the opening of a similar number of new hotel bedrooms to Manchester but more than double the rate of growth in hotel supply as it was starting from a much lower base at the beginning of 2008;
  - Hotel supply will have grown three times faster in Liverpool than in Glasgow and Newcastle, with Liverpool seeing the opening of twice as many new hotel rooms as these two cities;
  - The Liverpool hotel supply will have grown more than six times faster than the Leeds hotel supply, with four times as many new hotel rooms opening in Liverpool as in Leeds, which has seen very little new hotel development in the last 4 years, with just two new hotels opening in the city between 2011 and 2015.

- As in Liverpool, the main focus of hotel development activity between 2011 and 2013 in the comparator cities was in terms of budget hotel openings, alongside the opening of new Hotel Indigo branded boutique hotels and some new budget boutique hotel provision. There has been very little activity in terms of 4 star hotel development other than in Newcastle, which saw the opening of two new hotels at this level in 2011 and 2012. The other cities did not see the levels of aparthotel and serviced apartment development that Liverpool experienced during this period. These trends are set to shift in 2014 and 2015, with more activity in terms of boutique hotel openings and new 4 and 5 star hotels, alongside further budget hotel openings, other than in Glasgow where the focus will remain largely on budget hotel development.

LIVERPOOL/MANCHESTER/GLASGOW/LEEDS/NEWCASTLE - NEW HOTELS 2011 - 2015

Hotel	Standard	Rooms	Year Opened
LIVERPOOL			
Days Inn	Budget	155	2011
Hotel Indigo	Boutique	151	2011
The Block	Aparthotel	62	2011
Premier Inn Liverpool One	Budget	183	2012
Travelodge Strand	Budget	141	2012
Podworks Hotel	Budget Boutique	19	2012
L3 Living @ Irwell Chambers	Serviced Apts	25	2012
Z Hotel	Budget Boutique	92	2013
Ibis Styles	Budget Boutique	123	2013
Travelodge Exchange Street	Budget	125	2013
Signature Hotel	Aparthotel	6	2013
Epic Apart Hotel	Aparthotel	14	2013
The Richmond	Aparthotel	51	2013
Adagio	Aparthotel	126	2013
Base Serviced Apartments	Serviced Apts	36	2013
Titanic	4 star	156	2014
30 James Street	Boutique	64	2014
Aloft	Boutique	116	2014
Doubletree by Hilton	Boutique	87	2015
Martins Bank	5 star	138	2015
Pullman	4 star	216	2015
Tune	Budget	99	2015
Hope Street Hotel extension	Serviced Apts	30	2015
MANCHESTER			
Express by Holiday Inn (Smithfield)	Upper Tier Budget	192	2011
Travelodge, Salford Quays	Budget	156	2011
Premier Inn Manchester City (Piccadilly)	Budget	193	2012
Ibis Budget Manchester Centre	Budget Economy	150	2012
Blue Rainbow Aparthotel Manchester High St	Aparthotel	19	2012
SACO Apartments Abacus Court	Serviced Apts	63	2012
The Works Aparthotel	Aparthotel	36	2013
Hotel Football, Old Trafford	n/a	138	2014
Travelodge Piccadilly Gardens	Budget	157	2014
Hotel Gotham	5 star Boutique	60	2015
Innside by Melia	4 star	208	2015
King Street Townhouse	Boutique	40	2015
Hotel Indigo	Boutique	181	2015
Motel One	Budget	330	2015
Premier Inn Salford Central	Budget	143	2015
GLASGOW			
Hotel Indigo	Boutique	95	2011
Grasshopper	Budget Boutique	30	2011
Premier Inn Buchannan Galleries	Budget	210	2011
Park Inn by Radisson	3 star	91	2012
MAX @Olympic House	Serviced Apts	45	2012
Hampton by Hilton	Upper-Tier Budget	88	2014
Z Hotel	Budget Boutique	104	2014
Premier Inn Glasgow Pacific Quay	Budget	180	2014
Travelodge Queen Street	Budget	171	2014
Village Urban Resort	3 star	120	2015
Motel One	Budget	370	2015

Hotel	Standard	Rooms	Year Opened
LEEDS			
Premier Inn Leeds Arena	Budget	131	2012
Hilton	5 star	206	2015
NEWCASTLE			
Doubletree by Hilton Newcastle Airport	4 star	179	2011
Jury's Inn Gateshead Quays	3 star	200	2011
Sandman Signature	4 star	175	2012
Hotel Indigo	Boutique	148	2012
Ramada Encore	Upper-tier Budget	200	2012
Sleeperz	Budget Boutique	98	2012
Roomzzz Aparthotel	Aparthotel	14	2012
Crowne Plaza	4 star	215	2015
Hampton by Hilton	Upper-Tier Budget	124	2015
Tune Hotel	Budget	104	2015
Motel One	Budget	222	2015
Premier Inn (co-op Building)	Budget	184	2015
Vermont Aparthotel	Aparthotel	13	2015

LIVERPOOL, MANCHESTER, GLASGOW, LEEDS, NEWCASTLE
CHANGES IN CITY CENTRE HOTEL SUPPLY 2008-2015

City	Total Rooms at Start of 2008	2008-2010			2011-2013			2014-2015			2008-2015		
		New Hotels	New Rooms	% Increase in Rooms	New Hotels	New Rooms	% Increase in Rooms	New Hotels	New Rooms	% Increase in Rooms	New Hotels	New Rooms	% Increase in Rooms
Liverpool	3744	22	1990	53.2	15	1309	22.8	8	906	12.9	45	4205	112.3
Manchester	8590	21	2379	31.9	7	809	7.4	8	1257	10.7	36	4445	51.8
Glasgow	6645	9	689	10.4	5	471	6.4	6	1033	13.2	20	2193	33.0
Leeds	5244	7	598	11.4	1	131	2.2	1	206	3.4	9	935	17.8
Newcastle	4731	5	214	4.5	7	1014	20.5	6	898	15.1	17	2126	44.7

- In terms of hotel development activity in each of the comparator cities between 2011 and 2015:

  - **Manchester** has seen the opening of 7 new hotels with 809 rooms between 2011 and 2013. These were all budget hotels or aparthotels and serviced apartments. A further 8 new hotels are set to open in Manchester in 2014 and 2015, adding another 1,257 rooms to the city's hotel supply. They include further budget hotels, three boutique hotels (including one at a 5 star level), the UK's first Innside by Melia 4 star lifestyle hotel and the football-themed Hotel Football. Looking further ahead there are current proposals for at least another 12 hotels in Manchester that could add a further 2,300 hotel rooms to the city's hotel supply. These are a mix of 4 star, boutique, budget and budget boutique hotels and include a 4 star Hotel La Tour in Salford, a second Motel One budget hotel, a budget boutique Yotel, a city centre 4 star Holiday Inn, and a proposed hotel at the University of Manchester.

  - **Glasgow** saw the opening of 5 new hotels between 2011 and 2013, with a total of 471 new rooms. A further 6 new hotels will open in 2014 and 2015, adding another 1,033 hotel rooms to the city's hotel supply. Glasgow's new hotel openings have been predominantly limited service budget, upper-tier budget or budget boutique hotels or midmarket 3 star hotels. There has only been one new boutique hotel in the city and no new openings at the top end of the market, with all of the previous proposals for 4 and 5 star hotels, and the proposed 6 star Jumeirah hotel, having been shelved or delayed.

    There are current proposals for a further 16 new hotels in Glasgow, which could add over 2,700 new hotel bedrooms to the city's hotel stock. These include one of the UK's first Hyatt Place lifestyle hotels, a 5 star Crowne Plaza, a 4 star Doubletree by Hilton, an MGallery boutique hotel, an Ibis Styles budget boutique hotel and a second Jury's Inn 3 star.

Glasgow's current Tourism Action Plan to 2016 includes actions to proactively target premier hotel operators for the city, with the aim of securing an additional 3,000 premier hotel rooms. Actions have included the production and dissemination of a Hotel Investment Opportunities prospectus for the city, drawing up a target list of prospective hotel brands to attract to the city; the establishment of a one-stop information service for hotel investment enquiries and the fast-tracking of planning applications for hotel schemes.

- **Leeds** has seen very little recent hotel development, with just a Premier Inn budget hotel opening in 2012 and a 5 star Hilton due to open in 2015. It is however the only one of the comparator cities that does not have any areas that qualify for BPRA tax incentives to convert redundant office space. Going forward there are proposals for at least 19 new hotels in the city and 2,400 additional hotel bedrooms. The only named hotel operator associated with any of the proposed hotels is the boutique Dakota hotel company.

- **Newcastle** saw a significant expansion of its hotel stock in 2011 and 2012, with 7 new hotels adding 1,104 rooms to the city's hotel supply, resulting in a 20% increase in stock in just 2 years. No new hotels have opened in 2013 and none will open in 2014, but a 4 star Crowne Plaza and 4 new budget hotels are set to open in the city in 2015. There are proposals for a further 14 hotels in Newcastle, with a total of 1,500 bedrooms. These include further budget hotels and a number of boutique hotel proposals. No hotel brands have so far been announced for any of the proposals.

2.4.3. Hotel Performance

- Comparative hotel occupancy, achieved room rate and revpar data for Liverpool, Manchester, Glasgow, Leeds and Newcastle taken from BDO's Hotel Britain 2014 report of UK hotel performance is summarised in the table overleaf. The sample sizes of participating hotels for each city are relatively small however, so the figures should be treated with some caution. They do however provide a good indicator of performance trends.

NEWCASTLEGATESHEAD, MANCHESTER, LIVERPOOL, LEEDS
COMPARATIVE HOTEL PERFORMANCE 2008-2012

City	2008[1]	2009	2010	2011	2012	2013
Average Annual Room Occupancy (%)						
Liverpool	77.6[2]	71.7	71.6	70.9	66.6	67.3
Manchester	75.1	73.8	75.8	77.9	79.0	79.4
Glasgow	75.8	74.2	77.5	77.7	77.4	79.2
Leeds	74.5	73.7	73.2	72.2	71.4	76.8
Newcastle	77.2	75.7	76.4	75.8	75.0	73.5
Average Annual Achieved Room Rate (£)						
Liverpool	78.60[2]	68.76	67.43	66.57	65.57	72.17
Manchester	82.03	71.30	71.64	72.65	73.16	76.45
Glasgow	69.38	66.57	65.55	64.47	64.21	64.06
Leeds	68.30	59.99	57.75	57.70	58.36	61.09
Newcastle	67.66	67.92	67.02	66.86	65.80	63.55
Average Annual Revpar (£)						
Liverpool	61.00	49.30	48.29	47.19	43.69	48.55
Manchester	61.59	52.65	54.33	56.62	57.79	60.74
Glasgow	52.60	49.36	50.80	50.07	49.69	50.72
Leeds	50.89	44.19	43.00	41.04	41.66	46.90
Newcastle	52.27	51.38	51.20	50.68	49.34	46.73

Source: Hotel Britain 2014[3], BDO

Notes:
1. Source: Hotel Britain 2013, BDO - sample sizes differ from the Hotel Britain 2014 survey so results are not directly comparable
2. Hotel performance was particularly strong in Liverpool in 2008 as a result of the European Capital of Culture Year in the city.
3. The samples of hotels in each city that participate in the Hotel Britain survey are relatively small. The figures for each city should thus be treated with some caution.

- The table shows that, in line with the national trend, occupancies, achieved room rates and revpar figures dropped in all five cities in 2009 following the Credit Crunch and ensuing economic recession at the end of 2008. Hotel performance trends have then varied by city in the following years largely related to trends in hotel supply:
  - Liverpool hotel occupancies remained flat in 2010, dropped slightly in 2011 and declined sharply in 2012 and 2013 as a result of the increased hotel supply in the city. Achieved room rates and revpar slowly declined each year between 2009 and 2012 but increased significantly in 2013.

- Hotel occupancies in Manchester recovered in 2010 and grew strongly to very high levels between 2011 and 2013. Achieved room rates and revpar have edged up each year from 2010 to 2012 and increased more substantially in 2013.

- Occupancies also recovered strongly in Glasgow in 2010 and have remained at very high levels since, but achieved room rates have steadily declined each year since 2009 and revpar has remained largely flat.

- Occupancies, achieved room rates and revpar steadily declined in Leeds each year between 2010 and 2012. 2013 saw a strong recover in occupancies saw and an improvement in achieved room rate and revpar figures for the first time since 2009, although both are still some way behind 2008 levels. The sluggish and below par performance of the Leeds hotel sector is likely to have been the key factor behind the lack of new hotel development in the city.

- Occupancies were fairly stable in Newcastle between 2010 and 2012 but dropped in 2013. Achieved room rates and revpar have declined year on year since 2010 and fell sharply in 2013 as a result of the more competitive hotel market in the city following the significant increase in supply in 2011 and 2012.

- Quarterly changes in hotel performance for UK cities reported in the AM:PM Hotels Hotel Bulletin, drawing on Hotstats data show a strong improvement in occupancy, achieved room rate and revpar performance for hotels in Liverpool, Manchester, Glasgow and Leeds , with performance generally improving in each city for each quarter of the year. Hotel performance declined in Newcastle however by all three measures for each quarter, as the city is still absorbing the new supply that came on stream in 2011 and 2012.

**LIVERPOOL, MANCHESTER, GLASGOW, LEEDS, NEWCASTLE
COMPARATIVE HOTEL PERFORMANCE 2012-2013**

City	Room Occupancy Change cf 2012 %				Achieved Room Rate Change cf 2012 %				Revpar Change cf 2012 %			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Liverpool	+2	+5	+2	+2	O	+1	+1	+5	+3	+7	+3	+6
Manchester	+4	+1	+4	+2	+1	+4	+5	+5	+6	+6	+9	+7
Glasgow	+1	+2	+4	+3	-2	+3	+4	-2	-1	+6	+8	+1
Leeds	+2	+6	+2	+7	+1	+6	+4	+7	+3	+12	+7	+14
Newcastle	-8	-4	-2	+3	-3	-1	-4	-2	-11	-5	-5	+1

Source: AM:PM Hotels/ Hotstats

- The improvement in hotel performance in 2013 has so far continued in 2014, with all five cities seeing year-on-year growth in revpar in the first quarter of the year compared to the same period in 2013. Growth has been particularly strong in Glasgow in the build up to the Commonwealth Games, with revpar up by 19% in the first three months of 2014. Liverpool, Manchester and Leeds saw revpar growth of 8, 9 and 10% respectively , while Newcastle saw a lower growth rate of 5%, with occupancy up by 7% but achieved room rates down by 2%.

2.5. National Hotel Development Trends in UK Cities

- In terms of trends in hotel development in UK cities perhaps the key one is the '**squeezing of the middle'**. New supply has focused on both high end and budget offers, this polarisation impacting from both sides on mid-market hotels struggling to differentiate themselves.

- In terms of **budget hotel development**, the market leaders Premier Inn and Travelodge have continued to open hotels apace across the UK, although Travelodge has cut back on its development programme as a result of its financial restructuring, prioritisation of investment in existing hotels and focus on London for new hotel development. It opened 14 new hotels across the UK in 2013, with a total of almost 1,600 bedrooms. It will open a further 15 hotels in 2014, including city centre hotels in Glasgow, Manchester, Southampton and Oxford. Premier Inn opened 4,000 new hotel bedrooms in the UK in 2013 and will open a further 4,500 in 2014, including city centre hotels in Stoke-on-Trent, Luton, London, Edinburgh and Glasgow. The company's target is to open 170 new hotels over the next 4 years, taking it to a total of 830 hotels and 75,000 bedrooms by 2018.

- In terms of other budget hotel brands, the French hotel chain 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 Malaysian budget hotel operator Tune Hotels has rapidly established itself in London and is now targeting other UK cities, with plans announced for hotels in Liverpool and Newcastle. Easyhotel is set to be listed on the stock exchange in order to raise £60m for the expansion of the brand in the UK. Wyndham opened a new Days Inn in Liverpool in 2011 but does not have any pipeline hotels under construction in the UK.

- At the **upper-tier budget** level, the Hampton by Hilton, Ramada Encore and Holiday Inn Express brands have continued to become more established, with new hotels open or planned across the UK in locations such as Luton, St Albans, Birmingham, Liverpool, Glasgow, Manchester, Newcastle, Middlesbrough, Grimsby and London.

- A more recent trend has been the emergence of **budget boutique hotels** in major cities from companies such as Nadler Hotels (previously Base2Stay), Sleeperz and Citizen M. 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 and Liverpool.

- 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 (launching in London in 2014 to be followed by further hotels in London and Edinburgh); Z Hotels (now open in London, Liverpool and Glasgow), QBic Hotels (which has opened in London), 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).

- Another recent trend is the development of **hostel chains**, including Eurohostel (which has opened in Edinburgh and Newcastle) and Journeys Hostels (which operates hostels in London and Brighton), and more recently **luxury hostel operators** including Hoax Hostels (which opened its first hostel in Liverpool in 2013), Smart City Hotels (which has a hostel in Edinburgh), Safestay Hostels (with a hostel in London and another under development in York), and the international luxury hostel operator Generator Hostels (which has opened a hostel in London).

- **Aparthotels and serviced apartments** are another growth product in the UK. The InterContinental Hotel Group (IHG) has opened Staybridge Suites aparthotels in Liverpool, Newcastle, Birmingham and Stratford (East London) and is currently developing a new Staybridge Suites hotel in London Vauxhall. Accor opened its first Adagio aparthotel in Liverpool in 2013 and is progressing plans for further Adagio properties in London and Edinburgh. Plans have been unveiled for new Urban Villa aparthotels in Brentford (due to open in November 2014), Stratford (East London) and Portsmouth. The Roomzzz aparthotel chain has expanded with new units in Newcastle, Manchester and Chester. Starwood has announced plans to open its first UK Elements aparthotel in London. Serviced apartment operators SACO, Spires, MAX, Premier Apartments, Blue Rainbow, StayCity, Apple Apartments and Bridgestreet have all recently opened new operations in a number of UK cities, such as London, Manchester, Liverpool, Belfast and Birmingham, and a number of these operators are looking for opportunities to take on additional apartments. These types of hotel have proved popular with business and leisure tourism markets, and in many cities are achieving extremely high occupancies and often 4 star equivalent rates. Some focus primarily on the extended stay corporate market, while others compete more directly in the general hotel market.

- Another key trend in major UK cities has been the growth of **boutique hotels** (featuring high quality interior design) and more recently **lifestyle hotels** (that are more focused on up-to-the-minute contemporary design and architecture, with a high level of technology) from some of the major hotel chains. Leading the field in the boutique hotel sector has been IHG with its Hotel Indigo brand, with openings in Liverpool, Newcastle, Birmingham, Edinburgh and London, and hotels under construction or planned in Manchester, York, London and Brighton. Hilton has recently announced the introduction of its Curio boutique brand, initially in the US. Accor has launched the MGallery boutique brand with its first UK franchised hotel in Bath and the rebranding of three Mercure hotels to the MGallery brand in Aberdeen, Cheltenham and Windsor. The Malmaison and Hotel du Vin boutique brands look set to be further developed under their new owner. In 2014 the company has opened a new Hotel du Vin in St Andrews and a Malmaison in Dundee.

- In terms of lifestyle hotels, Starwood has opened its first UK Aloft hotel at London ExCel and will open a second in Liverpool in 2014. Luxury international hotel operator Hyatt has announced plans for its first UK Hyatt Place lifestyle hotel at Heathrow and has ambitions to introduce the brand into major UK cities. Rezidor has recently unveiled plans for its Radisson Red lifestyle brand and Pentahotels is rapidly expanding in the UK, with new openings in 2014 in Birmingham, Derby, Inverness and Ipswich, and hotels planned for Edinburgh, Glasgow, London and Manchester.

- Recent research[1] shows that the next generation of hotel guests will be looking for a different type of hotel experience than is currently available, with more emphasis on a relaxed atmosphere, distinctive style, design and service, public areas where guests can relax, congregate and interact and full connectivity in terms of Wi-Fi and bandwidth capabilities that enable guests to use multiple devices while away from the office or home. The major hotel companies are beginning to recognise these needs through the development of this new generation of design-led, technology-focused lifestyle hotels, as well as the development of some of the budget boutique and new small format budget boutique hotel products that are emerging.

- At the **4 star** level, Hilton has rapidly expanded its Doubletree by Hilton brand in the UK through franchise deals. This has included the rebranding of the Mint Hotels chain of 4 star hotels following its acquisition in 2011 by Blackstone, together with deals with other franchisees for Doubletree by Hilton hotels in locations such as Lincoln, Newcastle Airport, Liverpool, Chester, Aberdeen, Milton Keynes, Bristol and Cambridge. IHG is expanding its Crowne Plaza brand in the UK, with a new hotel having recently opened in Oxfordshire, a hotel under construction in Newcastle and Crowne Plaza hotels in the pipeline for Glasgow, Aberdeen and Sheffield. Rezidor has plans for a new Radisson Blu 4 star hotel in Hull. Millennium & Copthorne Hotels has taken on a management contract for a Copthorne hotel in Sheffield. The German Steigenberger hotel company is looking at introducing its InterCity Hotels 4 star brand into the UK, while Spanish operator Melia has plans to open its first UK Innside hotel in Manchester. Accor is expanding its upscale Pullman brand with a second UK hotel planned for Liverpool. Other 4 star brands that are looking to expand in the UK are Park Plaza, Louvre Hotels' Golden Tulip 4 star brand and Portuguese company Pestana Hotels.

[1] 'A New Breed of Traveller: How Consumers are Driving Change in the Hotel Industry', HVS, November 2013

- At the **midmarket** level, De Vere has announced plans to further develop its Village Urban Resorts brand, with a new hotel under construction in Glasgow and further hotels planned for Portsmouth and Aberdeen. Three new Holiday Inn hotels are planned for Huntingdon, Watford and Glasgow. Marriott is looking at rolling out its redefined Courtyard mid-scale brand. Hilton's Garden Inn brand has been slow to develop in the UK although a Garden Inn is currently proposed for Sunderland and the former Mint Hotel in Glasgow has been rebranded as a Hilton Garden Inn. Rezidor opened a new Park Inn by Radisson in Glasgow in 2013. The Louvre Hotels Group is looking to expand its Tulip Inn 3 star brand in the UK.

- **5 star hotel development** has focused on London, with a number of international 5 star brands having opened here in recent years or with hotels under development in the capital, including Shangri-La Hotels, Dorsett Hospitality International, Rosewood Hotels, Millennium & Copthorne's new Monogram Collection and Rezidor's new Quorvus Collection.

- 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 executive education visitors 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 are also able to cater for university visitors and in some cases also 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. It is operated by De Vere Venues. 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.

- In terms of longer term trends in hotel development there are three new hotel products that could emerge:

    - **Wellness hotels** with an emphasis on health and wellbeing in terms of healthy eating, state-of-the art fitness studios, workout areas and relaxation rooms and in-room fitness equipment. IHG is launching the first of its new EVEN wellbeing hotels in the US in 2014 and has plans to open 100 EVEN hotels within the next 5 years.

    - **Art hotels** that feature art inspired interior design and collections of original artworks. Art-otels is this leading brand in terms of this hotel product, with 7 hotels across Europe and plans for a new hotel in London. Artist Residence is a small but growing chain of boutique hotels that feature bedrooms designed and decorated by local artists. It now has hotels in Brighton, Penzance and London.

    - **Eco hotels** that are designed to be as environmentally sustainable as possible with features such as green roof systems and external green walls, solar panels, heat recovery systems, rain water harvesting and energy efficient lighting, glazing, heating and ventilation. Many hotel companies are introducing such eco-measures into the design and operation of existing and new hotels. It remains to be seen whether eco hotel brands will emerge as a distinct hotel product.

2.6. Target Hotel Brands for Liverpool

- From our audit of current hotel provision and development activity in comparator cities and analysis of hotel development trends in UK cities we would suggest the following hotel brands as key target for Liverpool in terms of established hotel brands and products that are not yet represented in the city and emerging brands and hotel products that would have a good fit with the Liverpool visitor offer and current hotel provision:

  4 Star Brands

  - InterCity
  - Innside
  - Park Plaza
  - Pestana
  - Millennium
  - Copthorne
  - Golden Tulip

  Boutique Brands

  - Hotel du Vin
  - Bespoke
  - MGallery
  - Curio

  Lifestyle Hotels

  - Hyatt Place
  - Radisson Red
  - Pentahotels

  Midmarket

  - Village Urban Resort
  - Hilton Garden Inn
  - Park Inn
  - Courtyard by Marriott
  - Tulip Inn

Budget Boutique Brands

- Sleeperz
- Citizen M
- Moxy
- Motel One

Small Format Hotel Brands

- Hub by Premier Inn
- QBic
- Bloc
- Yotel

Aparthotels/ Serviced Apartments

- Element
- SACO
- Blue Rainbow
- Spires
- MAX

Other Hotel Products

- EVEN
- Art-otel

3. LIVERPOOL HOTEL DEMAND, PERFORMANCE & MARKET TRENDS

3.1 City Centre Hotel Demand and Performance Trends

- The tables overleaf set out our estimates of total roomnight demand, average annual room occupancies, achieved room rates[1] and revpar[2] for Liverpool city centre hotels for the period 2008 to 2014, based on the information provided to us by the managers and owners of the existing hotels in the city.

- In terms of total roomnight demand the Liverpool hotel market grew by 19% between 2011 and 2013 and looks set to have increased by 26% by the end of 2014 compared to 2011. This compares to a 30.2% increase in hotel supply over this period. Half of the increase in roomnight demand can be attributed to the increased capacity for Friday and Saturday night business as a result of the new hotel openings. The other half of the growth has been during the week, primarily as a result of existing and new hotels having targeted midweek leisure break business, particularly through online travel agents (such as booking.com, LateRooms, Expedia) and daily deals sites (such as Secret Escapes, Living Social, Travelzoo, Groupon and Wowcher). There has also been some growth in midweek demand from overseas tourists and group tours (which some hotels have targeted to boost midweek occupancies), together with an increase in demand generated by conferences and events at ACCL. We estimate that midweek roomnight demand has grown by 27.7% from 2011 to 2013 (against a 2010 baseline).

- Compared to 2011 Liverpool city centre hotel performance was broadly flat in 2012 by all performance measures and for all standards or hotel other than boutique hotels, which saw strong growth in occupancy and revpar performance (but a drop in achieved room rates) as the Hotel Indigo became more established and other boutique hotels focused on driving occupancy rather than rate.

- Despite the further increase in hotel supply, 2013 saw an improvement in all performance measures for all standards of hotel others than aparthotels/serviced apartments, for which there was significant supply growth in 2013.

[1] The average net amount of rooms revenue that hotels achieve per room sold after deduction of VAT, breakfast (if included in room rates), discounts and commission charges.
[2] The net amount of rooms revenue that hotels achieve per available room. This figure combines both occupancy and achieved room rate.

LIVERPOOL CITY CENTRE – ROOMNIGHT DEMAND 2008-2014

Standard of Hotel	Roomnights[1]							% Change						
	2008	2009	2010	2011	2012	2013	2014	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2008-2014
Boutique	75,000	79,000	80,000	98,000	125,000	133,000	136,000	+4.9	+1.0	+22.5	+27.6	+6.4	+2.3	+81.3
Upper-tier 4 Star	147,000	144,000	191,500	185,000	186,000	192,000	198,000	-2.4	+33.2	-3.4	+0.5	+3.2	+3.1	+34.7
Midmarket	386,000	379,000	433,000	490,000	490,000	525,000	544,000	-1.8	+14.3	+13.2	0	+7.1	+3.6	+40.9
Budget	215,000	193,000	195,000	240,000	265,000	347,000	371,000	-10.3	+1.0	+12.8	+10.4	+30.9	+6.9	+72.6
Serviced Apts	32,000	60,000	78,000	78,000	78,000	102,000	124,000	+90.5	+29.4	0	0	+23.5	+3.3	+287.5
All Hotels	**856,000**	**855,000**	**977,500**	**1,091,000**	**1,144,000**	**1,299,000**	**1,373,000**	**0**	**+14.3**	**+11.6**	**+4.9**	**+13.6**	**+5.7**	**+60.4**
Increase in Hotel Supply (%)								+16.9	+7.3	+6.4	+6.0	+8.9	+6.0	+57.1

Notes:

1. Based on the sample of city centre hotels included in Hotel Solutions' survey of Liverpool hotels. This did not include a number of smaller and lower grade hotels.
2. Hotel Solutions' forecasts based on information provided by Liverpool hotel and serviced apartment managers. The forecasts are for existing hotels, excluding any new hotels that have opened/ will open in 2014 i.e. the Titanic, 20 James Street, Doubletree by Hilton and Aloft

LIVERPOOL CITY CENTRE HOTEL PERFORMANCE 2008-2014 - OCCUPANCY

Standard of Hotel	Average Annual Room Occupancy %						
	2008	2009	2010	2011	2012	2013	2014F[1]
National							
All UK Provincial Hotels[2]	68.6	65.8	69.5	70.9	69.8	72.6	n/a
UK Provincial 3/4 Star Chain Hotels[3]	70.4	67.9	69.5	69.6	70.2	71.9	n/a
Liverpool							
Liverpool 3/4 Star Chain Hotels[4]	76	73	70	70	69	71	72
Boutique[5]	72	71	67	64	68	73	75
Upper-tier 4 star[6]	81	79	72	71	71	74	76
Midmarket (Second-tier 4 star/ 3 star/ Upper-tier Budget/ Budget Boutique)[7]	79	72	66	69	69	72	73
Budget[8]	79	71	71	73	72	73	74
Serviced Apartments[9]	68	66	78	79	79	77	75
All Liverpool Hotels	78	72	69	70	70	72	74

Source: Hotel Solutions – Surveys of Liverpool Hotel Managers – May 2011 + June 2014

Notes:

10. Hotel Solutions' forecasts based on information provided by Liverpool hotel and serviced apartment managers. The forecasts are for existing hotels, excluding any new hotels that will open in 2014 i.e. the Titanic Hotel, 30 James Street, Aloft, Doubletree by Hilton
11. Source: STR Global
12. Source: Hotstats UK Chain Hotels Market Review
13. Sample: Crowne Plaza, Radisson Blu, Marriott, Hilton (from 2010), Atlantic Tower by Thistle, Novotel (from 2010), Holiday Inn, Jury's Inn
14. Sample: Hope Street, Hard Day's Night, Malmaison, 62 Castle Street, Hotel Indigo (from 2011)
15. Sample: Crowne Plaza, Radisson Blu, Marriott, Hilton (from 2010)
16. Sample: Atlantic Tower by Thistle, Novotel (from 2010), Holiday Inn, Jury's Inn, The Liner, Feathers, Britannia Adelphi (Hotel Solutions estimates for 2012-2014 - this hotel did not take part in the 2014 survey), Holiday Inn Express Albert Dock, Hampton by Hilton (from 2010), The Nadler/Bast2Stay (from 2011), Heywood House (from 2011), Z Hotel (from 2013)
17. Sample: Premier Inn Moorfields, Premier Inn Albert Dock, Premier Inn Liverpool One, Travelodge Central, Travelodge The Strand, Travelodge Exchange Street, Campanile (Hotel Solutions estimates for 2012-2014 - this hotel did not take part in the 2014 survey), Ibis, Days Inn (from 2011),Dolby
18. Purpose-built serviced apartment complexes and suite hotels - Sample: Staybridge Suites, Premier Apartments, Bridgestreet (from 2009), Adagio (from 2013)

LIVERPOOL CITY CENTRE HOTEL PERFORMANCE 2008-2014 - ACHIEVED ROOM RATES

Standard of Hotel	Average Annual Achieved Room Rate £						
	2008	2009	2010	2011	2012	2013	2014F[1]
National							
All UK Provincial Hotels[2]	64.16	59.73	58.88	58.64	59.22	59.94	n/a
UK Provincial 3/4 Star Chain Hotels[2]	74.78	68.86	68.20	68.40	69.72	70.71	n/a
Liverpool							
Liverpool 3/4 Star Chain Hotels[4]	82	70	70	67	68	70	73
Boutique[5]	104	88	86	83	77	79	83
Upper-tier 4 star[6]	96	81	84	78	79	80	83
Midmarket (Second-tier 4 star/ 3 star/ Upper-tier Budget/ Budget Boutique)[7]	66	57	55	54	55	56	59
Budget[8]	49	47	46	48	48	49	50
Serviced Apartments[9]	87	73	69	72	71	71	74
All Hotels	71	63	62	60	60	61	64

Source: Hotel Solutions – Surveys of Liverpool Hotel Managers – May 2011 + June 2014

LIVERPOOL CITY CENTRE HOTEL PERFORMANCE 2008-2014 - REVPAR

Standard of Hotel	Average Annual Revpar £						
	2008	2009	2010	2011	2012	2013	2014F[1]
National							
All UK Provincial Hotels[2]	44.02	39.32	40.90	41.56	41.32	43.53	n/a
UK Provincial 3/4 Star Chain Hotels[2]	52.62	46.76	47.40	47.61	49.05	50.81	n/a
Liverpool							
Liverpool 3/4 Star Chain Hotels[4]	62	51	49	47	47	49	53
Boutique[5]	75	63	58	53	62	68	73
Upper-tier 4 star[6]	77	64	60	55	57	59	63
Midmarket (Second-tier 4 star/ 3 star/ Upper-tier Budget/ Budget Boutique)[7]	52	40	36	37	37	40	43
Budget[8]	39	33	33	35	35	35	37
Serviced Apartments[9]	59	48	54	57	56	54	56
All Hotels	56	45	43	42	42	44	47

Source: Hotel Solutions – Surveys of Liverpool Hotel Managers – May 2011 + June 2014

- City centre hotels focused primarily on driving occupancy in 2012 and 2013. Most hotels upped their marketing through online travel agents and flash sales sites to boost midweek leisure business. A number also focused on improving guest satisfaction, better revenue management and more market-driven rate strategies.

- The new hotels that opened in the city centre between 2011 and 2013 have quickly achieved high weekend occupancies and room rates from opening. Midweek occupancies have been much slower to build and most new hotels have opened at very low midweek room rates or quickly dropped midweek rates after opening to boost occupancies. This has resulted in an even more competitive and price-driven midweek market, with a further fall in corporate rates compared to 2010.

- A number of factors contributed to improvements in achieved room rate and revpar performance in 2013 alongside further growth in occupancies:

    - The strengthening economy drove some improvement in corporate rates;
    - The city centre hotel market began to settle down as the new hotels that opened in 2011 and 2012 became more established and had greater confidence to push up corporate rates;
    - Many hotels increased their weekend rates;
    - Hotels were better able to yield room rates as a result of the increased levels of conference and events business from ACCL.

- The improvement in city centre hotel performance looks set to be sustained in 2014, with almost all of the city's hotel and serviced apartment managers projecting an improvement in occupancy, achieved room rates and revpar for the year. Hotel performance continued to improve in the first half of 2014. Performance in the second half of the year will be boosted by The Open Golf (which is generating high-rated business for the city's hotels for a full week in July), International Festival for Business and European football (with both Liverpool and Everton having qualified for European competitions in 2014-15). It remains to be seen what impact the new hotels that will open in the city centre during the second half of the year will have on overall hotel performance in 2014. They are all at the top end of the market so should have a beneficial impact on rates, unless they open at low room rates to build occupancy as other recently opened hotels have done.

- While hotel performance in Liverpool city centre has improved significantly in 2013 and 2014 it is important to note that revpar performance for upper-tier 4 star hotels looks set to remain below the 2009 level in 2014; midmarket hotel revpar performance did not climb above the 2009 level until 2014: and 3/4 star chain hotel performance in the city centre has been below the national average since 2011. While we have not assessed trends in hotel profitability, these results suggest that profits for these standards of hotel are likely to have dropped substantially since 2009, with wages, food and energy costs all having risen steadily over the last 5 years.

- Boutique hotel revpar performance has improved significantly in 2013 and 2014 and is now well ahead of the 2009 figure, although boutique hotel achieved room rates are still below their 2009 level. The improvement in revpar performance has been as a result of occupancy growth rather than rate growth. Interestingly budget hotel performance has improved year on year despite the substantial increase in supply at this level. Serviced apartment/ aparthotel revpar performance jumped significantly in 2010 but has remained broadly flat since.

3.2. Patterns of Demand

- The table below summarises our estimates of weekday and weekend occupancy for Liverpool city centre hotels in 2010 and 2013 based on the information provided by the city's hotel managers.

LIVERPOOL CITY CENTRE HOTELS - WEEKDAY/ WEEKEND OCCUPANCIES – 2010/2013

Standard	Typical Room Occupancy %							
	Mon-Thurs		Friday		Saturday		Sunday	
	2010	2013	2010	2013	2010	2013	2010	2013
Boutique	57	69	75	84	91	93	54	54
Upper-tier 4 star	73	74	82	79	98	92	42	50
Midmarket	65	64	82	87	97	94	48	52
Budget	64	70	93	91	95	95	46	60
Serviced Apartments	71	75	82	80	93	93	60	61
All Hotels	65	67	84	86	96	94	48	55

Source: Hotel Solutions – Surveys of Liverpool Hotel Managers – May 2011 + June 2014

- Weekend demand remains very strong for Liverpool city centre hotels, with hotels of all standards still achieving very high Friday and Saturday occupancies and room rates, especially on football weekends. Weekend occupancies have strengthened for boutique hotels since 2010 but have weakened somewhat at the upper-tier 4 star level, with hotels at this level reporting lower Friday and Saturday occupancies, particularly on non-football weekends. Upper-tier 4 star hotels are no longer filling on Fridays, do not consistently fill on non-football Saturdays in the way that they once did, and are rarely able to apply minimum 2-night stays at weekends. Saturday occupancies have dipped slightly for midmarket hotels but Friday occupancies have improved. Friday and Saturday occupancies have remained strong for budget hotels and serviced apartments/ aparthotels, despite the significant increase in supply at these levels. Budget and upper-tier budget hotels are generally able to apply a minimum 2 night stay restriction at weekends.

- Sunday night occupancies have improved for many of the city's hotels at all levels in the market as a result of a number of factors:

    - Liverpool FC Sunday football matches significantly boost Sunday night occupancies when they take place;
    - Some conferences and events at ACCL have driven Sunday night business;
    - A number of hotels have attracted Sunday night stays through special packages and offers;
    - Minimum stay restrictions applied by budget and upper-tier budget hotels at weekends have helped to boost Sunday occupancies.

- Midweek demand remains the key challenge for Liverpool city centre hotels, particularly in terms of rate. Midweek occupancies have strengthened for boutique and budget hotels and aparthotels/serviced apartments but have remained broadly flat for upper-tier 4 star and midmarket hotels. The midweek market in the city remains highly price driven. Midweek room rates are typically less than half the level of weekend rates. STR data for Liverpool city centre hotels shows an overall £20 differential between midweek and weekend achieved room rates. Corporate rates have plummeted as a result of the recession and increased hotel supply. While there were some signs of recovery in 2013 the Liverpool corporate market remains very much a buyers' market, with companies aware that they can command very competitive room rates from the city's hotels. With little growth in the volume of corporate business in Liverpool, the improvement in midweek occupancies has been largely through hotels targeting midweek leisure business by offering lower room rates and special deals or taking group tours.

- Tuesday and Wednesday nights remain the strongest midweek nights, when hotels can still fill and yield room rates, particularly when there are major conferences and events on at ACCL or midweek football matches. Hotels do not generally fill on Monday nights however and Thursday occupancies and room rates are typically very low.

- There is a less marked difference between midweek and weekend occupancies for aparthotels and serviced apartments that focus more on the long stay corporate market.

- Midweek occupancies tend to be lower in December, January and February when there is less potential to attract midweek leisure demand. Midweek occupancies can also dip in July and August when corporate and conference demand reduces. Achieved room rates are lower in these months as a result of a greater proportion of leisure business in the market mix for most hotels. Midweek occupancies and achieved room rates are at their highest between March and May and September and November, when corporate demand is at its strongest and more events and conferences take place at ACCL.

- Friday and Saturday occupancies are strong all year for most hotels. They can be lower in July and August and early January, when there is no football. Room rates are very high on football weekends, particularly on Saturday nights.

3.3. Midweek Markets

- The midweek market mix for Liverpool city centre hotels has become more leisure driven since 2011, particularly at the budget and midmarket levels.

- Approximately 60% of midweek business for **boutique and upper-tier 4 star hotels** is business-related and 40% is leisure-focused. Business demand is predominantly corporate business from Liverpool companies or government business from the government departments and other public sector agencies that are based in the city. Residential conferences are a minor midweek market for boutique and upper-tier 4 star hotels, typically accounting for no more than 5% of midweek trade for most hotels, other than one upper-tier 4 star hotel that trades more strongly in this market as a result of its brand strength in the conference market and business referred from its central conference marketing department. Conferences at the BT Convention Centre typically account for about 5% of midweek trade for city centre boutique and upper-tier 4 star hotels.

- The midweek market mix for **midmarket hotels** is broadly 50% business-related demand and 50% business from leisure markets. Corporate and government business accounts for around 30-40% of midweek trade. Some midmarket hotels also attract contractors during the week. Residential conferences are a minor midweek market for some hotels, typically accounting for no more than 2-5% of midweek occupancy. Conferences held at the BT Convention Centre account for around 5% of midweek business for most midmarket hotels but a higher proportion for hotels located closer to the convention centre. Some of the city's midmarket hotels attract midweek business from the city's universities in terms of university visitors, overseas and UK students of short course programmes and conference delegates, organisers and speakers. Some hotels also attract midweek business from the city's hospitals in terms of medical and clinical visitors and people visiting patients. Midweek break business driven through online travel agents is the key midweek leisure market for the city's midmarket hotels, typically accounting for 30-40% of midweek roomnights. Group tours are another strong midweek market for a number of hotels, accounting for up to 15-20% of midweek trade. The city's midmarket hotels also attract some demand from overseas tourists.

- Midweek demand for **budget hotels** comes predominantly from UK leisure break visitors and overseas tourists. Some budget hotels also attract midweek demand from contractors working on construction, development or shop fitting projects in the city and from the set up crews for conferences, concerts and other events at ACCL. Contractors working on wind farm projects have become a significant source of business for some of the city's budget hotels. Corporate demand is a minor midweek market for some budget hotels. A few budget hotels attract some group tour business. Other midweek markets for the city's budget hotels are university and hospital visitors and language school students.

- Project-related corporate demand from Liverpool companies is the main midweek market for some of the city's **aparthotels and serviced apartments**. Approximately 25-30% of this market is long stay demand. Other aparthotels and serviced apartments focus more on the contractors market for midweek trade and others predominantly target the domestic leisure break market and overseas tourists for midweek business. Other midweek markets for serviced apartments are set up crews and cast for conferences, concerts and events at ACCL, film and TV production crews and cast filming on location in Liverpool, and overseas students requiring temporary accommodation in September and October while they look for student accommodation or on student exchange programmes.

- Corporate business for city centre hotels comes from companies in the city centre, together with companies at Speke-Garston, Knowsley, Edge Lane and the Wirral for some hotels, with visitors to such companies specifically wanting to stay in the city centre as opposed to these locations. There appear to be a number of micro corporate markets in the city centre, with hotels catering for companies in their immediate vicinity.

- Conferences held at the BT Convention Centre generate more significant levels of business for hotels that are located closer to the convention centre. Hotels across the city centre only derive business directly from larger conferences with over 3,000 delegates, which can result in very sharp peaks in demand for hotel accommodation in the city. Hotels that are further away from the convention centre will also often pick up corporate business that is displaced from the closer hotels.

- Midweek break customers tend to be older couples for most of the year and families during school holidays.

- Liverpool hotels attract a wide range of different nationalities of overseas tourist including visitors from the US, Australia, Japan, China, South America, the Middle East, France, Ireland, Italy, Spain and other European countries.

- The city's hotels appear to be attracting very little business from cruise passengers joining cruises in Liverpool. These are smaller cruises that are essentially attracting passengers from the North West, who do not therefore require hotel accommodation prior to departure or Park & Sail packages from hotels.

- The Open Golf at Royal Liverpool will provide a significant boost in midweek demand for Liverpool hotels in July 2014.

- University graduations and to a lesser extent open days generate strong midweek demand for some city centre hotels.

3.4. Midweek Market Trends

- The key midweek market trend in Liverpool city centre between 2011 and 2014 has been the strong growth in midweek leisure break business as existing and new hotels have targeted this market by offering reduced room rates and special deals through online travel agents and flash sales sites. The growth in this market has been a key factor behind the improvement in midweek occupancy in 2013 and also the key reason for the drop or lack of growth in achieved room rates in 2012 and 2013 as the increased business that this market has delivered has been at lower room rates.

- Other midweek market trends have been as follows:

    - The corporate market for hotel accommodation in Liverpool city centre has remained largely static in volume terms, but with the increased hotel supply at a time of recession and corporate belt tightening, has become highly price competitive. Corporate rates have thus reduced. Some of the newly opened hotels have been prepared to offer very low corporate rates to win business and companies are aware that they can command lower room rates from the city's hotels.

    - Government business has increased during the restructuring of government departments in the city but is beginning to reduce as restructuring projects are completed.

- There were some signs of a slight recovery in residential conference business in 2013 and 2014. This remains a very minor market for most of the city's hotels however.

- Demand generated by conferences at the BT Convention Centre increased in 2013 with a greater number of conferences and more larger conferences being held at the convention centre. Demand grew from conference delegates, exhibitors and set up crews.

- Contractor demand has grown in terms of contractors working on wind farm projects and involved in construction projects such as the restoration and development of Liverpool Central Library and development of Alder Hey Children's Hospital.

- Long stay, project-related corporate demand has increased for some serviced apartments and aparthotels.

- Midmarket hotels have taken more group tours to compensate for the lack of corporate business. A number of upper-tier 4 star and boutique hotels have also started to take group tours, particularly if they can help to boost Thursday night occupancies and midweek occupancies in the summer.

- Demand from overseas tourists has increased, including growth in demand from China, South America and the Middle East, albeit from relatively low bases.

- Concerts and events held at the Echo Arena appear to have generated more business for the city's hotels.

- There has been substantial growth in demand from film and TV productions filming on location in Liverpool, particularly since the UK Government introduced new tax breaks to encourage the filming of TV productions in the UK.

3.5. Weekend Markets

- Football supporters, clubbers and stag and hen parties and domestic weekend break visitors remain the three key weekend markets for Liverpool city centre hotels.

- The main weekend markets for **boutique and upper-tier 4 star hotels** are career couples on weekend breaks (typically accounting for 40-50% of weekend occupancy) and football supporters (accounting for 30-40% of weekend demand overall but an even greater proportion of weekend occupancy on football weekends). Weekend break rates are strong for the city's boutique and upper-tier 4 star hotels, especially for Saturday nights. Hotels heavily discount Sunday night rates and promote special packages and offers to attract Sunday night leisure stays. Hotels also sometimes discount Friday night rates. Culture and shopping are the key draws for weekend break stays. Friday and especially Saturday night room rates are very high on football weekends. Boutique and upper-tier 4 star hotels take some stag and hen party business but generally limit the levels of business that they will accept from this market. Weddings are a strong and growing weekend market for one boutique hotel and a secondary weekend market for some other boutique and upper-tier 4 star hotels. Some hotels take group tours to boost Sunday night occupancies and occasionally Friday night business. Overseas tourists are a minor weekend market. Major weekend events in the city and at ACCL can generate significant demand for boutique and upper-tier 4 star hotels. One hotel also caters for visiting football teams on football weekends.

- Football supporters and stag and hen parties/ clubbers are the key weekend markets for most of the city's **midmarket hotels**. They also attract some demand from families staying for weekend breaks, particularly during school holiday periods. Group tours are a significant secondary weekend market for some 3 star and second-tier 4 star hotels. Other weekends markets are weddings, event visitors and overseas tourists.

- Football supporters and stag and hen parties/clubbers are also the key weekend market for city centre **budget hotels**. Depending on their location some budget hotels also attract weekend break stays from families and couples. Other weekend markets are people visiting the city for weddings and other family occasions, people visiting friends and relatives in the city, overseas tourists and event visitors.

- The key weekend markets for **serviced apartments and aparthotels** are football supporters and families and couples coming for weekend breaks. Long stay corporate guests are a key weekend market for those establishments that target this market. Stag and hen parties are the main weekend market for some serviced apartment operators that specifically focused on this market. Serviced apartments can be a very good value option for such groups. Other aparthotels and serviced apartment operations do not take stag and hen parties. Other weekend markets are overseas tourists, event visitors and parents of university students visiting their children for the weekend.

- Football clearly remains a key driver of weekend business for the city's hotels and serviced apartments. It delivers very high-rated business. Demand is particularly strong from the Scandinavian and Irish supporters of Liverpool FC.

- Key events that generate substantial weekend business for the city's hotels and serviced apartments are:

    - The Grand National;
    - Liverpool International Music Festival;
    - International Mersey River Festival;
    - Major concerts and events at the Echo Arena;
    - Weekend conferences at the BT Convention Centre;.
    - Major shows at the Empire Theatre;
    - Liverpool Philharmonic concerts;
    - Productions at the Everyman Theatre;
    - The Open Golf at Royal Liverpool in July 2014..

3.6. Weekend Market Trends

- Weekend market trends in the Liverpool city centre hotel market since 2011 have been largely supply driven. The most significant trend has been the strong growth in football demand and the stag and hen party/clubbers market as a result of the increased supply of budget hotels and serviced apartments, which have quickly filled with business from these markets. Weekend break demand has also increased as a result of the increased supply of boutique hotel accommodation and serviced apartments. Established boutique hotels and some midmarket and budget hotels have also grown their weekend break business. Weekend break demand has however softened for some upper-tier 4 star hotels, which have no longer been filling on non-football Saturdays and have had to reduce room rates on Friday's to compete for weekend business. This appears to be due to the greater choice of lower-priced hotel accommodation in the city for weekend stays.

- The only other weekend trend that our research identified was an increase in demand related to weddings for some boutique and upper-tier 4 star hotels.

3.7. Denied Business[1]

- All city centre hotels, aparthotels and serviced apartments, including the newly opened ones, regularly deny significant business on Saturday nights throughout the year. Saturday denials remain very high for Liverpool FC home matches and for major events such as the Grand National and major concerts at the Echo Arena. Some midmarket and budget hotels and serviced apartments/aparthotels also frequently deny business on Friday nights but not as often and to a lesser degree than on Saturday nights.

- City centre hotels occasionally deny midweek business when there are major conferences at the BT Convention Centre or other major events in the city such as midweek football matches and university graduations. Our research suggests that there were around 10-15 midweek nights in 2013 when hotels across the city centre were fully booked and turning business away. Midweek denials are more frequent for hotels that are closer to ACCL, some of which turned business away on at least 50 nights in 2013. This denied business is usually absorbed by hotels that are further away from ACCL.

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

- A few hotels reported occasional denials of enquiries for larger residential conferences of 100-200+ delegates, due to insufficient bedroom availability or conference room capacity.

3.8. Prospects for 2014

- Liverpool city centre hotel, aparthotel and serviced apartment managers are generally very positive about their business prospects for 2014. Most have had a strong start to 2014 and expect to see an improvement in occupancy, achieved room rate and revpar for the year. Some expect occupancies to remain broadly static as they switch to focusing more on driving up achieved room rates. Weekend performance remains very strong and many hotels are seeing midweek growth in both volume and value, with corporate rates starting to strengthen. The Open Golf, International Festival for Business and European football matches are set to drive further growth in midweek hotel performance in the second half of the year. Hotels are generally more focused on driving rate this year and are becoming more confident about holding out for higher midweek room rates in the strengthening market. A number of hotels have also pushed up their Saturday room rates.

3.9. The Speke-Garston Hotel Market

- We are unable to provide detailed hotel performance data for the Speke-Garston/ Liverpool John Lennon Airport area as insufficient hotels in this part of Liverpool took part in the Hotel Futures survey. The following paragraphs provide some insight into the hotel market here, based on the discussions that we had with hotel managers in this location and the data that we were able to obtain on hotel performance here.

- The Speke-Garston hotel market has weakened in 2012 and 2013 as a result of a downturn in corporate demand as company projects have come to and end and a reduction in airport-related demand as passenger numbers and air transport movements through the Liverpool John Lennon Airport have reduced. Air passenger movements through the airport fell by 15% in 2012 and a further 6.1% in 2013, while air traffic reduced by 21.4% in 2012 and a further 8.1% in 2013. Hotel occupancies have dropped in Speke-Garston in 2012 and 2013, while achieved room rates have remained static and well below the levels achieved by equivalent standard hotels in the city centre. The prospects for Speke-Garston hotels in 2014 depend very much on when the project to build the new Land Rover Discovery Sport commences at Halewood. If it does not start until 2015 Speke-Garston hotels are likely to see a further fall in occupancy in 2014 and no rate growth.

- Monday to Wednesday occupancies are high for Speke-Garston hotels. Tuesday night demand is particularly strong with hotels often filling and turning business away on this night. Occupancies drop significantly on Thursday nights however. Corporate demand from local companies is the primary midweek market for Speke-Garston hotels. This is largely project driven business, which can therefore fluctuate substantially as projects start and finish. Corporate rates are very competitive and some way below the levels achieved by equivalent standard city centre hotels. The other key midweek market is air passengers departing on holiday flights that require pre- or post-flight overnight accommodation or Park & Fly packages from hotels. This is low rated business that is primarily served by the budget hotels at the airport. Speke-Garston hotels take some midweek group tour business, particularly during the summer when corporate demand reduces. They occasionally attract displaced city centre corporate business when there are very large conferences taking place at the BT Convention Centre. This appears to happen on no more than 3 or 4 occasions per year. Speke-Garston hotels attract very little business in terms of residential conferences, midweek leisure break stays and aircrew demand, other than some private jet crews. The budget airline crews that fly from Liverpool John Lennon Airport are locally based so do not require hotel accommodation.

- Saturday night occupancies are very high for Speke-Garston hotels, particularly for Liverpool FC home matches, when all hotels in the area are usually fully booked and turn away significant levels of business. Friday and Sunday occupancies are generally low. The key weekend markets for the area's hotels are football supporters and groups from the UK, Ireland and Scandinavia and air passengers departing on holiday flights, primarily for the airport budget hotels. Other weekend markets are weddings, some group tours, parents of university students visiting their children and people attending events.

3.10. The Outer Liverpool Budget Hotel Market

- Our analysis of the performance data that we have been able to obtain for budget hotels in Outer Liverpool shows budget hotel occupancies in these parts of the city running at around 73% in 2014 and achieved room rates at just over £44. This puts Outer Liverpool budget hotel performance on a par with city centre budget hotels in terms of occupancy but about £5 below in terms of achieved room rates. Outer Liverpool budget hotel occupancies vary significantly by location, depending on local drivers of midweek demand. Hotels in some locations are achieving occupancies of under 70%, while in other parts of Outer Liverpool they are trading at occupancies of 77-79%. Achieved room rates also vary by location as well as by brand. In general terms midweek occupancies are slightly stronger than weekend occupancies for Outer Liverpool budget hotels. Weekend occupancies are substantially lower than the levels achieved by city centre budget hotels.

4. FUTURE GROWTH PROSPECTS

4.1. Strategic Context

4.1.1. City Centre Strategic Investment Framework

- Liverpool city centre is acknowledged as the principal engine for growth in the City-Region, driving the wider economy. The City Centre Strategic Investment Framework is an ambitious 15 year vision to secure Liverpool's position as one of Europe's leading cities.

  The Vision is to establish Liverpool as a world class international outward facing maritime city that:

  - Is a national and international destination for business, investment and visitors;
  - Has a cultural and visitor offer second only to London within the UK;
  - Is internationally recognised for its knowledge expertise;
  - Defines itself by its dynamic creativity;
  - Has a high quality environment and infrastructure, dynamic businesses, an innovative and competitive economy, a high quality lifestyle, and distinctive, vibrant and attractive places.

- The SIF sets out a series of focused deliverable projects that will help provide the conditions for investment and business growth. The focus is on an 'arc of opportunity' where public sector funding will be prioritised that incorporates:

  - Creating a new civic heart for the city in the St Georges Quarter
    - Projects will focus on public realm improvements, a new movement strategy, animation of St John's Gardens and development of St George's Hall.
  - A world class destination on The Waterfront, incorporating the WHS
    - The strategy focuses on filling in the gaps with new development, connecting the waterfront together with the city centre, and enlivening the area.
    - Key projects include the development of Kings Dock including the Exhibition Centre at ACCL, a new migration attraction, a lighting initiative, and further development of the Mersey River Festival.

- Redevelopment of The Strand as a 'Great Street'
  - Focusing on improving connectivity between the city and waterfront and particularly pedestrian access
- Regeneration of the Historic Downtown (Dale St/Victoria St)
  - Re-inventing the previous commercial heart as a new city quarter and sub-areas such as the Cavern Quarter, and finding new uses for important heritage buildings, including hotels.

- The arc of opportunity supports and connects with a number of transformational investment areas:

  - The Commercial District
    - Key projects will expand the Commercial District eastwards through Pall Mall and west through Princes Dock and the first phase of Liverpool Waters to provide new Grade A office space.
  - Knowledge Quarter
    - The strategy seeks to increase the economic potential of this area through creating the conditions to attract and retain high growth businesses and research companies.
    - Key projects include the redevelopment of the Royal Liverpool University Teaching Hospital, the development of Liverpool Bio-innovation Hub/Biocampus, the expansion of facilities at the Liverpool School of Tropical Medicine, the development of ic3 at Liverpool Science Park, and a new city centre gateway to the Knowledge Quarter at Copperas Hill.
  - Creative Quarter
    - Key projects include the refurbishment of the Philharmonic Hall and redevelopment of the Everyman Theatre in the Hope Street area; development of Brewery Village in the Baltic Triangle area; and delivery of the Scandinavian Hotel site in the Ropewalks area.
  - Central
    - Improvements to the retail core to complement the investment in Liverpool One and the Met Quarter.
    - Key projects include retail and leisure development at Central Village, improvements to the market offer, and strengthening of the east-west axis from the Met Quarter to Central Village with improved physical linkages.

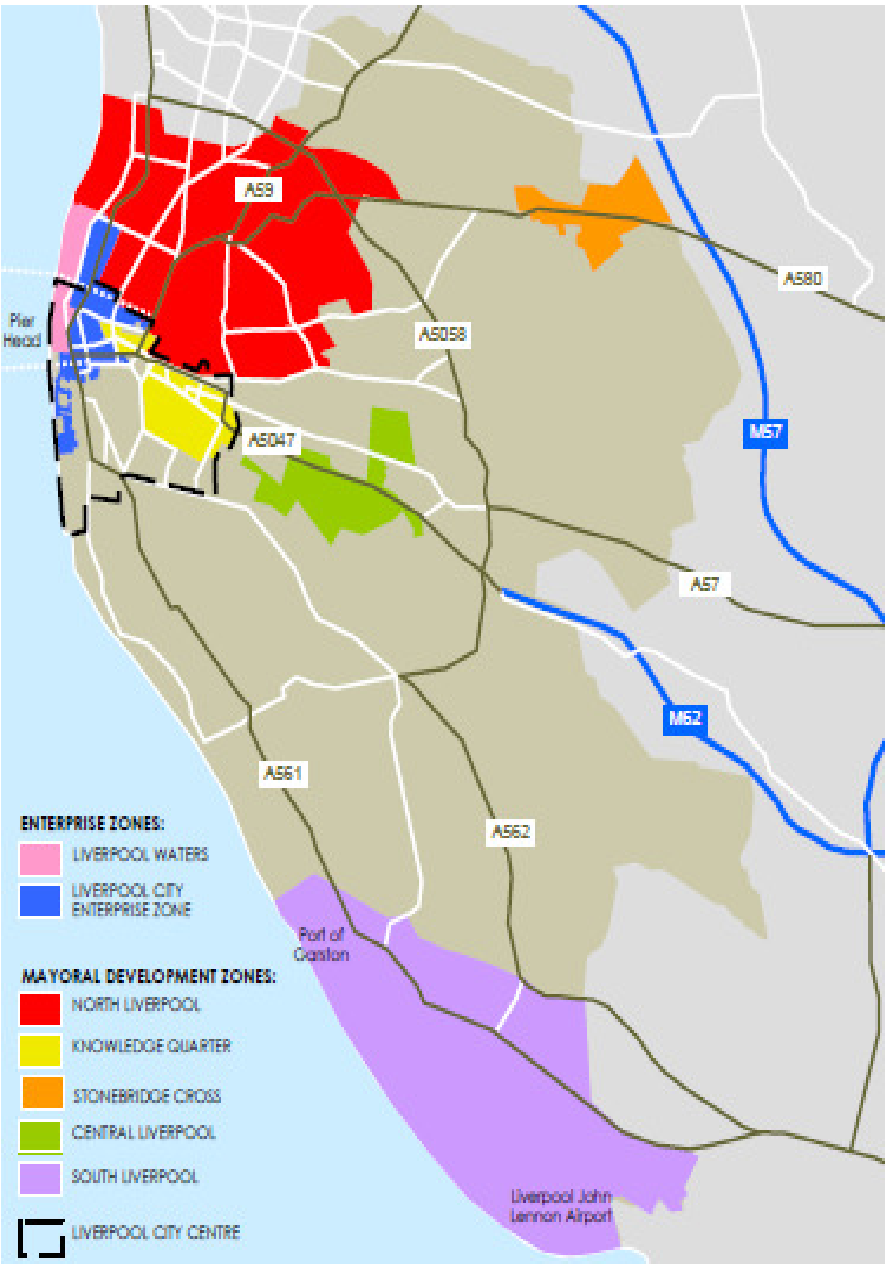
4.1.2. Liverpool Mayoral Development Corporation

- The establishment of the first Mayoral Development Corporation outside London is radically changing the way that the future development of Liverpool is determined, financed and delivered, with a focus on sharper and quicker decision-making and an entrepreneurial can-do approach.

- The Mayor's vision incorporates a number of specific targets, including the creation of 20,000 new jobs and a pledge to attract investment via a targeted investment strategy enabled by the devolution of transformative powers and the allocation of an initial £130m funding pot as part of a new 'City Deal'. Growth and investment is being focused on 7 areas:

- Two new Enterprise Zones covering Liverpool Waters and the Central Business District
- Five Mayoral Development Zones – North Liverpool, Knowledge Quarter, Stonebridge Cross, Eastern Approaches and Speke-Garston

- An investment board oversees the allocated funding and the land and buildings previously owned by NWDA. Any growth in business rates created from schemes in the Enterprise Zone can also be captured to enhance the funding pot. These funds have been used to support hotel schemes – the Titanic Hotel at Stanley Dock, and the Aloft being developed at North John Street.



4.1.3. Liverpool City Region Growth Plan and Strategic Economic Plan

- Liverpool LEP has been awarded £230m of Growth Fund monies for 2015/16 to deliver its Growth Deal. Much of the focus of the plan is on infrastructure works and transport improvements, alongside skills development and business support packages. Funding was also secured for a third Enterprise Zone for Liverpool - 'Sensor City', a University Enterprise Zone (one of only four in the country) to house and support new high tech businesses involved in developing sensor technologies.

- The Growth Plan seeks to build on the City Region's unique strengths:

    - International connectivity and brand recognition – investments targeted at establishing a globally connected City Region, particularly through the SuperPort concept and building on the internationally recognised visitor economy assets.
    - A centre for energy led and low carbon growth – including £18bn of investment in off-shore wind energy.
    - A hub for innovation, science and creativity – through the universities and major companies with strengths in advanced manufacturing, digital technology, science and innovation.

- The Plan identifies five transformational strategic projects:

    - Liverpool City Centre as a global brand, visitor and business destination, a centre for business growth, and a location for a cluster of knowledge assets.
    - Liverpool City Region Freight and Logistics Hub, focusing on key sites and transport initiatives.
    - LCR^2 Energy, capitalising on off-shore wind and marine energy generation and supply chain growth.
    - Access to the Port of Liverpool, to increase capacity.
    - A Capital Investment Fund to co-invest in key capital schemes.

4.1.4. Other Major Development and Infrastructure Projects

Liverpool Waters & Wirral Waters

- Liverpool Waters and Wirral Waters are two major transformational regeneration projects proposed either side of the River Mersey that have the potential to deliver major long-term economic benefits to Liverpool and the wider City Region. Both are being developed by Peel Holdings, and fit within a wider development framework known as Ocean Gateway - a regional vision to establish the River Mersey and Manchester Ship Canal as an economic powerhouse connecting the Liverpool and Manchester City Regions. The two schemes now form part of the Mersey Waters Enterprise Zone established by the Government in March 2011 to provide business rate holidays for companies, a simplified and improved planning regime and the installation of superfast broadband, paid for by the Government.

- **Liverpool Waters** involves the comprehensive redevelopment of 150 acres of Liverpool Docks in North Liverpool, to create a high quality mixed-use waterfront quarter costing £5.5bn. The site extends from Princes Dock, 2km along the waterfront to Bramley Moore Dock. The scheme will incorporate over 300,000 sq m of offices, more than 9,000 homes, hotel and conference facilities, restaurants and cafes, public open space, and a cruise liner terminal. The proposals have the potential to attract national and international businesses and encourage a significant increase in the number of visitors to the city, adding to Liverpool's cultural offer and providing a new and complementary destination. It is estimated that the 30-50 year scheme could create 17,000- 20,000 new jobs. Outline plans have been approved by Liverpool City Council and have been cleared by central government. The first detailed plans are now being worked up; phase 1 will include the 5 storey Shanghai Tower, incorporating 280,000 sq ft of offices, 200 homes and a 320 bedroom hotel. A second tower of 40 storeys will include a further 193,000 sq ft of offices and 440 homes.

- **Wirral Waters**, a £4.5 bn investment by Peel and Wirral Council, will transform Wirral's waterfront and create a world class destination on the opposite bank of the Mersey. It will have a major economic impact, providing infrastructure for over 20,000 new jobs over 30 years. The proposals include the development of the Peel International Trade Centre at West Float, and 465,000 sq m of modern office space at the East Float and Victoria Docks alongside a waterfront hotel, bars, restaurants, other leisure facilities and 15,000 apartments, which would be housed in a series of tall, modern towers of up to fifty storeys. A dedicated development is also proposed at the site of the former Bidston Dock, close to the M53 and Kingsway Tunnel, to include 53,000 sq m of retail and leisure facilities. Plans have now been submitted for the first phase of Wirral Waters, a new campus for Wirral Metropolitan College, plus a 60,000 sq ft office building at Tower Wharf, both of which are scheduled for completion by September 2015.

Mersey Gateway

- Work started in May 2014 on the Mersey Gateway Project, a new and improved route over the River Mersey between Runcorn and Widnes that will relieve the congested Silver Jubilee Bridge. The new bridge will be a 6 lane toll bridge, and is expected to carry 80,000 vehicles a day. Costing £600m, it is due to be open to traffic in the first half of 2017.

Anfield Stadium

- Liverpool Football Club is planning to redevelop its Anfield Stadium and increase its capacity from 45,000 to 58,800. A planning application has now been submitted. The stadium plans form part of a wider regeneration scheme, The Anfield Project, which will incorporate new housing, offices, retail space, a hotel and public space. The project is due to start on site in 2014 for a 2016 completion.

Jaguar Land Rover at Halewood

- The new Land Rover Discovery Sport, which is to be launched in 2015, is to be produced at Halewood, creating an additional 250 jobs at the plant, and bringing the numbers employed here to 4,750, more than three times the workforce in 2010. The plant has seen an investment of £200m to support the production of the new Discovery Sport, bringing the amount invested in the site in the last 4 years to £500m. Levels of production at Halewood have also quadrupled in the past 4 years.

4.1.5. Employment Forecasts

- Liverpool Vision provided us with a confidential insight into forecast employment growth in Liverpool between 2012 and 2015 based on data produced by Oxford Economics in 2013 as part of a bespoke project for the Core Cities Group. Other sources of potential employment growth include the Mayor's vision, which talks of creating 20,000 new jobs, and the SIF of creating 16,000 new jobs, safeguarding 3000 jobs, and creating a further 15,000 construction jobs. These sources indicate a very gradual growth in employment in the city through to 2025.

4.1.6. Population Forecasts

- ONS population projections show a similarly gradual growth in Liverpool's population between 2013 and 2025, with the number of people living in the city increasing by 11,000 to 481,000, equivalent to an average annual growth rate of 0.2%.

4.1.7. Visitor Economy Priorities & Targets

- The draft Visitor Economy Strategy and Destination Management Plan set out 6 strategic priorities to take the City Region's visitor economy forward through to 2020. These are:

  - To further develop the distinctiveness and awareness of the Liverpool brand for the benefit of the wider City Region, with the aim to be the most positively recognised English core city brand amongst international visitor audiences.
  - To attract more national and international conferences and exhibitions, with an aim to maintain Liverpool's ranking at the 5th city in the UK for international business tourism visits and to achieve a top 100 ICCA world ranking.
  - To attract more international leisure visitors using Liverpool's international assets to drive business to the wider City Region, with the aim to always be in the top five cities in the UK for international visits.
  - To drive more overnight domestic leisure visitors 7 days a week, targeting more mature visitors interested in culture, heritage, golf and retail.
  - To be recognised as the best digitally connected and promoted visitor destination in the UK.
  - To be recognised as the UK's most welcoming and friendly visitor destination, with the aim of being the first World Host accredited visitor destination and highest ranked core city for destination welcome.

- The draft Visitor Economy Strategy identifies hotel development as a key contributor to longer term visitor economy growth, with the priority being for new quality hotels that complement existing provision and a more selective policy on new hotel development, especially with regard to budget hotels. Improving midweek hotel occupancy is identified as a priority, through destination and tactical marketing campaigns to drive midweek leisure business, major midweek events, large-scale multi-day conferences and exhibitions and corporate business travel and meetings. The Visitor Economy Strategy includes provisional targets to increase annual hotel occupancy to 76% by 2020 and 78% by 2025 and for the city's room yield ranking to increase to a level that will place Liverpool third against 8 other core cities. The Visitor Economy also includes a provisional target to increase midweek occupancy to 74% by 2020 and 76 by 2025.

4.1.8. Liverpool Culture Action Plan/ Major Events

- The Liverpool Culture Action Plan recognises the role of culture in supporting economic strategies, giving the city a distinctive appeal and competitive edge, whether competing for multi-national corporate investment, major international conferences or sporting and cultural events. The Mayor refers to culture as 'the rocket fuel for regeneration', and world class events and initiatives are seen as critical to supporting Liverpool's Global City ambition.

- The Culture Action Plan includes a 5 year plan of themed events. The 2014 theme is 'Liverpool Means Business', to tie in with hosting the International Festival of Business. 2015 will be "Looking to the New World" to explore links with America; 2016 will be "Park Life" with its emphasis on Liverpool's public art, festivals and spaces; Liverpool's worldwide impact on pop music is celebrated in 2017's"City of Legends"; whilst 2018 will be "Causes for Celebration", to mark the 100th anniversary of the end of World War I and a decade since the city's spectacular year as European Capital of Culture.

- Two major events are planned on Liverpool's waterfront in 2015 to celebrate Cunard's 175th anniversary. The Three Queens event will take place on 25 May, when the company's Queen Elizabeth, Queen Mary 2 and Queen Victoria cruise ships will all be in Liverpool, and on 4 May the Queen Mary 2 will set sail for the United States to mark the anniversary of Cunard's first transatlantic voyage.

- While there are plans in place to maintain a vibrant events programme in Liverpool, EU funding to support events will no longer be available after 2015.

4.1.9. Film and TV Filming and Production

- Film and TV filming in Liverpool increased substantially in 2011/12 and 2012/13 as a result of the UK government's introduction of new tax breaks for filming in the UK. The number of filming days dropped back in 2013/14 due to the lack of suitable spaces in Liverpool for shooting studio scenes.

FILMING IN LIVERPOOL

Year	Film Days
2009/10	731
2010/11	735
2011/12	912
2012/13	1031
2013/14	640

Source: Liverpool Film Office

- The City Council is currently looking at the feasibility of developing Liverpool's film, TV and digital media production infrastructure, including studio space. This would enable the city to attract more and larger film and TV productions that would stay in the city longer to complete location and studio filming and post filming production. It is possible that new studio space could be operational by the end of 2015.

4.1.10. Leisure Tourism Trends and Forecasts

- Liverpool should benefit from a number of trends that are currently driving growth in domestic and international tourism in the UK:
  - **Domestic tourism growth - the continuing staycation trend -** a key trend during the recession has been the growth of the staycation market as UK residents opted to take holidays in this country rather than going abroad. There are two groups of staycationers **-** "Switchers" include a high proportion of families - they are primarily motivated to 'switch' a foreign holiday for one at home because of financial constraints - and "Extras" who tend to be younger and are more likely to be single. They are less affected by their economic situation and are more motivated by a desire to explore the UK and go somewhere new. Research undertaken for Visit England in November 2013 suggests that UK residents are beginning to more positively consider holidays abroad again as the country comes out of recession, disposable incomes start to rise, and job security returns. This suggests that the staycation trend may start to wane. Having said this, people that have had an enjoyable holiday experience in

England in the last few years seem to be well disposed to do so again. It will also be some time before wages catch up with the cost of living increases that have been seen in the UK since 2008, so many people are likely to be cautious about their spending for some time to come. While growth in domestic leisure tourism may slow as consumer confidence returns there is unlikely to be a dramatic switch away from staycations or a return to pre-recession levels of domestic holiday taking. Research undertaken by Deloitte and Oxford Economics for VisitBritain in 2013[1] projects a 3% per annum growth in domestic tourism and a real annual growth rate in domestic tourist spending on overnight stays of 8.7% from 2013 to 2025.

- **An ageing UK population** – the percentage of the UK population over 65 is increasing. This generation is a powerful and growing economic force, with sufficient time and disposable income to enjoy short breaks and regular holidays. It offers particular scope for midweek visiting. The increase in the number of elderly people in the UK population is also driving growth in the group tour market.

- **Stronger demand for short breaks -** society has become increasingly time poor with shifting patterns of holiday taking to higher frequency short breaks, with many people now taking multiple short breaks rather than one main holiday.

- **The growing Generation Y market** - people born in the 1980s and 1990s are now starting to travel independently from their parents. This new generation of hotel guest is looking for a different experience from a hotel stay, with a greater importance placed on distinctive design, a relaxed atmosphere and a high level of technology and connectivity.

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

- **Online booking and marketing** - consumers are increasingly booking hotel accommodation through the growing number of third party websites that offer discounted accommodation and holidays such as LateRooms, lastminute.com, booking.com, Expedia, Trivago, and hotels.com, and taking advantage of special offers promoted through daily deals sites such as Groupon, Wowcher, Living Social, Travelzoo and Secret Escapes. Hotels are also increasingly using social media channels to reach customers. This is resulting in an increasingly deal-driven and competitive market but enables hotels to affordably reach millions of potential customers both in the UK and overseas and allows hotels to proactively market their available inventory , albeit often at reduced rates. The growth of customer review sites, in particular Tripadvisor, is making it ever more important for hotels to deliver excellent standards of service and facilities to ensure that they achieve favourable reviews and high rankings.

- **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 2015. A recent report commissioned for Barclay's Retail and Hospitality & Leisure banking teams predicts that spending by overseas tourists in the UK will grow to over £27bn by 2017, representing an increase of 34% on the 2013 figure, equivalent to an average annual growth rate of 6.75%. 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 that will be 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.

4.1.11. The Liverpool Cruise Market

- Cruise Liverpool gave us the following insight into the Liverpool cruise market and its potential for growth and hotel demand generation. Cruises that currently depart from Liverpool are mid-size, 1,000 passenger ships, which primarily draw passengers from the North West who do not therefore need overnight accommodation in the city. The City Council is currently looking at the feasibility of a new larger cruise liner terminal as part of the Liverpool Waters development that would be able to handle much larger cruise ships that can take over 3,000 passengers. Such cruises would draw passengers from further afield that are more likely to need overnight accommodation before departure and be interested in Park & Sail packages from hotels. This work is at a fairly early stage. We understand from that it is unlikely that the new cruise liner terminal will be operational before 2018 at the earliest.

4.1.12. Conference Market Trends and Future Prospects

- The most recent conference and meetings industry surveys show signs of recovery and renewed growth in the UK and European conference markets. The British Meetings & Events Industry Survey 2013/14 showed a significant increase in 2013 in the number of association conferences and events being organised in the UK and growth also in the corporate meetings market. While there was a slight reduction in the size of both association and corporate conferences and no change in the duration of conferences, budgeted 24hr delegate rates were up by 4.7%. The EIBTM 2013 Trends Watch Report similarly showed a recovery in the European corporate meetings market and significant growth in association conferences, together with a substantial increase in optimism in the incentive travel sector, with motivational travel predicted to increase significantly in the next 3 years. The report showed an increase in the number and size of conferences held in 2013, a rise in conference budgets and a greater propensity to use new destinations. While the report shows a positive outlook for the European meetings market it suggests that growth will be steady rather than spectacular and that there is still a long way to go to return to pre-recession levels of business.

4.2.13. BT Convention Centre

- The BT Convention Centre continues to go from strength to strength. Statistics for conferences and events held at the convention centre provided by ACCL are set out in Appendix 4. They show:
    - A 42% increase in total delegate numbers between 2011 and 2013;
    - An increase in the number of conferences and events in 2012 and again in 2013;
    - A significant jump in the average size of event in 2013 to 777 delegates, with 12 conferences of 2,000 or more delegates;
    - An increase in the number of multi-day conferences in 2013, with 20 events lasting for 4 or more days;
    - Strong growth in corporate demand in 2012 followed by a slight drop back in 2013;
    - An increase in the number of association conferences in 2013, after a dip in 2012.

- The Convention Centre has been particularly successful at attracting medical conferences.

- Further growth in the number, size and duration of conferences and events is anticipated for 2014.

- Other recent trends reported by the convention centre's sales manager are:
    - A trend to conferences having smaller bolt-on specialist events, seminars and conferences, which increase delegate numbers and extend the duration of events;
    - A trend to conference set up on Sundays, with set up crews increasingly requiring accommodation on Sunday nights.

- Looking ahead to the next 5 years (2015-2020) the key targets for the convention centre are to:
    - Maintain the current level of association conference business;
    - Grow corporate conference business;
    - Encourage more conference bolt-on events;
    - Attract more international conferences.

- The convention centre's sales manager believes that there is scope to grow the number of events held at the venue to 150 per year. The new Exhibition Centre Liverpool and on-site 4 star Pullman Hotel will take the Convention Centre's conference business to a new level, particularly in terms of attracting European and international conventions and congresses and corporate conferences. International conventions tend to be larger, averaging 1,500 delegates and often as large as 3,000-5,000 delegates. They also tend to be of a longer duration. ACCL now has a team in place to target international conventions.

4.1.14. Exhibition Centre Liverpool

- The sales manager for Exhibition Centre Liverpool provided the following insight into the likely business that the exhibition centre will attract. It is expected to host 20 exhibitions in its first 8 months, from opening in September 2015 to April 2016, followed by 40 exhibitions in 2016/17, building to 50 exhibitions per year from 2017/18. 70% of exhibitions will be consumer shows, held mainly at weekends, and 30% will be trade exhibitions staged during the week. These will be wins from other venues or new shows cloned from existing successful shows and exhibitions held in other parts of the country. It is also expected that some of the conferences held at the BT Convention Centre will grow their exhibitions into Exhibition Centre Liverpool and that the new exhibition centre will enable the Convention Centre to attract new larger international conventions.

- Exhibitions will be held mainly between February and April and September and November. There are likely to be fewer in the summer months. The exhibition centre may however host touring exhibitions in the summer and between December and January

4.1.15. University Expansion

- The continued growth and development of Liverpool's universities will play a key part in the delivery of the city partners' ambitions for the knowledge economy and development of the Knowledge Quarter. Proposals include:

    - The new 664 bed Royal Liverpool University Teaching Hospital, to be built at a cost of £335m adjacent to the existing site on Prescot Street. It will include state of the art theatres, a large clinical research facility, and a comprehensive on site cancer centre. The existing hospital will be demolished and the site developed as part of a world class BioCampus and health campus. Construction is planned to start in 2014 for completion in 2017.

    - The University of Liverpool is in the process of completing a £600m investment masterplan, including a £350m upgrade to its academic facilities, and £250m of improvements to student accommodation, including a £135m student village at its Greenbank site providing 1,600 new beds plus and catering and sports facilities. New residences elsewhere will increase student rooms by a further 1700.

    - Liverpool John Moore's University has plans to create a 'new connected university village' in the heart of the city. It will centre on the redevelopment of the former Royal Mail Sorting Office at Copperas Hill, close to Lime Street station. A masterplan for the university's estate is being prepared. An architectural competition for the development of the Copperas Hill site has been run and has now been awarded. A full planning application is expected in summer 2015, with the £80m scheme expected on site in 2016 for a 2018 completion.

4.1.16. Liverpool John Lennon Airport

- Liverpool John Lennon Airport has suffered from growing competition from low-costs airlines flying from Manchester and other airports in recent years. Passenger numbers through the airport reduced to 4.5 million in 2012, from 5.2 million in 2011, and fell further in 2013 to 4.2 million. The 2013 UK Aviation Forecasts show passenger movements through Liverpool John Lennon Airport rising to 4.7 million by 2020, still some way below their 2011 level. The Peel Group retook control of the airport in April 2014 after reacquiring the 65% stake that it sole to Canadian group Vantage in June 2010. Peel sees the airport as a key project in its Ocean Gateway programme and has indicated that it plans to invest in the airport to attract new airlines and new services and grow passenger numbers. Supporting the growth of Liverpool John Lennon Airport and air route development are identified as key priorities in the Visitor Economy Strategy and Destination Management Plan.

4.2 Growth Prospects by Market

4.2.1. The Corporate Market

- There are a number of indicators of likely future growth in corporate demand for hotel accommodation in Liverpool:
    - The planned expansion of the Commercial District and development of new Grade A office space here and at Princes Dock as the first phase of Liverpool Waters;
    - The development of the Biocampus in the Knowledge Quarter and the Sensor City Enterprise Zone;
    - The first phase of office development at Wirral Waters;
    - Jaguar Land Rover's project to build the new Land Rover Discovery Sport at Halewood, which will generate significant demand for hotel accommodation both at Speke-Garston and in the city centre during its development phase.

- The latest employment forecasts for Liverpool show very gradual employment growth in the city through to 2025, suggesting that growth in corporate demand for hotel accommodation will be similarly slow and modest.

- Company projects may generate periodic spikes in corporate demand in some years, particularly for serviced apartments and aparthotels if they are running for an extended period.

4.2.2. Government Business

- With continuing public sector austerity it seems unlikely that government business for Liverpool hotels will increase and could well reduce further.

4.2.3. BT Convention Centre

- The BT Convention Centre is set to deliver substantially increased levels of demand for hotel accommodation over the next 5 years. With the opening of Exhibition Centre Liverpool and the on-site 4 star Pullman Hotel it will be able to attract more, larger and longer European and international conventions and a greater number of corporate conferences and events. The development of bolt-on events is likely to increase the duration conferences and the number of nights when delegates will require accommodation therefore. Based on our discussions with the convention centre's sales manager we estimate that demand for hotel accommodation generated by conventions could grow by 60% by 2020.

- The growth in the convention centre's business should generate increased demand for all types and standards of hotel. With the strongest growth likely to be in terms of international and corporate conferences the most significant growth will be for 4 star hotel accommodation. The longer duration of conferences should help to boost Thursday night hotel occupancies. It may also generate increased demand for serviced apartments. If the trend for Sunday conference set up continues conferences will provide a further boost to Sunday night occupancies.

4.2.4. Exhibition Centre Liverpool

- Hotel demand generated by exhibitions will be mainly from set up crews, organisers and exhibitors. The audiences for most trade exhibitions are likely to come predominantly from the North West or North of England and are less likely to stay overnight in Liverpool, depending on the content and duration of the exhibition. Similarly audiences for consumer shows are expected to be mainly regional, visiting just for the day. Consumer shows will however provide a new reason for people to stay in Liverpool for the weekend.

- Trade exhibitions will primarily generate midweek hotel demand. Set up crews may also require accommodation on Sunday nights and possibly Friday nights after breaking down exhibitions. Trade exhibitions are likely to generate demand mainly for midmarket and budget hotel accommodation. Serviced apartments could be a particularly attractive option for exhibitors. Demand is likely to be strongest for hotels and serviced apartments that are close to ACCL. Based on our discussions with the exhibition centre's sales manager we estimate that trade exhibitions at Exhibition Centre Liverpool could generate at least 75,000 midweek roomnights per year for city centre hotels by 2020.

- Consumer shows will primarily generate hotel demand at weekends. Set up crews may require accommodation on Thursday nights but will not usually require accommodation after breaking down shows. Exhibitors tend to have much lower budgets for consumer shows so are more likely to opt for budget hotels or lower priced serviced apartments.

- With the majority of trade exhibitions and consumer shows set to be held between February and April and September and November the demand for hotel accommodation that Exhibition Centre Liverpool will generate will be largely seasonal and will coincide with the peak months for conventions, corporate demand and European football matches, potentially resulting in shortages of hotel accommodation when demand from all of these markets spikes.

- Touring exhibitions held at the exhibition centre during the summer and over the Christmas and New Year period could help to boost midweek and weekend leisure break demand by providing another reason to come to Liverpool.

4.2.5. Residential Conferences

- The recovery and renewed growth in the UK and European meetings and events markets provides opportunities for Liverpool hotels, supported by the Liverpool Convention Bureau, to attract more association and corporate residential conferences. While the annual conferences of many associations and companies are larger, 200+ delegate events that use purpose-built convention centres and university venues, some are smaller events held in hotels and many associations and companies hold a whole range of other, smaller conferences and events, often in city centre hotels, which are the preferred venue type for association and corporate conferences.

- Our survey of Liverpool hotel managers showed evidence of some currently denied business in terms of larger, 100-200+ delegate residential conferences that hotels are unable to accommodate due to the capacity of their conference rooms. The Hilton is currently looking at expanding its main conference/ banqueting room to enable it to target this market for larger residential conferences, potentially also generating bedroom business for surrounding hotels . The Rum Warehouse conference, exhibition and banqueting centre at the new Titanic Hotel at Stanley Dock has a capacity for up to 1,000 delegates seated theatre style. This should allow this hotel to target larger residential conferences, working with other nearby hotels to fully accommodate delegates.

4.2.6. Incentive Travel Groups

- The renewed growth in the European incentive travel market provides Liverpool hotels with the opportunity to attract incentive travel groups through the development of imaginative motivational travel experiences and targeted marketing supported by the Liverpool Convention Bureau.

4.2.7. Universities

- Demand for hotel accommodation from Liverpool's universities is likely to grow as they expand their student numbers, particularly in terms of overseas students, increase their research activities and develop conference business and short course programmes.

4.2.8. Contractors

- Demand for hotel accommodation from the contractors market is likely to grow strongly in the next 5-10 years, given the number of major construction and infrastructure projects that are underway or planned, the continuing development of the off-shore wind farm industry in the City Region and the development of Liverpool Superport. Demand is likely to be strongest for budget hotel accommodation and serviced apartments. 3 and 4 star hotels may also attract demand from project managers, architects and consultants.

4.2.9. Film and TV Filming and Production

- Film and TV filming in Liverpool is generating increasing demand for hotel accommodation in the city centre from film and TV production crews and cast members. Film and TV crews generally want 4 star hotel accommodation at very competitive rates but spend well on food and drink. The cruise liner terminal car park is frequently used as the base for film crews. The nearby 4 star hotels tend to be the preferred places to stay for crews therefore. Key cast and production members will usually stay in boutique hotels. Serviced apartments are preferred where crews are in the city for an extended period. The proposed development of Liverpool's film, TV and digital media filming and production infrastructure will generate increased demand for hotel accommodation in the city centre.

4.2.10. Leisure Breaks

- A number of factors point to significant further growth in midweek and weekend domestic leisure break demand for Liverpool city centre hotels:
    - The future strategies for the city are very much geared to further boosting Liverpool as a leisure tourist destination with further investment in the city's cultural and attractions offer, significant improvements to the city centre public realm and pedestrian movement, an ongoing major events programme and continuing efforts to raise the city's profile as a leisure break destination.
    - With an already very strong and improving visitor offer and reputation as a place to visit there is no reason to think that Liverpool should not benefit from the forecast national growth in domestic leisure tourism and from the key trends that are driving this growth;
    - The city's hotels will continue to be able to attract midweek leisure break business through online travel agents and daily deals sites;
    - Consumer shows at Exhibition Centre Liverpool will provide an added motivation for weekend break stays in the city;
    - New hotels will generate supply-led growth in midweek and weekend leisure break demand as they build their occupancy levels.

4.2.11. Overseas Tourists

- With its strong and improving cultural and visitor offer and growing reputation as an international leisure tourist destination there is every reason to think that Liverpool should benefit strongly from the forecast growth in inbound tourism to the UK, including being able to capitalise on the emerging markets.

4.2.12. Group Tours

- Liverpool hotels should be able to benefit from the expected growth in the UK and overseas group tour markets if they wish to. These markets tend to generate lower rated business that hotels usually only want to take in the absence of other higher-rated business or to boost occupancies on quieter nights, especially Thursday and Sunday nights, or off-peak periods, such as summer weekdays. With the increased hotel supply in Liverpool and greater competition for midweek business the city's hotels have been more willing to take group tours in the last few years. This trend could reverse however if demand from other higher paying markets increases.

4.2.13. Football

- Football demand will remain very strong at weekends for Liverpool FC home matches and will increase as new hotels absorb currently frustrated demand from football supporters and once the new, enlarged Anfield Stadium opens. Midweek football demand will increase significantly during the 2014/15 season, with both Liverpool and Everton playing in European competitions. Midweek football business in future years will of course depend on whether the teams qualify for European competitions in future seasons.

4.2.14. Clubbers/ Stag & Hen Parties

- Clubbers and stag and hen parties should remain a strong market for hotels in Liverpool. Demand from these markets is likely to grow further as new budget and midmarket hotels and serviced apartments open. This has clearly happened in the last few years as new budget hotels and serviced apartments have quickly filled with these markets at weekends along with football supporters on football weekends.

4.2.15. Cruise Business

- The development of the proposed larger cruise terminal at Liverpool Waters should start to generate new demand for hotel accommodation from cruise passengers wanting to stay overnight before departure or interested in Park & Sail packages from hotels. This is unlikely to come forward as a project before 2018 so the potential from the cruise market is longer term. Budget hotels could also attract demand from cruise ship crews.

4.2.16. Airport Business

- Demand for hotel accommodation from aircrews and air passengers requiring pre- and post-flight accommodation and looking for Park & Fly deals should grow as air traffic increases through Liverpool John Lennon Airport resume.

4.2.17. Visiting Friends & Relatives

- With only very slow growth projected in the city's population this market is likely to grow only very slowly.

4.2.18. Weddings/Functions

- Demand for hotel accommodation related to weddings and functions is also likely to grow slowly as the city's population increases.

5. FUTURE MARKET POTENTIAL FOR HOTEL DEVELOPMENT

5.1. Projected Market Potential for New Hotel Development in Liverpool City Centre to 2025

- In order to provide an indication of the number of new hotel bedrooms that might be supported by future growth in the Liverpool city centre hotel market over the next 10 years, Hotel Solutions has prepared projections of possible future growth in hotel demand to 2015, 2020 and 2025. These projections are based on the intelligence that we have gathered about the current demand for hotel accommodation in the city centre and our assessment of the prospects for future growth in each of the main markets for hotel accommodation here.

- As the midweek market is clearly the key challenge in Liverpool we have run the projections solely on midweek demand. This is the same approach that we used for our 2011 projections for the Liverpool hotel market. Our survey of Liverpool hotels showed continuing strong weekend demand for hotel accommodation in the city centre and frequent and at times significant denials on Friday and Saturday nights, especially at the budget and midmarket levels and for serviced apartments and aparthotels. New hotels and serviced apartments are likely to quickly achieve high weekend occupancies and room rates therefore. Viable hotel development will however also require a good level of midweek occupancy, as would the achievement of the Visitor Economy Strategy target of an average annual hotel room occupancy of 76% by 2020.

- Projections have been prepared for upper tier 4 star/ boutique, midmarket and budget hotels and purpose-built serviced apartments.

- The projections use our estimates of 2013 satisfied midweek roomnight demand at each level in the market as their baseline. We have not added any estimates of denied business to our baseline figures as the city's hotel managers indicated that they rarely deny midweek business. We have applied assumed Low, Medium and High growth rates to our baseline midweek roomnight figures. Our assumed growth rates are summarised in the table overleaf.

LIVERPOOL CITY CENTRE HOTEL DEMAND PROJECTIONS 2013-2025
ASSUMED GROWTH RATES FOR MIDWEEK DEMAND

Average Annual Growth Rate %		
Low Growth Scenario	Medium Growth Scenario	High Growth Scenario
3	4	5

- These growth rates take account of the national forecasts for domestic leisure and inbound tourism, the likely slow growth in the Liverpool corporate market and lack of recovery in government business, and the potential for growth in demand from other markets including contractors, residential conferences, incentive travel groups and film and TV crews.

- In addition to these calculations for growth in current baseline demand we have also modelled estimates of the midweek roomnight demand that we think the future growth of the BT Convention Centre's business and the new demand from trade exhibitions at Exhibition Centre Liverpool will generate, based on our discussions with the sales managers of the two venues.

- Combining these approaches to calculate future roomnight demand for 2015, 2020 and 2025 we have then worked out the number of hotel bedrooms that the projected market growth will support in each year assuming that all hotels achieve a midweek occupancy of 75%. This is the level that would be required to achieve the Visitor Economy Strategy's target of an average annual hotel occupancy of 76% and a level needed for hotels to begin to yield their room rates.

- The results of our calculations in terms of the future numbers of hotel bedrooms of each standard that would be supported by our projected growth in midweek demand in the city centre and the number of hotels that would be needed to provide these numbers of hotel bedrooms, are summarised in the tables overleaf.

LIVERPOOL CITY CENTRE
PROJECTED MARKET POTENTIAL FOR NEW HOTEL BEDROOMS - 2015-2025

Standard of Hotel/Year	Projected New Rooms[1]		
	Low Growth	Medium Growth	High Growth
Upper-Tier 4 Star/ Boutique			
2015	141	170	189
2020	523	623	729
2025	751	955	1182
Midmarket			
2015	0	0	0
2020	400	549	708
2025	740	1045	1383
Budget			
2015	40	72	92
2020	348	456	597
2025	593	812	1055
Aparthotels/ Purpose-Built Serviced Apartments			
2015	92	101	107
2020	318	348	381
2025	388	450	520
TOTAL NEW HOTEL ROOMS			
2015	273	343	388
2020	1589	1976	2415
2025	2472	3626	4140

Notes:

1. Excluding hotels that have opened or will open in 2014 - Titanic, 30 James Street, Aloft

LIVERPOOL CITY CENTRE
PROJECTED MARKET POTENTIAL FOR NEW HOTELS - 2015-2025

Standard of Hotel/Year	Projected New Hotels[1]		
	Low Growth	Medium Growth	High Growth
Upper-Tier 4 Star/ Boutique			
2015	1	1	1
2020	3	4	5
2025	5	6	8
Midmarket			
2015	0	0	0
2020	3	4	5
2025	5	7	9
Budget			
2015	1	1	1
2020	2	3	4
2025	4	5	7
Aparthotels/ Purpose Built Serviced Apartments			
2015	1	1	1
2020	3	3	4
2025	4	4	5
TOTAL NEW HOTEL ROOMS			
2015	3	3	3
2020	11	14	18
2025	18	22	29

Notes:

1. Excluding hotels that have opened or will open in 2014 - Titanic, 30 James Street, Aloft

- The projections do not take account of the potential impact of Liverpool Waters, which could generate substantial new corporate demand as the planned offices here are occupied, significant contractor demand during the construction phase, and new demand from the cruise market once the new cruise liner terminal is operational. With the timing of when construction might commence, office space might start to be occupied and the cruise liner terminal will open unknown at this stage we have not been able to factor in the impact that Liverpool Waters will undoubtedly have on the city centre hotel market in the longer term.

- The projections show immediate potential for some additional supply by 2015 at the upper-tier 4 star/ boutique and budget levels and scope for additional serviced apartment/ aparthotel provision, but no requirement for additional supply at the midmarket level. The number of upper-tier 4 star and boutique hotel bedrooms that will open in the city centre in 2014 and 2015 (777) is much greater than the number that our projections suggest market growth will support (141-189), suggesting potential oversupply at this level unless new hotels generate significant new business into the city.

- In the longer term, through to 2020 and 2025, the projections show potential for significant additional hotel supply at all levels as a result of the following factors:

    - Continuing strong weekend demand, further boosted by weekend consumer shows at Exhibition Centre liverpool;
    - Further growth in midweek leisure demand from the UK and overseas leisure tourist markets;
    - Significant growth in demand from conventions at the BT Convention Centre as it wins more, larger and longer international and corporate conventions;
    - A significant boost to midweek demand from trade exhibitions at Exhibition Centre Liverpool;
    - Growth in contractor demand;
    - Some growth in corporate demand and residential conference business.

- The projections show that the growth in city centre hotel supply in the last 10 years can be sustained by the expected market growth in the next 10 years, with a similar number of new hotel bedrooms potentially being supported in the city centre if the market grows strongly. The key issue however centres on rate. Rate growth will be important in order to improve hotel profitability and to ensure sustainable hotel development going forward. To enable this rate growth to happen, it will therefore be important for hotel development to be suitably paced to match growth in the market.

- The table overleaf provides a comparison between the projected market potential for additional hotel supply in Liverpool city centre with the pipeline of known hotel proposals where standards and sizes of hotel are known. This shows that the new upper-tier 4 star and boutique hotels that have opened/ will open in 2014 and 2015 will be sufficient to meet the requirements for additional supply at these levels through until 2020, after which additional hotel supply at these levels may be supported through until 2025.

- The stronger requirement in the next 5 years is for additional midmarket and budget hotels, for which there are only 3 proposals, and serviced apartments/ aparthotels. This is a reflection of the key segments where much of the market growth will be seen, in particular:

    - The demand that will be generated by Exhibition Centre Liverpool will be largely price sensitive;
    - The growth in midweek leisure demand is likely to be largely rate driven;
    - New association conferences at the BT Convention Centre will generate demand for all standards of hotel, including further demand for midmarket and budget hotel accommodation.

LIVERPOOL CITY CENTRE
PROJECTED MARKET POTENTIAL FOR ADDITIONAL HOTEL SUPPLY COMPARED TO PROPOSED FUTURE SUPPLY
2014 – 2025

Standard of Hotel/Year	Projected New Rooms Required[1]	Potential New Rooms from 2014
Upper-Tier 4 Star/Boutique		
2015	189	1385[2]
2020	729	
2025	1182	
Midmarket		
2015	0	180[3]
2020	708	
2025	1383	
Budget		
2015	92	120[4]
2020	597	
2025	1055	
Serviced Apartments		
2015	107	449[5]
2020	381	
2025	520	
TOTALS		
2015	149	2429[6]
2020	2415	
2025	4140	

Notes:

1. High Growth scenario
2. Titanic, 30 James Street, Aloft, Doubletree by Hilton, Pullman, Martins Bank, Union House, Hurst Street, Kings Dock Mill Phase 2, Cains Brewery Village, Southern Warehouse Stanley Dock
3. Moxy
4. Tune, Britannia Buildings
5. Hope Street Hotel extension, Shankly Hotel, George Henry Lee Building, 5-7 Bridgewater Street, Southern Warehouse Stanley Dock
6. Includes schemes where the standard and type of hotel is unknown - Princes Dock, 1 Renshaw Street, Gostins Building

5.2. Comparison with the 2011 Projections (2010 base)

- Hotel Solutions last prepared projections of possible future growth in hotel demand in Liverpool city centre in 2011. These projections modelled potential growth in midweek demand through until 2015 and 2020 from a 2010 baseline.

- The 2014 projections show much greater potential for additional hotel supply than these previous projections indicated, particularly at the upper-tier 4 star/ boutique and budget levels and for serviced apartments/ aparthotels. This is for a number of reasons:

    - Growth in midweek demand between 2010 and 2013 was much stronger than anticipated as a result of new and existing hotels having focused on driving midweek leisure demand through online travel agents and daily deals sites, alongside strong growth in demand generated by the BT Convention Centre in 2013. The 2013 baseline for the 2014 projections is thus at a much higher level than the baseline for the 2011 projections;
    - For the 2014 projections we have been able to model the potential growth in demand that will be generated by Exhibition Centre Liverpool, both in terms of midweek trade exhibitions and the boost that the new exhibition facilities will give to the BT Convention Centre's business.
    - We have used higher growth rates for midweek demand for the 2014 projections, based on the strong growth that is projected nationally in domestic and inbound leisure tourism, which will continue to be key drivers of midweek demand for Liverpool city centre hotels.

5.3. Hotel Company Interest in Liverpool

5.3.1 Objectives, Sampling and Response

- Given the significant levels of investment in new hotel development in Liverpool and the continuing list of schemes currently underway or proposed, this module of research was undertaken with some specific objectives in mind, particularly to shed light on:

    - Why Liverpool has continued to attract hotel investment through a difficult trading period for the sector nationally, and at a time when comparator cities have seen more limited numbers of new hotels coming forward and what has been driving this;
    - What the view of hotel operators, developers and investors is about the Liverpool market and levels of stock in Liverpool, and whether they view the city as being in over-supply;
    - Whether there are particular brands and types of hotel not represented in Liverpool that could add value and diversity to the offer and whether they would consider developing/operating here;
    - The conditions and KPIs that would be required to secure and sustain a 5 star hotel for Liverpool, and whether any of the consultees that operate 5 star brands would be interested in Liverpool;
    - Where in the city would be the optimum location for a hotel in each case.

- The Acquisition Directors of over 40 hotel companies were contacted. The sample was structured to target perceived gaps in the current supply at different levels in the market, brands represented in competitor cities but missing from Liverpool, types of hotel that are currently performing most strongly in Liverpool (boutique/lifestyle, upper 4 star and serviced apartments), and new emerging hotel products (budget boutique hotels and small format budget boutique hotels). 23 responses have been received to date. These responses represented a much larger number of brands as several of the respondents operate multiple brands from budget to luxury offers.

5.3.2. Interest by Brand & Standard

- 15 of the hotel companies contacted expressed in principle interest in opening new hotels in Liverpool under a total of 23 different brands (some companies showed interest in bringing a number of their brands to the city). Whether or not this interest is progressed will be very much dependent on site specifics and the terms of any deal.

- One of the interesting dimensions of the list of interested brands that could be placed in Liverpool is that it includes a number of innovation brands new to the UK which would help meet the aim of introducing more diversity into the city's hotel offer. The design-led and lifestyle aspects of many of these brands would also help to reinforce other aspects of the city's broader strategy linked to innovation and creativity, helping to attract hip, cool and high-spending customers.

- Seven respondents were not interested in Liverpool, for a variety of reasons. The principal reasons given were:

    - In some cases, such as Travelodge, they are already well represented across the city.
    - Smaller more niche operators such as Eclectic don't have the capacity to take on a large number of projects at once, and in their case were heavily committed to two other schemes in Manchester currently.
    - A weakness in corporate demand was cited by some operators, born of past experience in the city and knowledge of the relative strength of corporate demand in competitor destinations.
    - A perception of the city being in over-supply was another reason given, combined with low room rates being a consequence of this.
    - Companies with multiple brands that have been developed in the city also have to be mindful of not introducing competition to those existing units, and in the interest of supporting their existing investors might choose not to enter the same market place on impact grounds.

5.3.3. Liverpool as a Hotel Investment Location

- Comments from hotel operator and developer consultees reflect the enduring appeal of Liverpool as a city, as well as recognition of how far the city has come and the difference that regeneration and investment has made, and is continuing to make.

> *'Liverpool has more than turned the corner as a city, it's a fabulous vibrant place'*
>
> *'We see Liverpool as a very important city in the UK and a great hotel market'*
>
> *'The Arena and Liverpool One have improved the image of Liverpool, as has the planned generation of the waterfront and all the potential that comes with that – that's why hotel brands continue to want to come here'*

- However, whilst there remains considerable interest in Liverpool from hotel companies, when we look beneath the surface this is somewhat guarded:

> *'The market here is generally soft, just about viable with the right deal'*
>
> *'Liverpool is low down on our priority list, so the deal specifics become more important'*
>
> *'We know the city from past involvement in schemes; the fact that this is a very crowded market makes it a less attractive location for us, and we are aware there is more in the pipeline'*
>
> *'Liverpool is not a no, and we would consider going in here, but view it as a second tier city, and this affects the type of deal we would do here'*
>
> *'Liverpool is a difficult market, very competitive with lots of new entrants'*
>
> *'Generally speaking we like the Liverpool market, although in our experience it is one of the weaker of the large markets in the UK'*
>
> *'Liverpool has seen a lot of new rooms and is a very rate-sensitive market'*

- The issue of over-supply was specifically probed, and there were mixed reactions, though the consensus was that if the city wasn't there already, it was heading that way.

  'We are not alone in thinking that supply increases in Liverpool in recent years have been significant. We as operators have concerns about over-supply, but more importantly the banks that lend in the hotel sector are especially nervous'

  'When you are struggling to find a brand to place in a city because they are already represented, it's always a sign that you are getting towards over-supply'.

- Interestingly, the attitude and role of the banks extends beyond simply their ability (or not) to fund, and their nervousness about the market and over-supply. As was evidenced during discussions on this matter at the recent International Festival of Business, the banks will want any hotel they support to be plugged into a powerful distribution system to drive bookings, which in itself will constrain the choice of operator and brand and make it more difficult for the independent sector to enter the market.

5.3.4. Deal & Location Specifics

- For these reasons, the majority of the interest expressed was for management contracts or franchises, where the operator gets a fee and is not exposed to the risk associated with capital investment. Hotel companies therefore require investor/developer partners to enter the market. Some indicated that they could structure this to make it more attractive, for example by supporting a management agreement with some sort of guarantee.

- The problem with hotel leases remains, and this has stalled a lot of hotel development schemes nationally.

  'We have difficulties for balance sheet reasons with FRI leases (liability for full repairs and insurance, as well as collateral, stamp duty and business rates) which does not give much in terms of return for the tenant'

- Most operators would only take a lease of this nature in London, possibly Edinburgh or Aberdeen due to the strength of the market in these locations. The principal budget hotels, Premier Inn and Travelodge (to a lesser extent) have also been able to go down the lease route due to the strength of their covenant, the scale of their networks and distribution systems, and the consistency of their performance. Some indicated they could deliver a leasehold model, but made up of a combination of base lease plus incentive lease; however, whilst this has better fit with hotel operator requirements, the lease payment reflecting performance and fluctuations in demand, this is more difficult to fund because it doesn't give the guaranteed return that the investment market is looking for. Providing a rent deposit was mentioned as a way of improving the covenant.

- A number of the hotel companies we spoke to had been actively involved in schemes in the recent past, and some were in negotiation on schemes currently, so their knowledge of current market conditions and the logistics of making schemes stack up was very live. The high development costs and low room rates issue was raised by several consultees, and the consequent need for some form of public sector financial intervention to make hotel schemes happen.

  'Many of the schemes we have looked at are in listed buildings which means there are additional costs, yet achievable room rates are low, driven by the amount of supply and per diem allowances in this market'

  'A tranche of public money is needed to make these schemes stack up'

  'The idea of introducing new lifestyle and boutique projects is fine, but if the revpar isn't there to support the investment appraisal, because the market is flooded with cheap product, the projects won't get off the ground'

- In terms of location, centrality and visibility were key, together with proximity to demand drivers. The two locations most frequently mentioned were around ACCL/the Waterfront, and around Lime Street station. No respondents identified Liverpool Waters, which is seen as a longer term project that would need additional demand drivers around it.

5.3.5. What is Driving Hotel Development in Liverpool?

- The combination of BPRA and public sector funding interventions would seem to have been key to bringing so much new hotel development forward in Liverpool. Clearly, these affect the financial equations around project viability by effectively taking a slice of cost out, making schemes stack up at lower KPIs and particularly ARRs than would normally be required.

  'Activity has been catalysed by BPRA finance availability and the public sector putting money into schemes like the Pullman'

  'BPRA tax relief, grants from the LEP, local authority grants and loans seem to be the way forward and a number of deals we are working on involve these incentives'

- There is evidence of similar interventions in other cities – BPRA and/or City Council funding supporting schemes like the Hotel Indigo, Hampton by Hilton and Crowne Plaza in Newcastle for example – but still not on the scale of Liverpool. However, the designated areas for assistance in Newcastle are geographically smaller than Liverpool, and Enterprise Zone status and the ability to capture newly generated business rate income may well also have had a part to play in Liverpool.

- This is particularly significant given the nervousness amongst lending institutions around funding hotels. These interventions have made hotel development happen where in normal market conditions they may well not have been deliverable, yet they have brought other benefits with them – created jobs, generated an income and asset value for the Council, helped retain historically and architecturally important buildings and bring them into re-use, and supply-led growth in hotel demand.

5.3.6. A 5 star Hotel for Liverpool?

- Liverpool has a long-standing aspiration to secure a 5 star hotel, and the principle of this was explored with consultees. Whilst 3 operators were prepared to consider locating their 5 star brands here, the devil is in the detail of how to make this work. The issues are not just around making the development stack up, but also the on-going viability of the hotel given the extremely high staffing levels and running costs involved.

- Feedback from the hotel operating companies we spoke to indicated that 5 star hotels require a minimum ARR of £175, more than twice the ARR being achieved in Liverpool's upper-tier 4 star hotels, and over £75 more than the city's rate-leading hotels. This is a huge performance gap. These levels of performance are very difficult to achieve outside London, which is why there are so few 5 star hotels in provincial cities. For all these reasons, the delivery of a 5 star hotel in Liverpool currently would likely require both an exceptional site and an exceptional deal i.e. some sort of financial support to make it happen.

> *'We might consider our 5 star brand here, but it would have to be absolutely THE best site in the city, and it is important to understand that the costs associated with a 5 star hotel can make it very challenging to deliver and to operate'.*

5.4. The Potential for Hotel Development in Outer Liverpool

- From the insight that we have gained into the Speke-Garston hotel market and its future growth potential we think it unlikely that the market here will support additional hotel supply until passenger numbers through Liverpool John Lennon Airport have significantly increased, unless substantial new business uses come forward here to drive growth in the local corporate market.

- There could be potential a hotel to be developed in the Edge Lane area given the planned office development and new business uses here. A 104-bedroom hotel is proposed as part of Capital & Centric's plans for the redevelopment of the Littlewoods building. We see this as a budget hotel location.

- Another location of opportunity for hotel development in outer Liverpool is likely to be Anfield, given the planned expansion of Liverpool FC's stadium and the development of the surrounding area, including office space and business uses.

- In the longer term Liverpool Waters is likely to become a key location for additional hotel development as the offices that are developed here are occupied and once the cruise liner terminal is operational. Upper-tier 4 star and lifestyle hotels could have a strong fit here in terms of servicing the corporate market that will develop at Liverpool Waters

6. CONCLUSIONS & RECOMMENDATIONS

6.1. The Future Hotel Investment Strategy for Liverpool

Developing A More Distinctive Midmarket and Budget Hotel Offer

- The study findings show good potential for further hotel development in Liverpool city centre over the next 10 years at all levels in the market. The city centre will see a significant increase in 4 star and boutique hotel supply in 2014 and 2015 and possibly the opening of the city's first 5 star hotel. This new supply will largely satisfy the market requirement for new supply at these levels through until 2020. The opportunities for additional hotel supply between 2015 and 2020 will be more in terms of midmarket and budget hotels and serviced apartments/ aparthotels. Weekend demand will remain strong for such hotels and new hotels that open at these levels should quickly achieve high weekend occupancies and room rates. Much of the growth in midweek demand from the domestic and overseas leisure tourist markets and Exhibition Centre Liverpool, and to some extent also the BT Convention Centre, will be price sensitive and will be most appropriately served by midmarket and budget hotels and serviced apartments/aparthotels. The hotel investment strategy for the city centre for 2015-2020 should therefore focus on these standards and types of hotel. The priority will be to achieve greater choice and a more distinctive offer at these levels through targeting:

    - Budget boutique hotel brands (e.g. Moxy, Motel One, Citizen M)
    - Small format budget boutique hotels (e.g. Qbic, Yotel, Hub by Premier Inn)
    - Contemporary 3 star hotels (e.g. Hilton Garden Inn, InterCity)

Attracting Hotel Products and Brands That Can Generate New Demand

- The other strand to the forward hotel investment strategy for the city centre should be to attract hotel products and brands that can generate new leisure markets for the city in terms of:
    - Lifestyle hotels (brands such as Radisson Red and Hyatt Place);
    - Further boutique hotels e.g. a Hotel du Vin;
    - Hotels with extensive leisure facilities e.g. a Village Urban Resort (an option possibly for the Customs & Excise building at Queen's Dock);
    - Hotels with spas to attract the spa break market - the new Titanic Hotel will fit this niche;
    - Themed hotels e.g. art hotels;
    - Branded aparthotels (e.g. Element)
    - International hotel brands.

- There may also be potential to encourage gay only and gay friendly hotels in the Gay Village. Such hotels are more likely to come forward from independent operators: there are no gay hotel brands that are currently developing in the UK.

- Rate is likely to be a key issue that will constrain the development of these types of hotel in Liverpool . Achieved room rates for city centre 4 star and boutique hotels are not currently sufficiently high to support upscale hotel development as a result of the lack of a strong corporate hotel market in the city. Hotels that are most likely to be developed on a purely commercial basis under current market conditions will be limited service hotels. If the city wants to attract full service lifestyle, boutique and themed hotels, such projects are likely to require some form of public sector investment or subsidy to ensure their viability. While BPRA could be a source of such support, these allowances will cease from 2017.

- The key issue going forward will be whether the sort of public sector subsidy that is currently going into upscale hotel projects will keep achieved room rates below the level that can support commercial hotel development at this level in the future, by allowing supported hotels to trade at below market room rates. Under this scenario the city may not get to a position where new upscale hotel development will be commercially viable, thus perpetuating the current reliance on public sector funding. The future strategy for public sector investment in hotel schemes in the city thus needs to be carefully thought through. While the current public sector support going into hotel schemes will help to deliver tourism growth, new jobs, new uses for key heritage buildings and revenue streams and assets for the City Council, the city may ultimately need to develop a commercially sustainable hotel sector that is not reliant on the public purse.

A Market-Led Locational Strategy for New Hotels

- The study findings point to a need to focus on the Waterfront and adjoining areas, including the Baltic Triangle and Historic Downtown, as the priority locations for hotel development, certainly for the period 2015-2020. The BT Convention Centre and Exhibition Centre Liverpool will be key drivers of hotel growth in the city and will need to be supported by additional hotel supply within easy walking distance. The waterfront is also likely to be the location of choice for the growing number of leisure tourists that will be coming to the city. Consideration could be given to a hotel and/or serviced apartment use for the Customs & Excise building at Queen's Dock, which is well placed to service the demand that will be generated by Exhibition Centre Liverpool.

- A secondary location for hotel development would be the Knowledge Quarter, where the development of the new Liverpool Royal University Teaching Hospital, Biocampus, Sensory City University Enterprise Zone and ongoing development of the universities will create new drivers of hotel demand. We see this as primarily a budget hotel development location. There could also be potential for one of the universities to develop a hotel here.

- Hope Street could be a location of opportunity for the development of further boutique hotels.

- There is less of a requirement for additional hotel supply in the Commercial District. This area is already well supplied with hotels that need additional midweek corporate business and that will benefit less from business from the BT Convention Centre and Exhibition Centre Liverpool, particularly if new hotels come forward closer to ACCL.

- In the longer term Liverpool Waters is likely to become a key location for new 4 star and lifestyle hotel development and possibly a 5 star hotel as a strong corporate hotel market develops here.

- In outer Liverpool the strongest locations of opportunity for hotel development, primarily in terms of budget hotels, are Speke-Garston (given renewed growth in air passenger traffic through Liverpool John Lennon Airport and further business park development); Anfield (linked to the expansion of Liverpool FC's stadium and the development of business uses in the surrounding area); and Edge Lane (given further business development here).

The Need for and Potential Scope of Public Sector Intervention

- Hotel development could be left to the market to determine. However, history has shown that this does not necessarily deliver the right hotels in the right locations, with a number of prime hotel sites in Liverpool having gone to budget hotels. The case for public sector intervention to bring forward hotel development in the city centre is to do with:

    - Focusing hotel development on priority locations and sites;
    - Attracting hotel products and brands that will attract new leisure markets to the city;
    - Achieving a more distinctive midmarket hotel offer.

- The following interventions could be considered as part of a public sector strategy to support hotel development in the city centre:

    - The publication of a clearly articulated hotel investment strategy for the city centre, which identifies the priority locations for hotel development in the next 5 years and the target hotel products that the city would like to attract.

    - A hotel investment event, or series of events to publicise the hotel investment strategy.

- The proactive engagement of property developers in the city to get their buy-in to the hotel investment strategy.

- Work to target key hotel brands for the city and put them in touch with appropriate developers and site opportunities.

- An educational programme for City Council planners to ensure that they fully understand the hotel investment strategy and can confidently apply the principles when handling pre-applications and making decisions on hotel applications.

- An educational programme for City Council politicians and senior officers to ensure that they fully understand the hotel investment strategy for the city.

- The possible establishment of a Hotel Development Zone in the city centre where hotel development would be prioritised. Within the zone there could be a streamlined planning application process for hotel schemes and financial incentives and subsidies could be offered to help bring forward key hotel projects. We think that this is probably a step too far: the other interventions outlined above should be sufficient to deliver the hotel investment strategy for the city.

- It is extremely difficult to control hotel development in the city centre through the planning system. Hotels are a city centre use, making it difficult to refuse hotel planning applications here. The planning system cannot be used to determine the standard of a new hotel: permission is granted for hotel use, not a specific standard or type of hotel. However, to give clarity to the market and to strengthen the relevant Local Plan policy, we would advocate that the hotel investment strategy be articulated in the supporting text to any hotel development policy.

- It might be possible to use the suggested Hotel Development Zone as a tool to focus hotel development on the priority locations by designating it within the new Local Plan and introducing a policy that would require hotel schemes that come forward outside the zone to make a very strong case as to why they need to be sited in an alternative location. In practice however we suspect that it will be difficult to get agreement on the boundaries of the zone and the principle and practicality of such a policy.

- From a market perspective, we would advocate that great care needs to be taken when considering public sector financial support for a hotel scheme to ensure that the supported hotel is not able to trade at below market room rates, and therefore given an unfair competitive advantage. The case for public sector financial support for hotel development should, we suggest, be for one or more of the following reasons:

    - To secure hotel development in priority locations or on a key site;
    - To attract an upscale or cutting edge hotel product or brand that will attract new markets to the city but would not otherwise come to Liverpool.
    - To support a hotel project that has a good fit with the hotel investment strategy for the city.

- Recent public sector decisions to provide funding support for hotel schemes in the city appear to have also taken account of, or been based on other criteria that are not market focused e.g. to find a new use for an important heritage building, to create jobs, to generate business rate revenue, and asset creation. Going forward, we would suggest that a market dynamic should be built into this decision-making process, in order to consider the impact of any supported hotels on existing stock and the future commercial sustainability of the city's hotel sector, and ensure consistency with the hotel investment strategy.

6.2. Requirements for Boosting Midweek Demand

- Boosting the midweek hotel market in Liverpool city centre remains a priority. Key requirements for achieving this are:

  - The attraction of new companies that will have a significant requirement for city centre hotel accommodation. The development of a strong high-rated corporate hotel market in the city remains the key requirement for supporting further 4 star hotel development and attracting lifestyle hotels and a 5 star hotel to the city centre.

  - Continued strong and effective marketing of Liverpool as a leading business tourism destination, focusing on attracting:

    - Major national, European and international association conventions and corporate conferences to the BT Convention Centre;
    - Trade exhibitions to Exhibition Centre Liverpool;
    - Hotel accommodated residential corporate and association conferences;
    - Incentive travel groups.

  - Increased marketing of Liverpool to key target overseas tourist markets. Liverpool can benefit significantly from the projected growth in inbound tourism to the UK given sufficient investment in this respect

  - Continued marketing of Liverpool as a destination for midweek breaks. Key target markets should be the over 55s and families. Key selling points should be the value for money that the city's hotels offer for midweek breaks together with the breadth of the city's leisure break offer in terms of The Beatles, Liverpool One and shopping, the city's cultural and heritage attractions and events.

  - Targeting higher-rated group tour business especially to boost Thursday and Sunday night occupancies and generate midweek demand in July and August.

  - The development of events that will deliver midweek business along the lines of the International Festival for Business and the previously aborted Boat Show.

- The development of the new cruise liner terminal to enable the city to cater for larger cruise ship departures that will generate hotel stays.
- Ongoing investment in major development schemes and infrastructure projects to drive increased demand from contractors.
- Investment in Liverpool's film, TV and digital media infrastructure to boost demand from film and TV crews and production teams.

6.3. Key Messages for Existing Hotels

- The 2014 Hotel Futures Study paints a positive outlook for Liverpool's existing hotels as the city continues to develop as one of the UK's leading leisure and business tourism destinations. Weekend demand will remain strong, boosted by growth in the football market and new weekend demand generated by consumer shows at Exhibition Centre Liverpool. There is also good potential for continued growth in midweek demand from the UK and overseas leisure tourist markets, trade exhibitions at Exhibition Centre Liverpool and the new international conventions that the BT Convention Centre will attract with the exhibition centre alongside. 3 and 4 star hotels may be able to develop residential conference business as this market begins to recover and upper-tier 4 star and boutique hotels may be able to target the incentive travel market. New hotels will however continue to open in the city centre and the midweek market in the city will remain very price competitive and rate driven, particularly with only slow growth expected in corporate demand.

- The research findings suggest the following opportunities for the city's existing hotels to enhance their ability to fully capitalise on the future prospects for the Liverpool hotel market:

    - Improving their welcome for overseas tourists, in particular from emerging markets including China, Russia and UAE, which are set to grow strongly;
    - Developing their leisure offer e.g. in terms of leisure facilities, spas, children's activities, to enhance their appeal for leisure breaks;
    - Investment in conference and meeting technology to enhance their competitiveness in the residential conference market;
    - The development of motivational travel packages to attract incentive travel groups;
    - Developing their offer to meet the requirements of the growing Generation Y market.

LIVERPOOL HOTEL FUTURES 2014
APPENDICES

APPENDIX 1

HOTELS INTERVIEWED

Hotel	Personal/ Telephone/Head Office Data
Atlantic Tower by Thistle	P
Crowne Plaza	P
Hilton	P
Radisson Blu	P
Novotel	T
Marriott	P
62 Castle Street	T
Hard Day's Night	P
Hope Street	P
Hotel Indigo	T
Malmaison	P
Holiday Inn	P
The Liner	P
Jury's Inn	P
Feathers	P
Holiday Inn Express Albert Dock	P
Hampton by Hilton Liverpool City	P
Premier Inn Liverpool City Centre (Moorfields)	HQ
Premier inn Albert Dock	P
Premier Inn Liverpool One	T
Travelodge Liverpool Central	HQ
Travelodge Liverpool The Strand	HQ
Travelodge Liverpool Central Exchange Street	P
Ibis	P
Dolby	P
Days Inn	P
Heywood House	T
The Nadler	P
Z Hotel	P
Adagio	P
Staybridge Suites	P
The Richmond	P
Bridgestreet	P
Premier Apartments	P
StayCity	P
Base Serviced Apartments	P
The Block	P
Crowne Plaza Liverpool Airport	P
Premier Inn Liverpool North	HQ
Premier Inn Liverpool (Aintree)	HQ
Premier Inn Liverpool (Rainhill)	HQ
Premier Inn Liverpool (Roby)	HQ
Premier Inn Liverpool (Tarbock)	HQ
Premier Inn (West Derby)	HQ
Premier Inn Liverpool Airport	HQ
Travelodge Stoneycroft	HQ
Travelodge Aigburth	HQ
Travelodge Stonedale Park	HQ

APPENDIX 2

COMPARATIVE HOTEL SUPPLY[1] – LIVERPOOL/ MANCHESTER/ GLASGOW/LEEDS/ NEWCASTLE – 2013

Location/ Standard	Liverpool		Manchester		Glasgow		Leeds		Newcastle	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
City Centre										
5 star	0	0	1	263	3	666	0	0	0	0
4 star	6	1149	12	2905	11	1847	9	1777	4	681
Boutique	6	508	5	362	7	458	4	220	4	361
3 star	6	1124	8	1345	18	1402	4	780	8	913
Upper-tier Budget	2	286	2	339	2	246	2	242	2	330
Budget Boutique	8	435	0	0	2	228	0	0	1	99
Budget	12	1382	10	1689	9	1366	6	750	5	676
Budget (Economy)	1	87	1	150	1	165	1	218	0	0
Aparthotels/ Serviced Apartments	17	826	14	801	9	319	6	279	3	173
Total City Centre	**58**	**5797**	**53**	**7854**	**62**	**6697**	**32**	**4266**	**27**	**3233**
Outside City Centre										
5 star	0	0	1	165	0	0	0	0	0	0
4 star	1	164	5	806	2	313	4	525	3	507
Boutique	0	0	1	27	0	0	0	0	2	50
3 star	5	238	11	907	3	205	10	790	13	1046
Upper-tier Budget	2	281	2	217	0	0	1	76	1	134
Budget Boutique	0	0	0	0	0	0	0	0	0	0
Budget	10	563	18	1507	7	590	3	294	13	900
Budget (Economy)	0	0	1	210	0	0	0	0	1	66
Aparthotels/Serviced Apartments	0	0	3	85	0	0	1	22	1	23
Total Outside City Centre	**18**	**1246**	**42**	**3924**	**12**	**1108**	**19**	**1707**	**34**	**2726**
Total City										
5 star	0	0	2	428	3	666	0	0	0	0
4 star	7	1313	17	3711	13	2160	13	2302	7	1188
Boutique	6	508	6	389	7	458	4	220	6	411
3 star	11	1362	19	2252	21	1607	14	1570	21	1959
Upper-tier Budget	4	567	4	556	2	246	3	318	3	464
Budget Boutique	8	435	0	0	2	228	0	0	1	99
Budget	22	1945	28	3196	16	1956	9	1044	18	1576
Budget (Economy)	1	87	2	360	1	165	1	218	1	66
Aparthotels/Serviced Apartments	17	826	17	886	9	319	7	301	4	196
TOTAL CITY	**76**	**7043**	**95**	**11778**	**74**	**7805**	**51**	**5973**	**61**	**5959**

[1] Excluding 2 star hotels and small ungraded hotels

LIVERPOOL HOTEL SUPPLY – 2013

Hotel	Standard	No Rooms
City Centre		
Hilton	4 star	215
Radisson Blu	4 star	194
Marriott	4 star	146
Crowne Plaza	4 star	159
Thistle	4 star	226
Novotel	4 star	209
Hard Day's Night	Boutique	110
Malmaison	Boutique	130
Hotel Indigo	Boutique	151
Hope Street	Boutique	89
62 Castle Street	Boutique	20
Liverpool Racquet Club	Boutique	8
Holiday Inn	3 star	139
Jury's Inn	3 star	310
Britannia Adelphi	3 star	402
The Liner	3 star	153
Feathers	3 star	81
Sir Thomas	3 star	39
Holiday Inn Express Albert Dock	Upper-tier Budget	135
Hampton by Hilton Liverpool City	Upper-Tier Budget	151
Heywood House	Budget Boutique	35
The Nadler	Budget Boutique	106
Z Hotel	Budget Boutique	92
Parr Street	Budget Boutique	12
Printworks Hotel	Budget Boutique	16
Cocoon @ International Inn	Budget Boutique	32
The Podworks Hotel	Budget Boutique	19
Ibis Styles	Budget Boutique	123
Premier Inn Liverpool City Centre	Budget	165
Premier Inn Albert Dock	Budget	185
Premier Inn Liverpool City (Liverpool One)	Budget	183
Travelodge Central	Budget	105
Travelodge Docks	Budget	32
Travelodge Liverpool Central The Strand	Budget	141
Travelodge Liverpool Central Exchange Street	Budget	125
Campanile	Budget	100
Ibis	Budget	127
Dolby	Budget	64
Days Inn	Budget	155
Formule 1	Budget (Economy)	87
Adagio Liverpool City Centre	Aparthotel	126
Staybridge Suites	Aparthotel	132
The Richmond	Aparthotel	51
Epic Apart Hotel	Aparthotel	14
Signature Hotel	Aparthotel	6
Bridgestreet at Liverpool ONE	Serviced Apts	77
L3 Living – Merchant Quarters	Serviced Apts	41
L3 Living - Irwell Chambers	Serviced Apts	25
Premier Apartments	Serviced Apts	63
Posh Pad at Casartelli	Serviced Apts	31
Staycity Serviced Apartments Duke St, Lever Crt	Serviced Apts	56
The Block Liverpool	Serviced Apts	62
The Print Works Apartments	Serviced Apts	15
Bridpoint Apartments	Serviced Apts	27
Signature Living	Serviced Apts	17
Hilton Apartments	Serviced Apts	47
Base Serviced Apartments	Serviced Apts	36

Outside City Centre		
Crowne Plaza Liverpool Airport	4 star	164
Village	3 star	63
Devonshire House	3 star	54
Royal, Waterloo	3 star	25
Alicia, Sefton Park	3 star	41
Park, Netherton	3 star	55
Holiday Inn Express Liverpool Airport	Upper-tier Budget	121
Hampton by Hilton Liverpool Airport	Upper-tier Budget	160
Premier Inn Liverpool Airport	Budget	101
Premier Inn Liverpool North	Budget	83
Premier Inn Liverpool (Aintree)	Budget	40
Premier Inn Liverpool (Rainhill)	Budget	40
Premier Inn Liverpool (Roby)	Budget	54
Premier Inn Liverpool (Tarbock)	Budget	41
Premier Inn Liverpool (West Derby)	Budget	84
Travelodge Stoneycroft	Budget	33
Travelodge Aigburth	Budget	21
Travelodge Stonedale Park	Budget	66

MANCHESTER HOTEL SUPPLY – 2013

Hotel	Standard	No Rooms
City Centre		
Radisson Blu Edwardian	5 star	263
Crowne Plaza Manchester City Centre	4 star	228
The Midland	4 star	312
Hilton Manchester Deansgate	4 star	279
Doubletree by Hilton Manchester Piccadilly	4 star	285
Macdonald	4 star	338
Marriott Victoria and Albert	4 star	148
Mercure Manchester Piccadilly	4 star	280
Novotel Manchester Centre	4 star	164
Park Inn by Radisson Manchester City Centre	4 star	252
The Palace	4 star	275
Arora	4 star	141
Renaissance	4 star	203
Great John Street	Boutique	30
Abode Manchester	Boutique	61
Macdonald Townhouse	Boutique	85
Malmaison	Boutique	167
Velvet	Boutique	19
Thistle	3 star	204
Britannia	3 star	363
Britannia Sachas	3 star	223
Castlefield	3 star	48
Gardens	3 star	101
Jury's Inn Manchester	3 star	265
Days Hotel Manchester	3 star	117
Le Ville Hotel	3 star	24
Holiday Inn Express Manchester City Centre	Upper-Tier Budget	147
Holiday Inn Express MEN Arena	Upper-Tier Budget	192
Premier Inn City Centre Portland Street	Budget	232
Premier Inn Manchester Central	Budget	157
Premier Inn City Centre MEN Arena/Printworks	Budget	170
Premier Inn City Centre Deansgate Locks	Budget	199
Premier Inn Manchester City (Piccadilly)	Budget	193
Ibis Manchester Centre Princess Street	Budget	126
Ibis Portland Street	Budget	127
Travelodge Manchester Central	Budget	181
Travelodge Manchester Central Arena	Budget	200
Travelodge Manchester Upper Brook Street	Budget	104
Ibis Budget Manchester Centre	Budget (Economy)	150
Blue Rainbow Aparthotel	Aparthotel	80
Blue Rainbow Aparthotel Manchester High Street	Aparthotel	19
City Stop Apartment Hotel	Aparthotel	37
The Light	Aparthotel	55
Roomzzz Manchester	Aparthotel	48
The Works Aparthotel	Aparthotel	36
Premier Apartments	Serviced Apts	60
The Place Apartment Hotel	Serviced Apts	107
Atrium by Bridge Street	Serviced Apts	116
Staycity Serviced Apartments	Serviced Apts	84
My Places Central Apartments	Serviced Apts	20
City Warehouse Apartments	Serviced Apts	28
SACO Manchester	Serviced Apts	48
SACO Apartments Abacus Court	Serviced Apts	63

Outside City Centre		
The Lowry	5 star	165
Copthorne, Salford Quays	4 star	166
Golden Tulip, Old Trafford	4 star	160
Holiday Inn Manchester Mediacity	4 star	218
Ramada Manchester Salford Quays	4 star	142
Village Urban Resort Ashton Moss	4 star	120
Didsbury House	Boutique	27
Chancellors, Fallowfield	3 star	75
Waterside, Didsbury	3 star	46
Best Western Willow Bank, Fallowfield	3 star	116
Britannia Country House	3 star	255
Trafford Hall, Old Trafford	3 star	33
Diamond Lodge, Old Trafford	3 star	85
Old Trafford Lodge	3 star	68
Holiday Inn Manchester Central Park	3 star	83
Holiday Inn Manchester West	3 star	82
Chesters	3 star	24
Victoria Warehouse Hotel, Old Trafford	3 star	40
Holiday Inn Express – Manchester East	Upper-tier Budget	97
Holiday Inn Express – Salford Quays	Upper-tier Budget	120
Campanile, Salford	Budget	104
Stay Inn, Salford	Budget	65
Hello Hotel, Swinton	Budget	27
Premier Inn Manchester Old Trafford	Budget	162
Premier Inn Manchester Middleton	Budget	42
Premier Inn Manchester Swinton	Budget	31
Premier Inn Trafford Centre North	Budget	42
Premier Inn Trafford Centre South	Budget	60
Premier Inn Manchester Trafford Centre West	Budget	234
Premier Inn Salford Quays	Budget	52
Premier Inn, Prestwich	Budget	83
Premier Inn, Heaton Park	Budget	45
Premier Inn Manchester West Didsbury	Budget	81
Travelodge Manchester Sportcity	Budget	90
Travelodge Ancoats	Budget	117
Travelodge Didsbury	Budget	62
Travelodge Trafford Park	Budget	54
Travelodge Manchester Salford Quays	Budget	156
Ibis Budget Manchester Salford Quays	Budget (Economy)	210
The Heart Apartments, Salford Quays	Serviced Apts	50
Quay Apartments, Salford Quays	Serviced Apts	23
Rotana Apartments, Salford Quays	Serviced Apts	12

LEEDS HOTEL SUPPLY 2013

Hotel	Standard	No Rooms
City Centre		
Crowne Plaza	4 star	135
Doubletree by Hilton Leeds	4 star	333
Hilton	4 star	201
The Met	4 star	120
Marriott	4 star	244
Novotel	4 star	195
Park Plaza	4 star	185
Queen's	4 star	217
Radisson Blu	4 star	147
42 The Calls	Boutique	41
Quebecs	Boutique	45
Malmaison	Boutique	100
The New Ellington	Boutique	34
Jury's Inn	3 star	248
Bewley's	3 star	334
Cosmopolitan	3 star	89
Merrion	3 star	109
Holiday Inn Express Leeds City Centre	Upper-tier Budget	112
Holiday Inn Express Leeds Armouries	Upper-tier Budget	130
Premier Inn Leeds City Centre	Budget	140
Premier Inn Leeds City Centre (Leeds Arena)	Budget	131
Travelodge Leeds Central	Budget	100
Travelodge Vicar Lane	Budget	126
Ibis Leeds Centre	Budget	168
Discovery Inn	Budget	85
Ibis Budget	Budget (Economy)	218
Roomzzz Leeds City West	Aparthotel	109
Roomzzz Leeds City	Aparthotel	36
Residence 6	Serviced Apts	23
The Chambers	Serviced Apts	58
Kspace Leeds	Serviced Apts	38
Gateway Serviced Apartments	Serviced Apts	15
Outside City Centre		
De Vere Oulton Hall	4 star	152
Holiday Inn Leeds Garforth	4 star	144
Thorpe Park	4 star	123
Weetwood Hall	4 star	106
Mercure Leeds Parkway	3 star	118
Britannia Hotel Leeds	3 star	105
Britannia Leeds/Bradford Airport	3 star	130
Butlers	3 star	15
Haley's	3 star	29
Woodlands	3 star	17
Village Urban Resort Leeds North	3 star	134
Village Urban Resort Leeds South	3 star	115
Corn Mill Lodge	3 star	74
Holiday Inn Leeds Bradford	3 star	53
Holiday Inn Express Leeds East	Budget	76
Premier Inn Leeds City West	Budget	125
Premier Inn Leeds East	Budget	87
Travelodge Leeds Colton	Budget	60
Roomzzz Leeds Headingley	Aparthotel	22

GLASGOW HOTEL SUPPLY – 2013

Hotel	Standard	No Rooms
City Centre		
Hilton	5 star	319
Radisson Blu	5 star	247
Blythswood Square	5 star	100
The Arthouse (Abode)	Boutique	60
Acorn	Boutique	19
Carlton George	Boutique	64
Hotel du Vin at One Devonshire Gardens	Boutique	49
Malmaison	Boutique	72
Marks	Boutique	103
Hotel Indigo	Boutique	91
Hilton Garden Inn	4 star	164
Crowne Plaza Glasgow	4 star	283
Hilton Grosvenor	4 star	96
Holiday Inn Theatreland	4 star	113
Marriott	4 star	300
Menzies Glasgow Hotel	4 star	129
Millennium	4 star	117
Thistle	4 star	300
Sherbrooke Castle Hotel	4 star	20
Novotel	4 star	139
Grand Central	4 star	186
Albion Hotel	3 star	17
Alexander Thomson	3 star	85
Ambassador	3 star	26
Argyll	3 star	38
Artto	3 star	51
Best Western Glasgow City	3 star	52
Devoncove	3 star	83
Jury's Inn	3 star	321
Park Inn	3 star	91
Pond	3 star	137
Mercure Glasgow City	3 star	91
Sandyford	3 star	55
Swallow	3 star	117
The Brunswick Merchant City	3 star	18
The Merchant City Inn	3 star	40
Victorian House	3 star	58
Rennie MacKintosh	3 star	41
Lorne	3 star	81
Holiday Inn Express Riverside	Upper-tier Budget	128
Holiday Inn Express Theatreland	Upper-tier Budget	118
Grasshopper	Budget Boutique	30
Citizen M	Budget Boutique	198
Campanile	Budget	104
Ibis	Budget	141
Premier Inn Glasgow City Centre (Argyle Street)	Budget	124
Premier Inn Glasgow City Centre (Charing Cross)	Budget	278
Premier Inn Glasgow City Centre (George Square)	Budget	239
Premier Inn Glasgow City (Buchanan Galleries)	Budget	196
Premier Inn Glasgow City Centre South	Budget	114
Travelodge Glasgow Central	Budget	95
Travelodge Glasgow Paisley Road	Budget	75
Ibis Budget	Budget Economy	165
MAX Serviced Apartments (38 Bath Street)	Serviced Apts	20
Fraser Suites	Serviced Apts	99
The Spires Apartments	Serviced Apts	24
Dreamhouse Apartments	Serviced Apts	27
SACO Glasgow	Serviced Apts	12
Glasgow Lofts	Serviced Apts	24
Hot-el Apartments Glasgow Central	Serviced Apts	36
White House Apartments	Serviced Apts	32
MAX @ Olympic House	Serviced Apts	45

Hotel	Standard	No Rooms
Outside City Centre		
Beardmore Hotel & Conference Centre	4 star	168
Glynhill	4 star	145
Halo Crowwood	3 star	38
Kings Park	3 star	26
Normandy Hotel	3 star	141
Premier Inn Glasgow (Bearsden)	Budget	61
Premier Inn Glasgow(Bellshill)	Budget	40
Premier Inn Glasgow (Cambuslang)	Budget	60
Premier Inn Glasgow (Milngavie)	Budget	60
Premier Inn Glasgow East	Budget	190
Premier Inn Glasgow Stepps	Budget	80
Travelodge Glasgow Braehead	Budget	99

NEWCASTLEGATESHEAD HOTEL SUPPLY – 2013

Hotel	Standard	No. Rooms
City Centre		
Copthorne	4 star	156
Hilton	4 star	254
Sandman Signature	4 star	170
Vermont	4 star	101
Grey Street	Boutique	49
Hotel du Vin	Boutique	42
Hotel Indigo	Boutique	148
Malmaison	Boutique	122
Best Western Ryokan	3 star	20
County Hotel by Thistle	3 star	114
Jury's Inn Newcastle	3 star	274
Jury's Inn Newcastle Gateshead	3 star	203
Newgate	3 star	93
Royal Station	3 star	145
Surtees	3 star	40
Waterside	3 star	24
Holiday Inn Express Newcastle City Centre	Upper-tier Budget	130
Ramada Encore Newcastle-Gateshead	Upper-Tier Budget	200
Sleeperz	Budget Boutique	99
Premier Inn Quayside	Budget	152
Premier Inn Millennium Bridge	Budget	82
Premier Inn Newcastle Central	Budget	186
Travelodge	Budget	203
Rooms Inn	Budget	53
Staybridge Suites	Aparthotel	128
Roomzzz Newcastle	Aparthotel	19
Premier Apartments	Serviced Apts	31
Outside City Centre		
Doubletree by Hilton Newcastle Airport	4 star	179
Marriott Gosforth Park	4 star	178
Marriott Metro Centre	4 star	150
Jesmond Dene House	Boutique/ Country House	40
The Townhouse Hotel	Boutique	10
Beamish Park	3 star	42
Britannia Newcastle Airport	3 star	99
Caledonian	3 star	90
Eslington Villa	3 star	18
Gibside	3 star	45
Holiday Inn	3 star	154
Holiday Inn Newcastle-Jesmond	3 star	116
Horton Grange	3 star Country House	9
New Northumbria	3 star	55
New Kent	3 star	32
Novotel Newcastle Airport	3 star	126
Swallow NewcastleGateshead	3 star	103
Village	3 star	157
Holiday Inn Express Newcastle - Metro Centre	Upper-tier Budget	134
Premier Inn Newcastle South	Budget	42
Premier Inn Newcastle Team Valley	Budget	115
Premier Inn Gateshead Metro Centre	Budget	72
Travelodge Gateshead	Budget	60
Premier Inn Newcastle Gosforth/Cramlington	Budget	79
Premier Inn Newcastle Holystone	Budget	70
Premier Inn Newcastle Airport	Budget	88
Premier Inn Newcastle Airport South	Budget	53
Travelodge Gosforth	Budget	53
Travelodge Newcastle Airport	Budget	30
Travelodge Newcastle Seaton Burn	Budget	40
Travelodge Whitemare Pool	Budget	71
Travelodge Silverlink Park	Budget	127
Metro Inn	Budget (Economy)	66
Kensington House Aparthotel	Aparthotel	23

APPENDIX 3

NEW HOTEL OPENINGS 2008-2013 + PLANNED HOTEL OPENINGS 2014 & 2015
LIVERPOOL, MANCHESTER, GLASGOW, LEEDS & NEWCASTLE

Hotel	Standard	Rooms
Liverpool		
New Hotels 2008-2013		
Novotel	4 star	209
Hilton	4 star	216
Hotel Indigo	Boutique	151
Hard Day's Night	Boutique	110
Hope Street Hotel extension	Boutique	41
Jury's Inn	3 star	310
Hampton by Hilton	Upper-tier Budget	151
Hampton by Hilton Liverpool Airport	Upper-tier Budget	160
Heywood House	Budget Boutique	35
Bamboo (now The Printworks Hotel)	Budget Boutique	16
Base2Stay (now The Nadler)	Budget Boutique	106
Z Hotel	Budget Boutique	92
Cocoon @International Inn	Budget Boutique	32
The Podworks Hotel	Budget Boutique	19
Ibis Styles	Budget Boutique	123
Premier Inn Liverpool City (Liverpool One)	Budget	183
Premier Inn Liverpool Airport	Budget	101
Days Inn	Budget	155
Travelodge Liverpool Central The Strand	Budget	141
Travelodge Liverpool Central Exchange Street	Budget	125
Travelodge Stonedale Park	Budget	66
Adagio Liverpool City Centre	Aparthotel	126
Staybridge Suites	Aparthotel	132
The Richmond	Aparthotel	51
Signature Hotel	Aparthotel	6
Epic Apart Hotel	Aparthotel	14
Bridgestreet at Liverpool ONE	Serviced Apts	77
Merchant Living – Merchant Quarters	Serviced Apts	41
Posh Pad at Casartelli	Serviced Apts	31
Staycity Serviced Apartments	Serviced Apts	56
The Block Liverpool	Serviced Apts	62
The Print Works Apartments	Serviced Apts	15
Bridpoint Apartments	Serviced Apts	27
Signature Living	Serviced Apts	11
Hilton Apartments	Serviced Apts	47
L3 Living - Irwell Chambers	Serviced Apts	25
Base Serviced Apartments	Serviced Apts	36
New Hotels 2014		
Titanic	4 star	156
30 James Street	Boutique	64
Doubletree by Hilton	Boutique	87
Aloft	Boutique	116
Planned Hotel Openings 2015		
Martins Bank	5 star	138
Pullman	4 star	216
Tune	Budget	99
Hope Street Hotel extension	Serviced Apts	30

Hotel	Standard	Rooms
Manchester		
New Hotels 2008-2013		
Crowne Plaza	4 star	228
Holiday Inn Manchester Mediacity	4 star	218
Park Inn by Radisson	4 star	252
Ramada Manchester Salford Quays	4 star	142
Velvet	Boutique	19
Le Ville Hotel	3 star	24
Village Urban Resort Ashton Moss	3 star	120
Holiday Inn Express MEN Arena	Upper-tier Budget	192
Holiday Inn Express Manchester City Centre	Upper-tier Budget	147
Premier Inn Trafford Centre West	Budget	234
Premier Inn West Didsbury	Budget	81
Premier Inn Manchester City (Piccadilly)	Budget	193
Travelodge Manchester Salford Quays	Budget	156
Travelodge Manchester Central Arena	Budget	200
Travelodge Manchester Upper Brook Street	Budget	104
Ibis Budget Manchester Centre	Budget (Economy)	150
Ibis Budget Manchester Salford Quays	Budget (Economy)	210
Blue Rainbow Aparthotel	Aparthotel	80
Blue Rainbow Aparthotel Manchester High St	Aparthotel	19
City Stop Apartment Hotel	Aparthotel	37
The Works Aparthotel	Aparthotel	36
The Light	Aparthotel	55
Roomzzz Manchester	Aparthotel	48
My Places Central Apartments	Serviced Apts	20
City Warehouse Apartments	Serviced Apts	28
SACO Manchester	Serviced Apts	48
SACO Apartments Abacus Court	Serviced Apts	63
Staycity Serviced Apartments	Serviced Apts	84
New Hotels 2014		
Hotel Football, Old Trafford	n/a	138
Travelodge Piccadilly Gardens	Budget	157
Planned Hotel Openings 2015		
Hotel Gotham	5 star Boutique	60
Innside by Melia	4 star	208
King Street Townhouse	Boutique	40
Hotel Indigo	Boutique	181
Motel One	Budget	330
Premier Inn Salford Central	Budget	143

Hotel	Standard	Rooms
Glasgow		
New Hotels 2008-2013		
Blythswood Square	5 star Town House	100
Grand Central	4 star	186
Acorn	Boutique	19
Hotel Indigo	Boutique	94
Lorne	3 star	81
Citizen M	Budget Boutique	198
Grasshopper	Budget Boutique	30
Premier Inn Glasgow City (Buchanan Gardens	Budget	196
Travelodge Glasgow Braehead	Budget	99
Glasgow Lofts	Serviced Apts	24
38 Bath Street	Serviced Apts	20
Hot-el Apartments Glasgow Central	Serviced Apts	36
White House Apartments	Serviced Apts	32
MAX @ Olympic House	Serviced Apts	45
New Hotels 2014		
Hampton by Hilton	Upper-Tier Budget	88
Z Hotel	Budget Boutique	104
Premier Inn Glasgow Pacific Quay	Budget	180
Travelodge Queen Street	Budget	171
Planned Hotel Openings 2015		
Village Urban Resort	3 star	120
Motel One	Budget	370

Hotel	Standard	Rooms
Leeds		
New Hotels 2008-2013		
Doubletree by Hilton Leeds	4 star	333
The New Ellington	Boutique	34
Village Urban Resort Leeds South	3 star	120
Premier Inn Leeds City Centre (Leeds Arena)	Budget	131
Roomzzz Leeds City	Aparthotel	36
Roomzzz Leeds Headingley	Aparthotel	22
Kspace Leeds	Serviced Apts	38
Gateway Serviced Apartments	Serviced Apts	15
New Hotels 2014		
No new hotels in 2014		
Planned Hotel Openings 2015		
Hilton	5 star	206

Hotel	Standard	Rooms
NewcastleGateshead		
New Hotels 2008-2013		
Sandman Signature	4 star	170
Doubletree by Hilton Newcastle Airport	4 star	179
Hotel du Vin	Boutique	42
Hotel Indigo	Boutique	148
The Townhouse Hotel, Gosforth	Boutique	10
Jury's Inn Gateshead Quays	3 star	203
Best Western Ryokan	3 star	20
Ramada Encore Newcastle-Gateshead	Upper-Tier Budget	200
Sleeperz	Budget (Boutique)	99
Staybridge Suites	Suite Hotel	120
Kensington House Aparthotel	Aparthotel	23
Roomzzz	Aparthotel	14
New Hotels 2014		
No new hotels in 2014		
Planned New Hotel Openings 2015		
Crowne Plaza	4 star	251
Hampton by Hilton	Upper-Tier Budget	124
Tune Hotel	Budget	104
Motel One	Budget	222
Premier Inn (co-op Building)	Budget	184

APPENDIX 4

BT CONVENTION CENTRE - CONFERENCES & EVENTS 2011-2014

	2011	2012	2013	2014 (to date[1])
Number of conference/ events	**110**	**122**	**127**	**94**
Type of Conference/Event				
Association	42	31	45	39
Corporate	43	64	53	35
Other (8 Gov/Public, 5 NFP, 3 Entertainment 8 Special Event, 1 Exhibition)	25	27	29	20
Timing of Conference/Event				
Weekday	79	88	94	66
Weekend	7	5	7	5
Both	24	29	26	23
Average size (delegates)	**631**	**612**	**777**	**822**
Size of Conference/Event				
500-1000 delegates (number of conferences/events	22	29	29	37
1,000-2,000 delegates	13	12	13	11
2,000+ delegates	6	4	12	8
Average duration (days)	**1.9**	**1.7**	**1.9**	**2.3**
Duration of conference/event				
1 day (number of conference/ events)	54	70	68	42
2 days	21	21	20	14
3 days	19	17	19	22
4 days	9	7	8	7
5 days	7	4	7	9
6 days	0	2	1	0
7 days	0	1	4	0
8 days	0	0	0	0
9 days	0	0	0	0
10+ days	0	0	0	0

Notes
1. As at June 2014