Bridget Baker Consulting Ltd

Warwick District Council

Hotel Study Warwick

March 2017

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Sent by email

23 March 2017

Dear Chris

Hotel Study for St. Mary's Land Warwick

Further to your instructions, via GL Hearn, we are pleased to submit our report.

Our findings and conclusions have been prepared on the basis of the information we obtained during our research programme, our own knowledge of demand sources and trends in the UK hotel market, and the status of the hotel market in Warwick area at the time of our field research in February/March 2017.

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

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

Yours sincerely

BBaker

Bridget Baker

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1.0 Introduction

1.1 Background

St Mary's Lands extends to around 60ha and is located close to Warwick's town centre; it incorporates Warwick Racecourse which is an important sporting and events venue and a key economic driver locally and regionally. Other key components include conference facilities, a golf centre, visitor attraction (Hill Close Gardens), Warwick Football Club 'the Corps of Drums', Racing Club Warwick, and a Camping and Caravan Club.

A proposed hotel facility has been identified as potentially playing an important role as part of the wider St Mary's Lands masterplan to enhance and diversify the offer.

1.2 Your Requirements

Bridget Baker Consulting has been specifically asked to examine the hotel opportunity.

Ultimately, we have been asked to provide a thorough research-led assessment of the supply and demand issues prevailing in the area and provide a true and reflective picture of the local hotel market. The key focus is to provide an independent opinion with regard to whether there is an opportunity to develop a hotel and, if so, the size, positioning and potential brands to 'best fit' the location and market.

In a separate report GL Hearn have prepared an Economic Impact Assessment of the potential hotel.

1.3 Methodology

In order to carry out this study we have completed the following;

- A visit to St Mary's Lands to assess its location and suitability in terms of the attractiveness to develop a hotel and review the wider plans for St Mary's Lands.
- Met with the management and events team at the racecourse to understand the current levels and profile of event business at the venue, including meets with the golf course and Hill Close Gardens.
- A brief review of the economic profile of the immediate area that will be relevant to attracting demand at the new hotel/conference facilities.
- Discussions with the Council's Planning Department to assess planning applications/permissions for new hotels and any other projects that would be relevant to future hotel demand.
- Inspection of and interviews with the management of a selection of hotels/conference venues in the immediate catchment area to understand the qualitative supply of hotels locally.
- Discussions with Shakespeare's England and other relevant tourism organisations to obtain any relevant statistics on hotel demand in the catchment area.
- An audit of the current supply of hotels and serviced accommodation and conference facilities in the catchment area, including number of rooms, grading and facilities. A review of the pricing at local hotels.

- Provide estimates of room occupancy for the proposed hotel. This takes into account of rooms demand from the racecourse, conference and event facilities and other relevant sources of external demand (corporate, conference, leisure).

- Make recommendations relating to the facilities and type of hotel most likely to fit 'the need' at this location, including potential brands and market positioning.

2.0 Executive Summary

Bridget Baker Consulting with GL Hearn has been commissioned to provide an independent assessment relating to a hotel development at St Mary's Lands, Warwick.

- St Mary's Lands extends to around 60ha and is located close to Warwick's town centre; approximately 5-10 minute' walk; it incorporates Warwick Racecourse which is an important sporting and events venue and a key economic driver locally and regionally.

- The 'destination appeal' of the racecourse is enhanced through the provision of a number of facilities including extensive conference / catering facilities, a golf centre, visitor attraction (Hill Close Gardens), the Racing Club Warwick, Warwick Football Club the 'Corps of Drums' and a Camping and Caravan Club.

- Warwick itself is a small but affluent town rich in historical interest and is the location of one of the UKs most recognised visitor attractions - Warwick Castle. It is close to the motorway network and its economy is underpinned by strengths in advanced manufacturing, automotive engineering and creative digital industries as well as a strong visitor economy.

- For a relatively small district, which includes Leamington Spa and Kenilworth, it has an impressive list of large globally-significant companies.

- Its strategic location, excellent connectivity and strengths in manufacturing excellence has attracted a number of companies to locate their UK, European and Global Headquarters; including the likes of Volvo, JLR, TATA, National Grid, Calor Gas, IBM, Telent, Geberit, Delphi Systems and the Mid-Counties Co-operative.

- Warwick is an internationally-recognised visitor destination and is marketed with Stratford-upon-Avon, Royal Leamington Spa and Kenilworth as 'Shakespeare's England'. Tourism is one of the key drivers of economic growth.

- This tourism profile for Warwick is very good and it would enable a proposed hotel at St Mary's Lands to tap into a strong base of business visitors, as well as a vibrant VFR (Visiting Friends & Relatives) and holiday base not only from Warwick but also Stratford-upon-Avon.

- We consider there to be a need locally and more specifically on-site for a hotel to be developed at Warwick Racecourse.

- We have identified a shortage of bedrooms serving Warwick Town Centre and specifically visitors to Warwick Castle and Warwick Racecourse – as the provision is limited to a few small hotels, B&B' and Guest Houses. The closest branded hotel is a Premier Inn on a business park at the edge-of-town.

- Discussions with local corporate users indicated that there are certain availability issues; a number cited that some of the branded full-service hotels were a little dated and needed investment to strengthen their corporate appeal, and others suggested that there was an appetite for corporate guests staying in Warwick Town Centre given the appeal of its restaurant and evening economy although they indicated choice and availability was severely limited. Parking at these establishments is also very limited.

- The wider market is relatively well served and is of a reasonable qualitative nature however our corporate interviews support the view that some of the branded full service hotels are a little dated and expensive.

- The market is very buoyant in terms of its key performance metrics; it is performing above that nationally - a gap that is widening - and whilst it is difficult to quantify, room nights are being displaced out of the area.

- The market is growing and the prospects for the local hotel market are considered to be extremely positive. A strengthening economy combined with a number of developments underway (including TATA's new HQ offices) will increase demand for accommodation.

- Future growth in demand is likely to be constrained given the strength of the market currently, expected growth in demand and the limited supply of new hotels in the pipeline to meet future need.

- A new purpose-built hotel centrally located in Warwick Town Centre – with car parking - would be unique and provide a new offer currently not available.

- A new hotel will address the identified unmet demand that cannot be accommodated during the peak months (June to September) and would capture demand potentially being lost out of the area.

- All but two hotel representatives we spoke with indicated that they were not threatened by new supply and considered the market to be strong and could therefore support more bedrooms.

- The conference and event space at Warwick Racecourse is significantly under-utilised on non-race days; this could be alleviated if a hotel were developed to allow it to tap into the more lucrative regional and national residential conference market.

- This would allow the conference element of Warwick Racecourse to explore new management opportunities and would facilitate a new platform for promoting the venue for hosting larger events – which could be explored through an agreement with the selected hotel operator and caterers.

- A new hotel and improvements to the racecourse facilities and other elements forming part of the wider St Mary's Lands proposals will significantly enhance the destination appeal of the racecourse.

- A new hotel in the heart of Warwick would be appealing to visitors arriving by train – potentially stimulating demand from non-car users as a base to explore Warwick, Stratford-upon-Avon and the wider area.

- There is an opportunity to develop a new hotel adjacent or close to the main building complex on the site of the marquee at the southern end of the racecourse. It would allow the hotel to link directly with the main building facility, provide frontage overlooking the racecourse / parkland, and offer easy access and ample parking.

- Based on the location, surrounds and likely users of the hotel, we consider that a branded, mid-market concept would be suitable and potential brands include: Hampton by Hilton, Courtyard by Marriott, Accor (Ibis Styles or Novotel) and Ramada Encore. Other brands should also be explored.

- The size and facilities are often stipulated by the selected hotel operator however we consider that the market would support an 80-100+ bedroom hotel. This should be a bedroom driven operation to complement the existing facilities at the racecourse incorporating a restaurant offering breakfast and light evening meals as well as a small fitness facility.

- A new hotel will satisfy a local requirement and ensure the continued success of the racecourse as a venue of regional significance. It will have a positive economic impact locally and regionally.

- We have allowed a two year build up period before occupancy stabilises in year three of operation, i.e. year 2021, to an annual level of 79% with an Average Achieved Room (AARR) rate of around £74. We present our occupancy estimates below.

Illustrative Annual Occupancy – 100 key branded hotel – Warwick Racecourse	
	%
Year 1	72
Year 2	77
Year 3 stabilised	79
Source: Bridget Baker Consulting estimates	

- Our market mix estimates for a stabilised year, and estimated sleepers are set out as follows:

Illustrative Market Mix – 100 key branded hotel – Warwick Racecourse		
Segment	**Rooms Sold**	**Sleepers**
Race days	1,700	2,380
Conferences & Functions at Racecourse	2,508	3,010
Corporate	13,482	13,482
Independent Leisure	11,134	20,041
Total	**28,824**	**38,913**
Source: Bridget Baker Consulting estimates		

- In a separate document GL Hearn have prepared an Economic impact Assessment study of the potential hotel.

3.0 Overview of Warwick

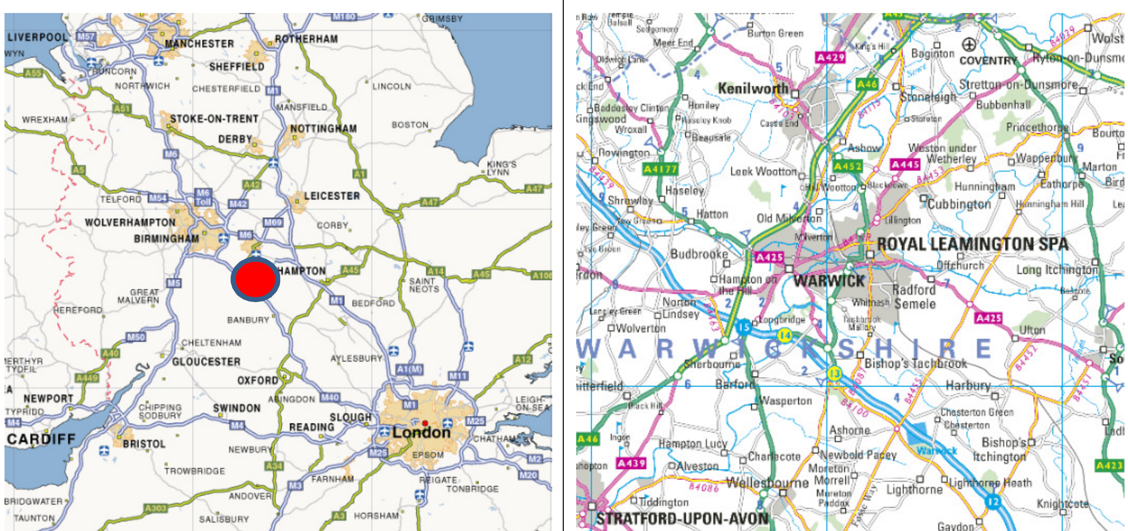
3.1 Introduction

In the following pages we provide an overview of Warwick in terms of its location, visitor economy, population and business environment. We also comment on local and regional regeneration and development activity.

3.2 Location

Warwickshire is located in the West Midlands and comprises five districts; Warwick, Stratford-upon-Avon, North Warwickshire, Rugby, Nuneaton and Bedworth. The location of Warwick within the UK is illustrated in the maps below.

Map 3.1 – Location of Warwick



Source: Street Map

Warwick is strategically located in the centre of England, centrally located in the Midlands south of Coventry between Birmingham and London. Warwick is the county town and conjoined with Leamington Spa to the east.

3.3 Transport & Communications

Warwick is located at the heart of the UK's transport network making it very well connected with the rest of the country.

Road

Warwick Town Centre is located less than two miles north of the M40 and less than a mile from the A46 to the west, providing excellent accessibility to the UK motorway network (M1, M6, M42 and M45). St Mary's Lands is accessed off the A4189 via the A429 which is the main road linking the town with the M40. Warwick Town Centre and Warwick Castle are only a short walk.

Table 3.1 – Distances from Warwick to Key Settlements		
Destination	**Approx. Distance (miles)**	**Approx. Drive time (hours)**
Leamington Spa	*3.4*	*13 m*
Stratford-upon-Avon	*8.6*	*17m*
Coventry	*12.3*	*20m*
Birmingham NEC/airport	*25.0*	*30m*
Birmingham	*35.8*	*40m*
Nottingham	*59.3*	*1h08m*
Oxford	*46.7*	*58 m*
Bristol	*97.6*	*1hr43m*
London	*94.7*	*1h55m*
Manchester	*118.4*	*2h13m*
Source: AA		

This profile underpins Warwick's central location in the UK and ease of access to major population centres in the Midlands and the rest of the country.

Rail

Warwick Railway Station is located close to the town centre and provides direct regular services to Leamington Spa, Stratford-upon-Avon (around 30 minutes), Birmingham (45 minutes) and London (around two hours). Warwick Parkway is located on the outskirts of the town and also provides services to these.

Air

Birmingham International Airport is located around a 30 minute drive from Warwick (without traffic) via the M40/M42; home to around 50 airline operators, both domestic and international, including American Airlines, Emirates, Air India and Lufthansa – operating over 140 direct routes.

Table 3.2 – Birmingham International Airport Passenger Numbers, 2013 to 2016		
Year	**No Passengers (million)**	**% Change**
2013	9,120,201	-
2014	9,705,955	6.4
2015	10,187,122	1.1
2016	11,620,768	14.1
Source: CIA		

In 2016 Birmingham International Airport celebrated its most successful year to date, handling 11.6 million passengers, a 14% increase on 2015. By 2020, the airport is forecast to handle over 15 million passengers annually; an increase of six million passengers. Birmingham's business/leisure passenger split is 20% business and 80% leisure.

3.4 Population & Employment

Warwick District - which also includes Leamington Spa and Kenilworth - has a population of 139,900 and a higher than average economic activity with low unemployment (3.1% compared to 4.9% nationally). The population is forecast to grow further to 164,000 by 2030. Warwick itself is a relatively small town - around 30,000 people.

Table 3.3 – Warwick & Warwickshire Population in 2015	
District	**Population**
Warwick District	139,900
Warwickshire	554,000
Source: Nomis	

Warwick District has a significantly higher proportion of working residents employed in professional occupations than both regionally and nationally. Employment by occupation for the district and county compared to the UK is summarised below.

Table 3.4 – Warwick & Warwickshire Employment by Occupation					
Group	**Warwick**		**Warwickshire**		**UK**
	No.	**%**	**No.**	**%**	**%**
Managers, Directors & Senior Officials	7,800	10.5	34,900	12.7	10.5
Professional Occupations	23,800	32.3	55,200	20.2	20.2
Professional & Technical	7,100	9.6	40,400	14.7	14.3
Administrative & Secretarial	8,100	11.0	31,100	11.4	10.4
Skilled Trades Occupations	6,900	9.3	29,800	10.9	10.4
Caring, Leisure & Other Service	5,000	6.8	21,100	7.7	9.1
Sales & Customer Service	3,200	4.3	14,300	5.2	7.6
Process Plant & Machine Operatives	2,900	4.0	16,900	6.2	6.4
Elementary Occupations	9,000	12.2	30,200	11.0	10.7
Source: Nomis					

Average earnings in Warwickshire (£566) are significantly higher than the average gross weekly pay for the rest of the West Midlands (£508). Earnings in the county are 4.6% higher than the national average.

These employment figures suggest that Warwick's economy is performing strongly when compared to regionally and nationally.

3.5 Business Profile

Warwickshire is a dynamic business region and home to globally-significant clusters of businesses in the Automotive Sector, Advanced Engineering, Digital Media, Gaming and Intelligent Transport Systems Sector (Intelligent Mobility). As a whole, the county is seeing an increase in knowledge-based technology led industries.

Automotive Sector and Advanced Engineering

The Midlands remains at the forefront of the UK's automotive sector, manufacturing and engineering, with Jaguar Land Rover (JLR), Aston Martin, Rolls Royce, Volvo and MIRA all having a presence in the area.

JLR has a high profile in the area with all but one of its six sites located in the West Midlands. The closest site to Warwick is at its Engineering Centre located close to the M40 at Gaydon. It boasts the UK's largest hybrid engineering team and employs thousands of engineers and technologists. JLR's Global HQ is located at Whitley near Coventry.

Digital Media & Gaming

Leamington Spa is regarded as one of the UK's leading locations for the creative media and gaming sector, with one of the largest gaming clusters in the UK after London and Dundee. Known as 'Silicon Spa', a cluster of international names, large local studios and independent start-ups are located in and around the town, employing about 10% of the UK's total work force involved in gaming.

Intelligent Transport Systems Sector

Warwickshire has a global presence in this sector with world-class research and companies such as MIRA, Denso ITS and Volvo IT who are already located here. It is closely linked with the area's strength in automotive and advanced engineering sectors.

3.6 Key Employers

Warwick District has an impressive list of large globally-significant companies. Its strategic location in the Midlands between Birmingham and London combined with its excellent connectivity and strengths in manufacturing excellence has attracted a number of companies to locate their UK, European and Global Headquarters in the area. A list of the leading employers in the district is provided below.

Table 3.5 - Top Employers in Warwick District

Company Name	No. Employees	Location
The Mid-Counties Co-Operative HQ	8,670	Warwick Technology Park
Wolseley UK Ltd HQ	6,065	Leamington Spa
Tulip Ltd HQ	6,029	Warwick Technology Park
CEF Holdings Ltd	3,015	Heathcote Industrial Park
City Electrical Factors Ltd	2,859	Heathcote Industrial Park
Delphi Diesel Systems Ltd HQ	2,600	Nr Tachbrook Park
AGA Group Ltd HQ	2,553	Nr Tachbrook Park
Leadec (formerly Voith Industrial Services Ltd HQ)	2,156	Tournament Fields
Antolin Interiors UK Ltd HQ	1,810	Tachbrook Park
Volvo Group UK & Ireland HQ	1,630	Opus 40 / Warwick North Industrial Parks
Jaguar Land Rover [1]	6,500	Gaydon
National Grid HQ	N/A	Warwick Technology Park
Calor Gas HQ	N/A	Tachbrook Park
IBM HQ	N/A	Opus 40
Telent HQ	N/A	Opus 40
Geberit HQ	N/A	Tournament Fields
IRIS / Phillips 66	150	Warwick Technology Park

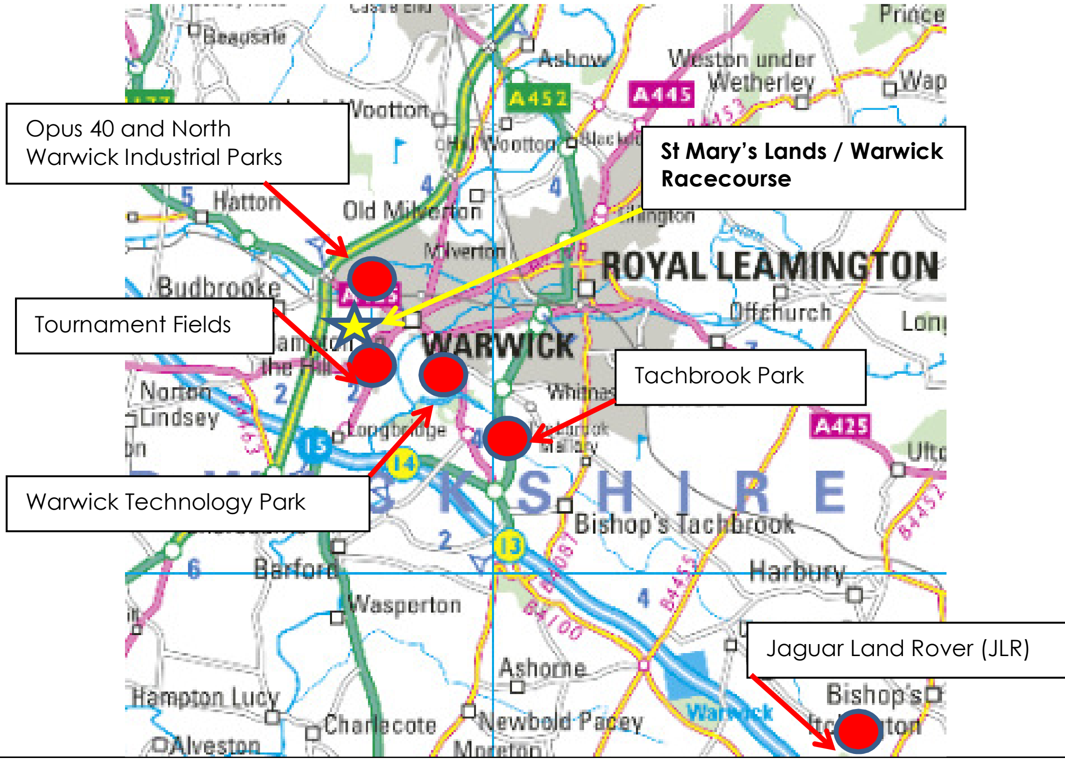
Note: [1] Located at Gaydon

Source: Bridget Baker Consulting Research

The majority of Warwick's leading employers are located within one of the business / industrial parks on the edge-of-town, and, impressively, most of these are respective UK, European or Global Headquarters.

We illustrate these in the following map.

Map 3.2 – Location of key Business / Industrial Parks



Source: Street Map

A number of these are relatively new to Warwick, having relocated their operations from other parts of the country within the last ten years or so.

A number are expanding their operations and attracting new inward investment. Tournament Fields is a relatively new fifty acre business park being undertaken by Sackville Developments; current occupiers include Taylor Wimpey, Leadec and Geberit.

The foregoing shows the strength of the district in terms of its commercial profile and number of globally-important companies in the area and more specifically Warwick. These include large companies with national and global reach; with frequent visitors who are from out of the area requiring hotel accommodation – including overseas' visitors.

3.7 Recent and Future Developments

A number of developments are underway which will further strengthen Warwick's profile as an important business location.

- **TATA Technology European HQ** – The TATA Group, which owns JLR, is developing its £20m European Headquarters at Tachbrook Park which is located on the A452 between the M40 (Junctions 13/14) and Leamington Spa. The 63,000 sq ft purpose-built building is nearing completion and will house around 600+ employees. This is a significant development and underpins Tata's continued commitment to the UK and West Midlands as a hub for emerging vehicle technologies.

- **Creative Quarter Leamington** – Warwick District Council is progressing towards the development of a Creative Quarter in Leamington Spa, building on the town's strength as a hub for innovative and creative industries. This includes Vitsoe - a high-end bespoke manufacturing company – which is relocating its operations out of London to a new HQ Building in Leamington.

- **Stoneleigh Park** – A large equestrian and events centre comprising over 1,000 acres of land close to Coventry. Stoneleigh Park continues to attract science-based rural industries as a part of its growth strategy.

- **JLR** – JLR continues to invest in the area. This includes proposals for a comprehensive development of land to the south of JLR's global headquarters in Whitley for a powertrain development plant, and proposals for a new factory on land forming part of Coventry Airport – generating widespread economic benefits to the whole region. The Local Plan also proposes a large sub regional employment site to the south of Coventry Airport.

- **Geberit** – Swiss sanitary product supplier Geberit located at Tournament Fields is doubling the size of its UK headquarters with a £5m investment. The expansion follows the company's acquisition of Staffordshire firm Twyford which will move to a new state-of-the-art office complex next to Geberit's current headquarters at Tournament Fields.

- The Local Plan also proposes another employment area adjacent to Junction 15 to the south of Stratford Road and opposite Tournament Fields.

- Although nearer to Coventry, some of the campus of **Warwick University** is partly in the district. The University is a massive local employer and continues to expand its facilities.

3.8 Tourism

Warwick District is an internationally-recognised visitor destination and is marketed with Stratford-upon-Avon, Royal Leamington Spa and Kenilworth as 'Shakespeare's England' – the official destination management organisation.

3.9 Value of Tourism

Tourism is an important element of Shakespeare's England and the wider Warwickshire economy is one of the key drivers of economic growth generating 10.2 million trips – 9.3 million day trips and 0.89 staying trips - supporting 11,077 jobs and generating business turnover of over £631 million annually.

Domestic Tourism - Warwickshire

In the following table we summarise the value of domestic tourism for Warwickshire.

Table 3.6 – Value of Tourism, Warwickshire				
	Holidays	**VFR**	**Business**	**All Tourism**
Trips (m)	0.46	0.39	0.25	**1.12**
Nights (m)	1.01	0.99	0.52	**2.57**
Spending (m)	£89	£40	£56	**£190**
Note: Average of 2013, 2014, 2015				
Source: The GB Tourist				

Over the three years 2013 to 2015, an average of around 1.1m trips were taken annually to Warwickshire and 2.6m visitor nights; generating £190m expenditure to the county. We provide a breakdown of trips and visitor nights to each of the five Local Authority areas in Warwickshire as follows.

Table 3.7 – Trips, By Local Authority (000's)				
Local Authority	**Holiday**	**VFR**	**Business**	**All Tourism**
North Warwickshire	0.01	0.03	0.00	**0.04**
Nuneaton & Bedworth	0.01	0.04	0.01	**0.07**
Rugby	0.03	0.06	0.08	**0.14**
Warwick	0.16	0.12	0.11	**0.39**
Stratford-upon-Avon	0.25	0.12	0.09	**0.47**
Total Trips	**0.46**	**0.39**	**0.25**	**1.12**
Note: Average of 2013, 2014, 2015				
Source: The GB Tourist				

The importance of tourism to the county is highlighted by the fact that around 85% of the county's expenditure is generated in Warwick (£51m) and Stratford-upon-Avon (£109m); highlighting the popularity of the area as a visitor destination.

Table 3.8 – Visitor Nights, By Local Authority (000's)				
Local Authority	**Holiday**	**VFR**	**Business**	**All Tourism**
North Warwickshire	0.04	0.07	0.02	**0.12**
Nuneaton & Bedworth	0.02	0.11	0.03	**0.17**
Rugby	0.11	0.23	0.06	**0.41**
Warwick	0.28	0.24	0.20	**0.73**
Stratford-upon-Avon	0.56	0.35	0.22	**1.14**
Total Visitor Nights	**1.01**	**0.99**	**0.52**	**2.57**
Note: Average of 2013, 2014, 2015				
Source: The GB Tourist				

Warwick enjoys a good volume of visitors from the business, holiday and VFR markets, particularly when compared to North Warwickshire, Rugby, Nuneaton & Bedworth. It also has the highest number of trips compared to any other district in terms of business visitors.

Stratford-upon-Avon achieves a significantly higher number of trips and visitor nights compared to Warwick in terms of those visiting for a holiday – nearly double than that of Warwick.

International Visitors

We set out below statistics relating to the international tourists to Warwickshire. As an individual town, only Stratford-upon-Avon is available, so we have extrapolated the results for the rest of the country, which would include Warwick.

Table 3.9 – International Visitors (000's) – 2015			
	Warwickshire	**Stratford-u-Avon**	**Rest of County**
	000s	**000s**	**000s**
Holiday	94	61	33
VFR	101	34	67
Business	88	21	67
Other	15	6	9
Total Visits	**288**	**122**	**266**
Total Nights	**1,513**	**601**	**912**
Total Spending (£m)	**83**	**40**	**43**
Source: ONS/Bridget Baker Consulting Analysis			

Stratford was the 36th most visited town by staying international visitors in 2015 – this does not include day trips. Given the relatively limited supply of accommodation in the town we would expect some of this demand to stay elsewhere. Some 50% of these international visitors are on holiday and just 17% on business. The holidaymakers make up 65% of international staying visitors to the county.

Conversely, the rest of the county, including Warwick attract some 67,000 international business visitors a year, 76% of the total. We would expect many of these to be visiting the global business located in and around Warwick.

Warwickshire

This profile is positive as it would allow a proposed hotel at St Mary's Lands to tap into a strong base of business visitors, as well as a vibrant VFR and holiday base not only from Warwick but also Stratford-upon-Avon which is only around a 17 minutes' drive from Warwick.

3.10 Local Tourist Attractions

Warwick is an attractive historic market town and, together with nearby visitor attractions such as Warwick Castle, Warwick Racecourse, museums, historic houses and gardens, provides a strong visitor economy. Leamington Spa offers a good selection of bars and restaurants.

Warwick Castle is a major attraction. It forms one of the 'Big Three; along with Royal Shakespeare's Company (one of the world's best-known theatre ensembles and attracting its highest number of visitors last year – 620,000) and The Shakespeare Birthplace Trust (which also saw an increase in visitor numbers from 2015 - 825,000 tourists). The Shakespeare Birthplace Trust is the charity that cares for the Shakespeare Houses and Gardens. A list of local attractions is provided in Appendix A.

Warwick Castle

Warwick Castle is located in the centre of Warwick and is only short walk from St Mary's Lands. It is operated by Merlin Entertainments. The Castle is open all year and the primary attraction is the castle itself with a focus on 'fun learning', interactive family activities and themed entertainment such as jousting displays and a birds of prey exhibit. The Castle is also used for weddings, functions, meetings and other themed events.

In 2016, there were 764,000 visitors to Warwick Castle and around half of these visited during the school holiday period (July and August). Halloween is also a popular week – attracting around 50,000 visitors over the period. The majority of visitors are families with young children although the over 60's is also an important demographic. We understand that around 30% of visitors are from overseas. This is encouraging as there is a significant pool of visitors who are not from the local area and therefore potentially staying locally.

Merlin has invested heavily in the attraction in recent years and is continually improving its offer through introducing new initiatives such as the recently opened 'Horrible Histories' Maze. There is a focus to introduce new initiatives which will ensure healthy all-year round visitation.

3.11 Festivals & Events

There are a number of festivals and events that take place in the area; the most popular events are:

- Warwick Folk Festival and Warwick Thai Festival; both take place over a weekend in July,

- Warwick Half Marathon is an annual event and typically starts at Warwick Racecourse, on a Sunday in February, attracting around 6,000 runners. The popular Park Run is also held every weekend.

- A number of small events are held at Hill Close Gardens – a garden visitor attraction located within St Mary's Lands.

- Whilst around 30 miles away, Silverstone Circuit, which is home to the British Grand Prix in Northamptonshire, typically attracts over 300,000 visitors over three days in the summer and draws people into the Warwick area.

- Visitors use Warwick as a base during high profile events being held at the NEC, which is around 25 miles away.

- Racing and other events held at Warwick Racecourse are discussed in Section 5.

3.12 Tourism Developments

Some regional developments are detailed as follows.

- Coventry is bidding to become UK City of Culture in 2021 which, if successful, could result in significant economic benefits to the entire region, including Warwickshire.

- We understand Visit Britain is working towards implementing a 'Gateway Partnership Programme' with Birmingham International Airport; to promote Birmingham as an international gateway to the UK.

3.13 Conclusion

St Mary's Lands is located in the heart of Warwick, a small but affluent town rich in historical interest and close to one of the UKs most recognised visitor attractions - Warwick Castle. It forms part of Shakespeare' England, an area which has international tourist acclaim.

Warwick is located in the heart of the UK, close to the motorway network, well connected and underpinned by a strong and strengthening economy with strengths in advanced manufacturing, automotive engineering and creative digital industries. It has an impressive corporate base and home to a number of globally-recognised companies such as TATA/JLR who are expanding and continue to commit to the area. The visitor economy is strong.

These foregoing factors should ensure that demand for hotels in and Warwick continues to grow in the future.

4.0 Warwick Hotel Supply

4.1 Introduction

In this section we provide a qualitative and quantitative audit of the Warwick hotel supply within the context of the wider accommodation market. It is important to understand the structure and location of supply and, more specifically, the provision, scale and type of hotels that currently serve Warwick.

4.2 Hotel Overview

We have undertaken research to quantify the existing provision of hotels in Warwick and the surrounding area. This is not an exhaustive list, however, includes hotels and Guest Houses (including pubs-with-rooms) with more than ten bedrooms and are affiliated with a recognised hotel accreditation scheme such as the AA or Visit England.

Table 4.1 – Structure of Warwick Hotel Supply				
Grading Category	**Number of Properties**	**Total Bedrooms**	**% of all Bedrooms**	**Av. Size (Rooms)**
Guest House 1	9	143	5.6	16
Budget	6	491	19.1	82
3-Star	18	1,027	40.0	57
4-Star	6	608	23.7	101
Residential Conference	3	301	11.7	100
Total	**42**	**2,570**	**100.0**	**61**
Note: Within eight miles of Warwick, 1 Includes pubs-with rooms, country inns, and guest houses with 10+ rooms				
Source: Bridget Baker Consulting Research				

We have included properties located within around eight miles of Warwick Town Centre; this broadly encompasses Warwick, Leamington Spa and Kenilworth, as well as establishments located to the north of Stratford-upon-Avon District.

We have identified 42 properties offering 2,570 bedrooms; offering a good mix of provision across various rating classification. A list of hotels is provided in Tables 3.4 to 3.6 and their respective locations illustrated on Maps 3.1 and 3.2.

4.3 Hotel Supply, By Size and Type

In the following table we provide an analysis of hotels located within eight miles of Warwick, by type and size of property.

Table 4.2 – Warwick Hotel Supply					
Grading Category	**Number of Properties, By size**				
	10-40 Rms.	**41-70 Rms.**	**71-100 Rms.**	**100+ Rms.**	**Total**
Guest House 1	9	-	-	-	**9**
Budget	1	2	1	2	**6**
3-Star	9	6	1	2	**18**
4-Star	-	1	2	3	**6**
Residential Conference	-	-	1	2	**3**
Total Properties	**19**	**9**	**5**	**9**	**42**
Total Bedrooms	**429**	**533**	**404**	**1,204**	**2,570**
Av. Size (Rooms)	***23***	***59***	***81***	***134***	***61***
Note: Within eight miles of Warwick, 1 Includes pubs-with rooms, country inns, and guest houses with 10+ rooms					
Source: Bridget Baker Consulting Research					

The market is dominated by a large number of small properties, particularly within the three-star sector where only three of the 18 properties identified provide more than 70 bedrooms.

4.4 Geographical Analysis

Whilst hotels compete with each other on a local and regional level for corporate, conference and leisure business, it is important to understand the geographical spread of hotels.

We have assessed the provision of hotel supply by three respective areas; **(1)** Hotels that are conveniently located to Warwick Town Centre (including Warwick Castle) – within 2 miles; **(2)** hotels located on the fringe of the town centre (generally establishments located close to the motorways / key roads, Leamington Spa, local business and industrial parks); and, **(3)** Outer/Other – generally hotels serving other markets such as Kenilworth and Stratford-upon-Avon.

Table 4.3 – Hotel Brand Presence

	Core Market		3. Outer/Other
	1. Warwick Centre (< 2 Miles)	2. Warwick Fringe (2-5 Miles)	
Guest House 1	6 (83)	3 (60)	X
Budget Branded / Limited Service	1 (124) **Premier Inn Warwick**	3 (274) **Premier Inn Leamington** **HI Express Warwick / Stratford** **Travelodge (The Regent)**	2 (93) **Days Inn, North & South**
3-Star – Branded	X	3 (363) **Holiday Inn Leamington** **Ramada Warwick Kenilworth** **Q Hotels – Chesford Grange**	1 (115) **Holiday Inn Kenilworth-Warwick**
3-Star – Independent	3 (120)	5 (180)	6 (249)
4-Star – Branded	X	1 (181) **Hilton Warwick/Stratford-upon-Avon**	1 (104) **Q Hotels – Stratford Manor**
4-Star – Independent	X	1 (56)	3 (267)
Residential Conference	X	2 (227)	1 (74)
Total Hotels (Rooms)	**10 (327)**	**18 (1,341)**	**14 (902)**

Source: Bridget Baker Consulting Research

We have visited, inspected and interviewed representatives from a number of these hotels; a list is provided in Appendix B.

WARWICK TOWN CENTRE (<2 Miles)

There is limited hotel supply within two miles of Warwick Town Centre, a position that has been exacerbated with the closure of The Lord Leycester Hotel which closed in July 2016 – resulting in town centre supply within two miles declining by around 13% (48 bedrooms).

We understand the Lord Leycester Hotel was very dated and had lacked any significant investment for a number of years, charging rates of around £30/40. The property was considered to be no longer viable as a hotel in light of the substantial investment that would be required given its Grade II listed status. The closure of the hotel has also resulted in the loss of an important conference and function space within the town (3 function rooms with the largest accommodation up to 110 guests).

The town is served by a number of very good quality Guest Houses, pubs-with-rooms, and B&B's, although whilst they constitute an important sector of the market they are very small (7 of these have less than 20 bedrooms). They have a very different appeal and target market to other larger hotels in the area.

The key hotels are the Warwick Arms (40 bedrooms), Falstaff (63 bedrooms) and Castle Limes Hotel (17 bedrooms) – all privately-run. The Warwick Arms, located in the heart of the town centre, is very popular and offers traditional but boutique-style accommodation. They are all three-star and present well. Limited car parking is provided at these hotels.

There is only one branded hotel located within two miles of Warwick Town Centre; Premier Inn Warwick. It is nonetheless located on an industrial / business park (Opus 40) on the edge-of-town close to the A46.

WARWICK FRINGE (2-5 Miles)

Hotels located on the fringe of Warwick are mainly properties located close to the motorways / key roads – offering good access to the area's key industrial / business parks. Hotels include the Holiday Inn Leamington (Tachbrook Park), Hilton Warwick, Holiday Inn Express (A46 / Junction 15 M40) and the Ramada located close to the A46. They have a local and regional appeal - allowing them to tap into a strong corporate and leisure base - whilst also enabling them to appeal to transient users travelling from one part of the country to another or those attending an event in the area. Some of the branded full-service hotels are a little dated in appearance.

There are also a number of large conference hotels, residential conference centres and country-house style hotels / golf resorts. These are primarily 'destination hotels' specifically targeting conference and events business. These include Woodland Grange (EEF Venues), Chesford Grange (Q Hotels) and Ashorne Hill (independent) – all over around four miles from Warwick Town Centre.

OUTER / OTHER (5+ Miles)

Other hotels tend to tap into and serve other markets such as Stratford-upon-Avon and Kenilworth however that said are also able to tap into the Warwick hotel market from both a corporate and leisure perspective given their relative proximity to Warwick.

Table 4.4 – Warwick Town Centre Supply <2 Miles

Hotel Name (Map Ref)	Location	Distance / Miles	Classification /Rating	No. Room'	No. Conf. Rooms	Leisure Facilities			Best Available Rates (£)		
						Wet	Dry	Golf	Mid-Week	Fri.	Sat.
Warwick Arms Hotel (1)	Warwick Town Centre	0.5	3 Star	40	1 (80+)	X	X	X	90 BB	90 BB	90 BB
Castle Limes Hotels (2)	Warwick Town Centre	0.6	3 Star	17	None	X	X	X	90 RO	90 RO	90 RO
The Black Horse Inn (3)	Warwick Town Centre	0.6	Coaching Inn	17	None	X	X	X	55 RO	55 RO	55 RO
The Globe (3)	Warwick Town Centre	0.6	Coaching Inn	16	None	X	X	X	95+ BB	95+ BB	110 BB
Cambridge Villa Hotel (4)	Warwick - Emscote Rd	0.7	Guest House	14	None	X	X	X	55 BB	55 BB	55 BB
Kings Head Inn (5)	Warwick Town Centre	0.7	Coaching Inn	10	1 (30)	X	X	X	74 BB	74 BB	74 BB
The Old Fourpenny Hotel (6)	Warwick Town Centre	0.8	Guest House	13	None	X	X	X	85 BB	85 BB	85 BB
The Rose and Crown (7)	Warwick Town Centre	0.8	Coaching Inn	13	None	X	X	X	75 BB	100 BB	120 BB
Premier Inn Warwick (8)	Warwick - Birmingham Road	1.6	Budget	124	None	X	X	X	100 RO	77 RO	77 RO
Falstaff Hotel (9)	Warwick - Warwick New Road	1.9	3 Star AA	63	2 (70)	X	X	X	67 BB	670 BB	67 BB
TOTAL				**327**							

Note: Based on standard double room single occupancy, room only, inclusive UK VAT, N/A = Room rates not available (on request), number of conference rooms and largest room theatre-style

Table 4.5 – Hotel Supply Warwick Fringe – 2-5 Miles											
Hotel Name (Map Ref.)	**Location**	**Distance / Miles**	**Classification /Rating**	**No. Room'**	**No. Conf. Rooms**	**Leisure Facilities**			**Best Available Rates (£)**		
						Wet	**Dry**	**Golf**	**Mid-Week**	**Fri.**	**Sat.**
Hilton Warwick / Stratford-upon-Avon (10)	Warwick - Stratford Rd	2.3	4 Star	181	19 (350)	X	Y	X	154 RO	89 RO	109 RO
Holiday Inn Express : Warwick - Stratford-upon-Avon (11)	Warwick - Stratford Road	2.3	Limited Service	138	2 (35)	X	X	X	99 BB	66 BB	95 BB
Holiday Inn : Leamington Spa - Warwick (12)	Leamington Spa - Tachbrook Park ,	2.4	3 Star	91	8 (35)	X	Y	X	159 RO	64 RO	95 RO
Victoria Park Lodge (13)	Leamington Spa - Adelaide Road	2.5	Guest House	29	None	X	X	X	70 RO	70 RO	70 RO
Thomas James Hotel (14)	Leamington Spa - Bath Street	2.5	Guest House	17	None	X	X	X	60 RO	60 RO	60 RO
The Warwickshire (Hotel & Country Club) (15)	Leek Wooton - Warwickshire	2.6	4 Star AA	56	3 (140)	Y	Y	Y	127 RO	95 RO	110 RO
Premier Inn Leamington (16)	Leamington Spa - Regency Arcade	3.2	Budget	82	None	X	X	X	101 RO	78 RO	116 RO
Mallory Court Hotel (17)	Leamington Spa - Bishop's Tachbrook	3.3	3 Star AA	31	9 (150)	Y	Y	X	277 RO	119 RO	127 RO
The Angel Hotel (18)	Leamington Spa - Regent Street	3.3	3 Star	48	None	X	X	X	95 RO	95 RO	95 RO
The Lansdowne Hotel (18)	Leamington Spa - Clarendon St	3.3	Guest House	14	None	X	X	X	69 BB	69 BB	89 BB
Episode Hotel (18)	Leamington Spa - Holly Walk	3.4	3 Star	32	2 (40)	X	X	X	81 RO	81 RO	85 RO
Glebe Hotel (19)	Glebe Hotel	3.4	3 Star	40	5 (110)	Y	Y	X	95 RO	90 RO	95 RO
Travelodge - The Regent Hotel (20)	Travelodge - The Regent Hotel	3.2	Budget	54	None	X	X	X	89 RO	76 RO	105 RO
Chesford Grange (21)	Chesford Grange - Q Hotels	4.0	3 Star AA	205	13 (700)	Y	Y	X	110 BB	91 BB	137 BB
Ramada Warwick Kenilworth (22)	Ramada Warwick Kenilworth	4.0	3 Star	67	3 (350)	X	X	X	69 RO	59 RO	79 RO
Woodland Grange - EEF	Woodland Grange -	4.5	Residential	114	28 (200)	X	Y	X	N/A	N/A	N/A

Venues (23)	EEF Venues		CC - 4 Star								
Peacock Townhouse (24)	Peacock Townhouse Hotel	4.7	3 Star	29	None	X	X	X	75 RO	75 RO	79 RO
Ashorne Hill - Residential Conference Centre (25)	Ashorne Hill - Residential Conference Centre	4.8	3 Star	113	23 (150)	X	X	X	N/A	N/A	N/A
TOTAL				**1,341**							

Note: Based on standard double room single occupancy, room only, inclusive UK VAT, N/A = Room rates not available (on request), number of conference rooms and largest room theatre-style.

Source: Bridget Baker Consulting Research

Table 4.6 – Hotel Supply of Relevance – Outer / Other

Hotel Name (Map Ref.)	Location	Distance / Miles	Classification /Rating	No. Room'	No. Conf. Rooms	Leisure Facilities			Best Available Rates (£)		
						Wet	Dry	Golf	Mid-Week	Fri.	Sat.
Holiday Inn : Kenilworth - Warwick (26)	Kenilworth - Warwickshire	5.2	3 Star	115	4 (200)	X	Y	X	129 RO	62 RO	71 RO
Woodside - Sundial Hotels (27)	Kenilworth	5.3	Residential CC - 4 Star	74	20 (120)	Y	Y	X	N/A	N/A	N/A
Stratford Manor - Q Hotels (28)	Stratford Upon Avon - Warwick Road	5.7	4 Star AA	104	13 (350)	Y	Y	X	111 BB	85 BB	145 B
Charlecote Manor Hotel (29)	Charlecote Road - Warwickshire	5.9	3 Star	70	7 (150)	Y	Y	X	75 BB	65BB	70 BB
The Grand Hotel (30)	Kenilworth - Warwick Road	6.2	3 Star	14	2 (40)	X	X	X	70 BB	65BB	70 BB
Wroxhall Abbey Hotel - Classic British Hotels (31)	Warwick - Birmingham Road	6.5	4 Star	72	12 (650)	Y	Y	X	N/A	N/A	N/A
Stoneleigh Park Lodge (32)	Kenilworth	6.8	3 Star	58	None	X	X	X	75 BB	75 BB	75 BB
Days Inn Warwick North M40 (33)	Warwick - J14 12 M40 Banbury Road	7.1	Budget	53	1 (10)	X	X	X	59 RO	37 RO	46 RO
Days Inn Warwick South M40 (34)	Warwick - J14 12 M40 Banbury Road	7.1	Budget	40	None	X	X	X	59RO	37 RO	46RO
Milsom's Loch Fyne (35)	Kenilworth	7.1	3 Star	31	None	X	X	X	75 BB	65BB	80 BB
Ardencote Hotel & Country Club (36)	Claverdon - Warwickshire	7.2	4 Star	110	18 (100)	Y	Y	Y	90 BB	110 BB	Full
Ingon Manor Hotel Golf and Country Club (37)	Ingon - Warwickshire	7.2	3 Star	12	2 (120)	X	Y	Y	85 RO	80 RO	95 RO
Hallmark Hotel The Welcombe (38)	Stratford Upon Avon - Warwick Road	7.5	4 Star AA	85	11 (250)	Y	Y	Y	129 RO	169 RO	219 RO
Honiley Courty Hotel and Conference Centre (39)	Kenilworth - Honiley	7.6	3 Star	64	8 (180)	X	X	X	69BB	75 BB	89 BB
TOTAL				**902**							

Note: Based on standard double room single occupancy, room only, inclusive UK VAT, N/A = Room rates not available (on request), number of conference rooms and largest room theatre-style.

Source: Bridget Baker Consulting Research

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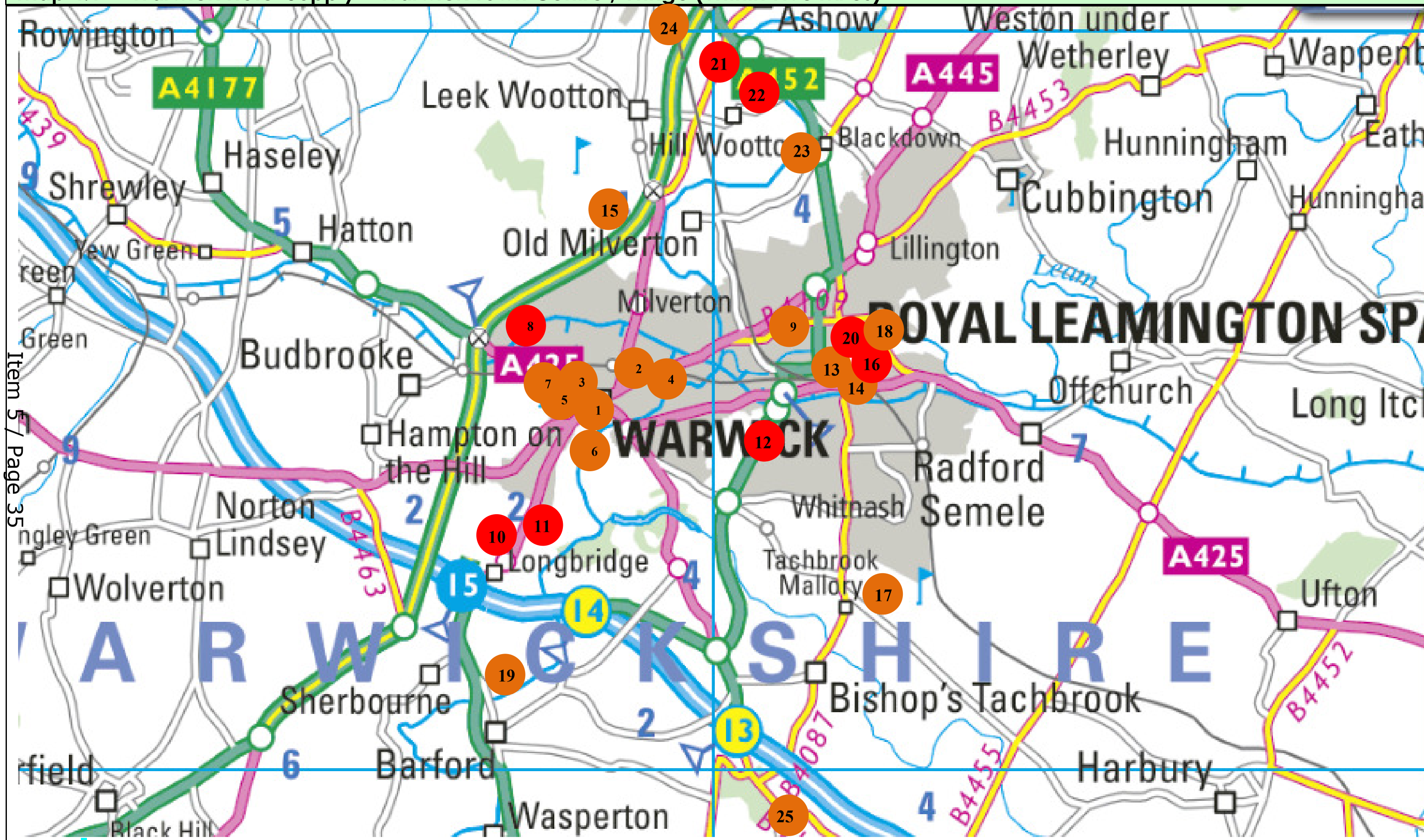
Map 4.1 – Warwick Hotel Supply – Warwick Town Centre / Fringe (Within Five Miles)



Source: Bridget Baker Consulting Research

*Note: **Red** = Branded Hotels, Independent Hotels/ Guest Houses /pub-with-rooms (10+ Guestrooms) = **Orange***

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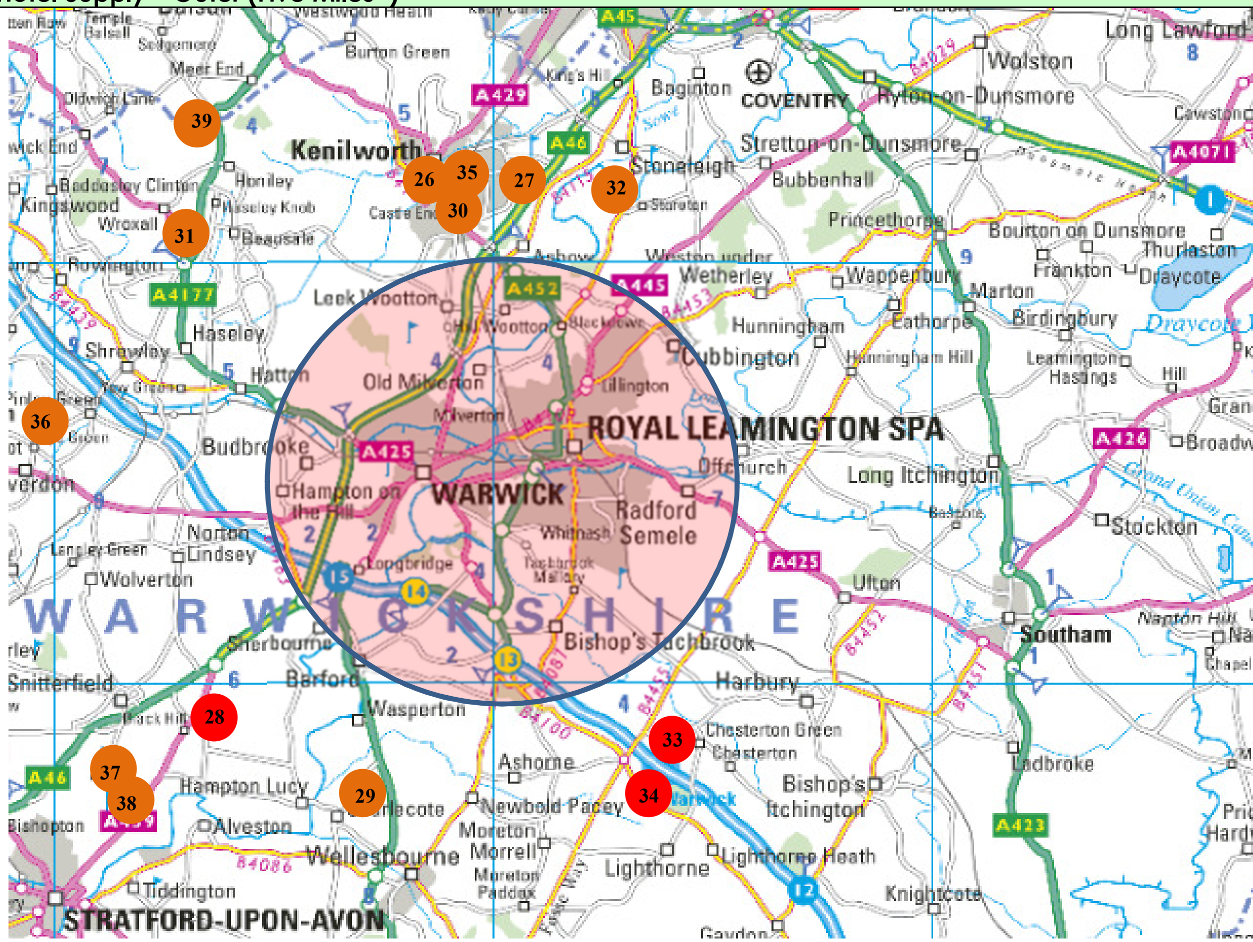
Appendix 1

Map 4.2 – Warwick Hotel Supply – Outer (Five Miles+)



Source: Bridget Baker Consulting Research
Note: **Red** = Branded Hotels, Independent Hotels/ Guest Houses /pub-with-rooms (10+ Guestrooms) = **Orange**

Maps 3.1 and 3.2 illustrate the geographical spread of branded hotels (red) and the lack of branded hotel supply within two miles of Warwick Town Centre specifically.

4.5 Recent Developments

We are aware of the following developments.

- **The Warwickshire** – The owners have embarked on an extensive refurbishment of its leisure facility – completed in summer 2016 - and launched a new 56-bedroom upmarket hotel which opened in September 2016. We consider the hotel bedrooms to be the best in the area.

- **Ardencote Hotel & Country Club** – This is a 'destination hotel' competing regionally and nationally for conference, events and leisure breaks. The owners have recently opened an 18-hole golf course - extended from a small 9-hole course.

- **The Globe** – A pub-with-rooms in the heart of Warwick Town Centre had all of its 16 bedrooms refurbished in 2014 and is planning to renovate all bathrooms this year.

- **Holiday Inn Express Warwick** – A soft refurbishment programme was carried out on all of its 138 bedrooms last year.

- **Castle Limes Hotel** – The hotel internally presents very well and continues to invest in its bedroom product and is currently re-configuring and upgrading some of its bedrooms.

- **Holiday Inn Leamington Spa** – The hotel was acquired by Kew Green Hotels in 2014 who have since refurbished all 91 bedrooms (including bathrooms). We understand the hotel's public area' is also set to be refurbished in the near future – which will incorporate the new Holiday Inn Open Lobby Concept.

- **Mallory Court Hotel** – A new state-of-the art spa featuring a sauna, vitality pool, hydro swimming pool, seven treatment rooms and fitness suite is nearing completion at the Malory Court - part of the Eden Hotel Collection Group; the first luxury spa to open in Warwickshire for a decade.

The above are encouraging signals that existing operators in and around Warwick are investing in their respective products, both private and branded operators.

The emergence of new products entering the market such as The Warwickshire (golf & leisure), Ardencote (golf) and Mallory Court (spa) are positive developments as they are attracting a new type of consumer and market to Warwick, i.e. golf and spa breaks.

4.6 Other Accommodation of Relevance

It is important to understand the provision of accommodation at two of Warwick's leading attractions, namely Warwick Castle and Warwick Racecourse.

- **Warwick Castle** – Merlin continues to invest in Warwick Castle and this includes the development of on-site accommodation as part of the company's strategy to expand into the short breaks market. This includes 28 self-contained lodges (Knights Village) which opened in July 2016, in addition to 37 seasonal 'glamping' pitches (July to September). Initial demand and future bookings are extremely positive.

  Warwick Castle advertises nine hotels on its website offering a variety of day and overnight packages. Hotels include Warwick Arms Hotel, Days Inn (Warwick North and Warwick South), Chesford Grange (Q Hotels), Hilton Warwick / Stratford-upon-Avon, Holiday Inn Express Warwick Stratford-upon-Avon, Mercure Walton Hall Hotel and Spa, Meriden Manor, Holiday Inn Express Birmingham Redditch. A number of hotels are located a long way from Warwick, i.e. Redditch. The need to include hotels such a long distance away suggests that demand is being displaced out of the area indicating significant potential for a new local hotel to capture this demand.

- **Warwick Racecourse** – There is no overnight accommodation on site however it is important to mention that we understand the existing Caravan Club site is one of the best performing in the country.

Hotels with Leisure Facilities

Tables 3.4 to 3.6 provide a list of hotels within eight miles of Warwick and summarises their respective leisure facilities.

As illustrated, the majority of hotels with leisure facilities are the larger hotels located on the outskirts of Warwick and specifically country-house hotels or leisure resorts which enable them to tap into the leisure and golf breaks market. The facilities at the latter are important as they tend to be more remote and need a good mix of on-site facilities to enhance their destination appeal. None of the hotels within two miles of Warwick provide any leisure facility of note. Interestingly, the Hilton Warwick has recently returned a small swimming pool into extended gym and fitness space.

4.7 Potential New Supply

There has been very little development in terms of new hotels entering the Warwick market in recent years. New hotel supply has primarily been limited to the opening of two Premier Inn's in 2012. We are aware of the following potential openings.

- **Warwick Castle** – Merlin has an appetite to strengthen its attractions across the UK as short-break destinations, including Warwick Castle. The scope for a hotel within the grounds of Warwick Castle is nonetheless extremely limited given the development constraints associated with such an iconic historical attraction. They are nonetheless keen to explore hotel development opportunities at convenient sites within the town.

- **Kings High, Warwick** – Warwick Independent Schools Foundation (WISF) is planning to move the Kings High School for Girls from its current location in the centre of town to the foundations main campus. A number of options are currently being proposed, including the potential of converting the Grade II Listed Landor House into a boutique hotel. We understand Merlin explored this however considered the likely cost to convert prohibitive.

- **Ramada Warwick** – The owners have plans to extend their function space to attract larger events albeit the proposals have yet to come to move forward.

- **Stoneleigh Park** – There are speculative plans to extend the current 58 bedroom hotel however we consider this is unlikely in the short to medium term.

- In the future there is consideration being given to expanding the facilities around **Europa Way**. The scheme is likely to include a significant housing development, a community stadium and there may be space allocated to a budget style hotel. This project is at a very early stage, with the first components unlikely to be open before 2021/22.

We have held discussions with tourism and planning representatives from Warwick District Council and we are not aware of any hotels either under construction or in the pipeline. In neighbouring Stratford-upon-Avon, a 48-bedroom Hotel Du Vin is nearing completion and the Holiday Inn has re-branded to a Crowne Plaza.

4.8 Conclusion

We have identified 42 hotels within around 8 miles of Warwick Town Centre; offering 2,570 bedrooms and providing a relatively good choice of hotels albeit of varying quality.

Hotel supply within two miles of the town centre however is limited. Whilst there are a number of good quality B&Bs and guest houses, the town is served by only three small privately-run hotels and the closest branded hotel (Premier Inn) is located on a business park on the edge-of-town. Following the loss of the Lord Leycester Hotel (48 rooms), this provides a very small number of bedrooms serving the town centre specifically.

5.0 Warwick Hotel Demand

5.1 Introduction

In this Section we provide an overview of the Warwick hotel market. A key consideration in understanding the potential for new hotel development is to understand how local hotels are performing compared to nationally and the demand patterns prevailing locally.

5.2 Hotel Market Performance

We have conducted face-to-face interviews with the leading hotels in the Warwick area in order to gauge historic and current performance trends. A list of interviewees is provided in Appendix B.

In the following table we summarise the actual hotel performance metrics for a sample of hotels in Warwick in terms of occupancy, ADR (Average Daily Rate) and RevPAR (Revenue per Available Room). These are key metrics which hotel operators use to gauge the strength of a market and therefore the potential that may exist for new hotel development.

Table 4.1: Warwick Hotel Performance (2011-2016)

Year	Room Occupancy (%)	*% Change*	*ADR (£)*	*% Change*	Rooms Yield (RevPAR) £	*% Change*
2011	69.2	-	58.96	-	40.80	-
2012	66.3	*-4.2*	55.99	-5.0	37.12	-9.0
2013	72.6	*9.5*	56.33	0.6	40.87	10.1
2014	75.4	*3.9*	61.18	8.6	46.13	12.9
2015	78.4	*4.0*	65.84	7.6	51.61	11.9
2016	79.9	*1.9*	70.51	7.1	56.34	9.2

Note: Hotels include Premier Inn Warwick, Holiday Inn Express, Holiday Inn Leamington, Hilton Warwick, Premier Inn Leamington and Travelodge The Regent

Source: STR Global 2017

The sample includes six hotels located within five miles of Warwick Town Centre. We consider this provides a true and reflective picture of the market and how it is performing generally. It is useful to compare this to the performance of provincial England hotels, as below.

Table 4.2: England Hotel Performance (2011-2016)

Year	Room Occupancy (%)	*% Change*	*ADR (£)*	*% Change*	Rooms Yield (RevPAR) £	*% Change*
2011	70.8	-	54.42	-	38.55	
2012	70.3	*-0.7*	54.95	0.9	38.62	0.2
2013	72.8	3.6	54.95	-	40.01	3.6
2014	74.7	2.6	58.93	7.2	44.02	10.1
2015	75.1	*0.5*	60.10	2.0	45.14	2.5
2016	75.2	*0.1*	63.12	5.0	47.46	5.2

Source: BDO UK Trends

The Warwick hotel market is strong; consistently outperforming provincial UK hotels both in terms of occupancy and ADR.

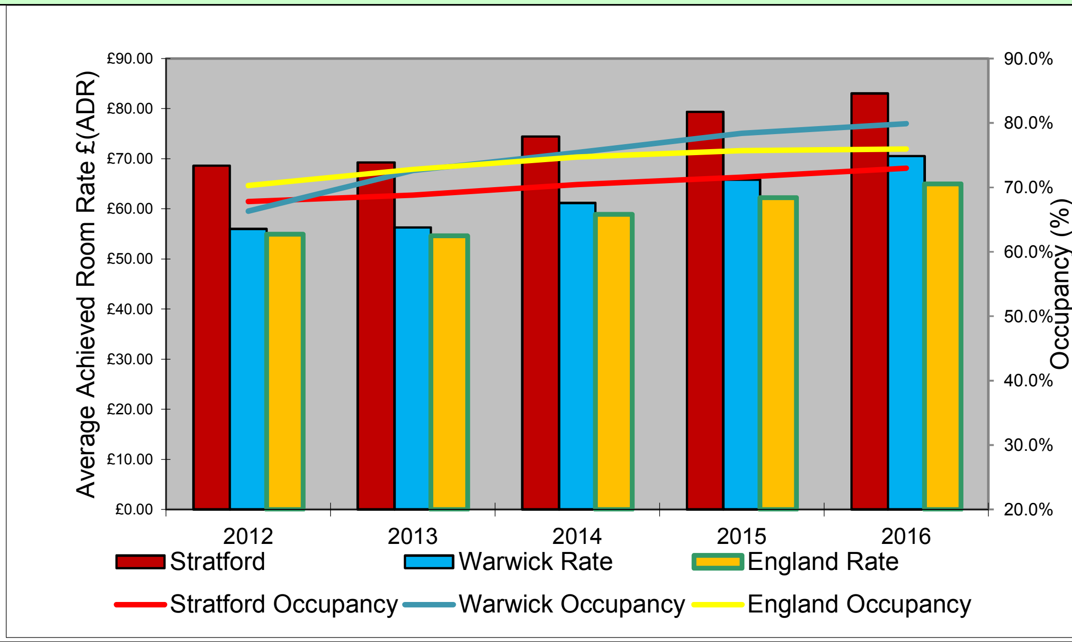
In 2016, the hotel market data set achieved just below 80%, which in market terms, is extremely positive. The lower occupancy and ADR in 2012 is partly a result of the market absorbing new supply, i.e. the two Premier Inn's. The market however absorbed the new supply very quickly and bounced back strongly in 2012.

Average room rates (ADR) are historically higher than those nationally; this gap has widened fairly significantly since 2014. This suggests a strong and growing market, and a reaction by hoteliers to drive rates as a result of increased demand.

There has been a double-digit growth in Rev PAR (combination of occupancy and ADR) every year since 2013. Whilst this softened very slightly in 2016; the 9.6% growth is still very good and 2.5 percentage points above the growth rates achieved by provincial England.

The strength of the Warwick hotel market is further illustrated below for the years 2012 to 2016' compared to provincial England hotels. We have also compared it to Stratford-upon-Avon which is also considered to be a strong market.

Graph 5.1 – Warwick Market Performance compared to Stratford-upon-Avon & England



Source: STR Global

The strength of demand for hotels in Warwick is clearly illustrated with occupancy above that of Stratford-upon-Avon and provincial England from 2013.

It is important to illustrate the impact of new supply entering the Warwick market to understand its impact on demand. In the following table we illustrate the growth in hotel supply to reflect the Premier Inn openings compared to the growth in demand (room nights) for each respective year.

Table 5.3 – Market and Supply Growth – 2012 to 2016

Year	**Supply Growth 1**	**Demand Growth 2**
2012	28.2%	22.9%
2013	12.6%	23.2%
2014	-	3.9%
2015	-	3.9%
2016	-	1.9%
Annual Compound Growth (2012-16)	**7.6%**	**10.8%**

Note: 1 Based on annual rooms available 2 Based on annual rooms sold

Source: STR Global / Bridget Baker Consulting Analysis

The increase in room demand resulting from supply and demand-led growth is extremely positive and amounts to over 78,000 additional room nights over the period; a figure which would be much higher if we applied it to the wider market.

It is often cited that new hotel development can stimulate demand; either accommodating unmet / induced demand due to availability / under supply issues, or conversely, providing a new product / brand offering to the market that can stimulate interest from those visitors who may have otherwise stayed elsewhere or not stayed at all – the latter point particularly relevant to branded and budget brands specifically.

5.3 Hotel Market Analysis

Whilst we are unable to divulge the occupancy and ADR performance of individual properties, we are able to provide an indication of hotel performance by type and location of hotel, as follows.

Table 5.4 – Hotel Performance, By Location (2016)			
Category	**Occupancy (%)**	**ADR (£)**	**RevPAR (£)**
Warwick Town Centre > 2 Miles 1	82.4	67.13	55.33
Warwick 2-5 Miles 2	76.9	70.23	53.97
Note: 1 Based on four hotels, 2 based on six hotels			
Source: STR Global / Bridget Baker Consulting Research			

The higher occupancy for town centre hotels can be partly attributed to the limited number of bedrooms available in the town centre combined with strong demand. However, hotels are quite small and therefore a higher occupancy would be expected. The Premier Inn is performing exceptionally well.

Table 4.5 – Hotel Performance, By Hotel Type (2016)			
Category	**Occupancy (%)**	**ADR (£)**	**RevPAR (£)**
Full-Service Branded	73.9	74.35	54.97
Full Service Independent	79.8	62.33	49.71
Branded Budget	81.9	67.47	55.24
Note: Branded Budget includes Limited Service			
Source: STR Global / Bridget Baker Consulting Research			

Our market research has found that 9 out of 10 hotels broadly achieved between 75% and 85% occupancy in 2016, with ADR ranging between £60 and £80 net. The lower occupancy at one branded full-service hotel lowers the market occupancy.

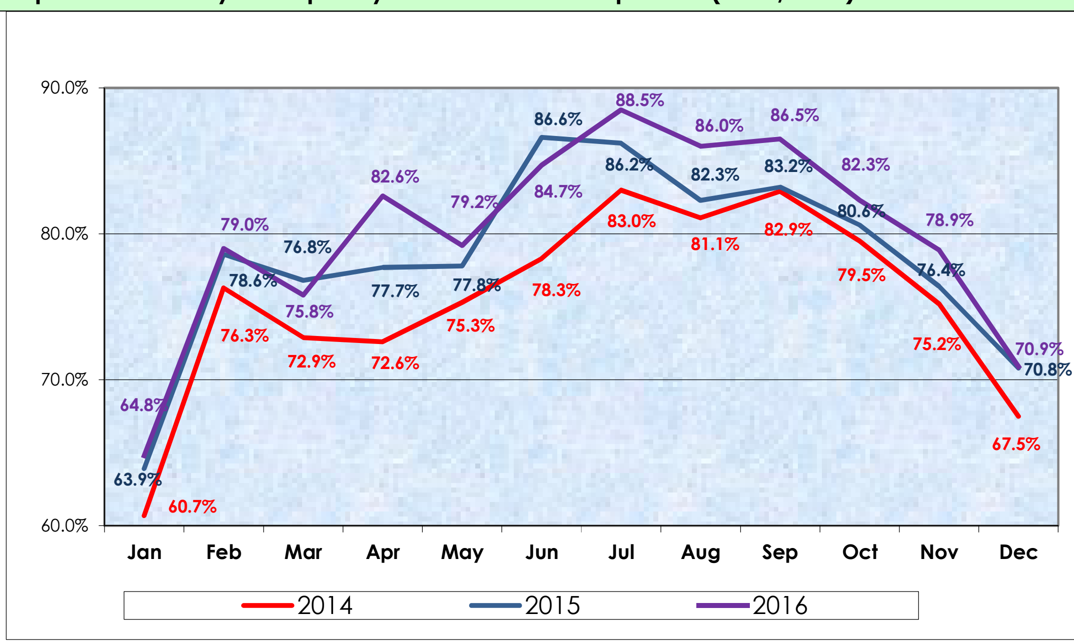
5.4 Seasonality and Patterns of Demand

We illustrate the typical daily occupancy patterns for the Warwick hotel market for 2016 as follows.

Table 5.6 – Typical Daily Occupancy Patterns (2016)			
	Occupancy %	**No Months over 90%**	**Average Daily Occupancy (%)**
Mid-Week			
Monday	77-95	5 Months	**86.2**
Tuesday	78-98	10 Months	**93.2**
Wednesday	74-98	8 Months	**91.2**
Thursday	72-90	None	**78.4**
Weekend			
Friday	66-84	None	**72.8**
Saturday	80-97	5	**86.2**
Sunday	35-77	None	**51.3**
Source: STR Global / Bridget Baker Consulting Research			

- Mid-week corporate demand is buoyant resulting in hotels achieving high occupancy Monday and Thursday.
- Some hotels consistently fill Monday to Thursday; other hotels are regularly achieving occupancy above 85% on these days, and Tuesday and Wednesdays are particularly strong, displaying room nights elsewhere.
- Sunday is traditionally quiet as with nationally however occupancy is strong during the summer holidays from strong transient and leisure traffic.

Graph 5.2 – Monthly Occupancy Performance Comparison (2014/2015)



Source: STR Global

- Hotels tend to achieve the highest occupancy during June to September when there is a strong demand from both leisure and corporate visitors. Most of the leading hotels are trading at peak capacity although Sunday nights tend to cap occupancy potential.

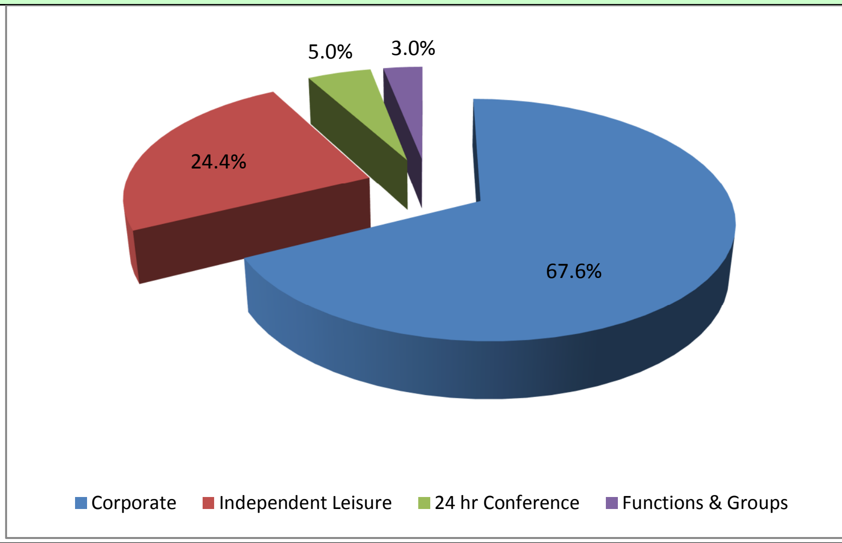
- Hotels are denying or turning away business on certain days and therefore overnight visitors are potentially being lost out of the area due to availability issues albeit it is difficult to quantify.

- December and January are usually quiet months.

5.5 Market Segmentation

The main segments of demand hotels tap into are corporate and leisure. It is encouraging that none of the hotels interviewed accept coach tours business which suggests that demand from other higher-paying segments is strong.

Graph 5.3 – Market Segmentation 2016



Source: Bridget Baker Consulting Research

We provide a general overview of each market segment in the following paragraphs.

Corporate / Commercial

Corporate demand is an important demand driver primarily generated by people visiting local and regional-based companies. Hotels with easy access to the motorway network are also able to appeal to transient corporate users travelling from one part of the country to another. In addition, a lot of the larger employers who have a Head Office locally have their own in-house training facilities where national training courses take place.

Most of the larger companies have agreed room rates with local hotels. For the leading branded full-service hotels this is between £85 and £100 B&B.

We have conducted interviews with the representatives from key employers. The key findings indicate that whilst representatives are generally satisfied with local hotels, there are issues with securing bedrooms locally due to lack of availability on certain days; some cited that some of the branded full-service hotels were a little dated and needed investment to strengthen their corporate appeal and were considered expensive, and others suggested that there was an appetite for corporate guests staying in Warwick Town Centre given the appeal of its restaurant and evening economy although indicated choice and availability was severely limited. Parking at these was also very limited. Some of these indicated that people who wanted to stay in Warwick town centre resorted to looking at hotel in Stratford-upon-Avon instead of one of the hotels located at the business parks or motorway.

Individual Leisure

There is a healthy leisure market in Warwick and hotels enjoy good levels of demand emanating from the visiting friends and family market, people attending weddings/functions locally and more specifically visitors to Warwick Castle which is a significant demand generator locally. Hotels are also able to tap into overspill from events in the wider area (including Silverstone and NEC), and a convenient base for those wishing to explore Stratford-upon-Avon. A number of hotels indicated that they accommodated demand from the racecourse – particularly during the larger events.

Functions and Groups

Hotels with the benefit of in-house function facilities are able to tap into weddings, functions and private parties; mainly generating weekend demand. This also includes specialist groups who may be meeting in the area and participating in an activity locally, or small organised groups exploring the area, including Stratford-upon-Avon.

Residential Conference Demand

Residential conference demand is mainly targeted by the larger corporate branded hotels located close to the motorways, as well as the large residential conference centre such as Woodland Grange. This market is highly competitive regionally and nationally although hotels are well positioned to exploit this segment given the strategic location and connectivity to the UK. A large proportion of conferences are day related and this includes demand from JLR who regularly use meeting space locally.

5.6 Average Published Rates

A list of hotels and their Best Available or Published Room Rates is summarised in Tables 3.4 to 3.6. Mid-week usually generates the highest room rates with the majority of hotels charging rates above £90; even Guest Houses are commanding relatively high room prices, which is reflective of high demand. Rates on Friday and Sunday are discounted to reflect lower demand. Peak mid-week days at the Premier Inn' are often above £100 and higher for the branded full-service operators.

5.7 Conclusion

The Warwick hotel market is performing exceptionally well; historically above the provincial England hotel market in both occupancy and ADR and a gap that is widening.

Warwick's strengthening corporate and visitor economy has resulted in impressive double-digit Rev PAR growth since 2012; hotels are consistently achieving high occupancy and denying business on certain days, and room rates even at the smaller guest houses are considered to be high.

The additions of the new Premier Inns when they opened in 2012 had very little impact on hotel market performance; with the market bouncing back extremely quickly and supply and demand growth factors resulted in demand (room nights) increasing year-on-year at around 11% annually.

The foregoing indicates a strong and growing market however future growth in demand is likely to be constrained given the limited hotel pipeline.

6.0 Project Evaluation

6.1 Introduction

St Mary's Lands extends to around 60ha and is located close to the town centre; approximately 5-10 minute' walk. It is accessed off the A4189 via the A429 which is one of the key arterial routes linking the town with the M40, as well as providing easy access to the A46.

6.2 St Mary's Lands – Core Facilities

St Mary's Lands incorporates Warwick Racecourse which is an important sporting and events venue and a key economic driver locally and regionally. The 'destination appeal' of the racecourse is enhanced through the provision of a number of additional leisure and recreational facilities located within the grounds and the core components are listed below.

- **Warwick Racecourse and Conference Facility**

  We discuss the facilities in Section 5.3.

- **Hill Close Gardens**

  Located to the northern end of St Mary's Lands, the attraction brings in around between 7,000 and 8,000 visitors a year and includes a new contemporary space overlooking the restored gardens which is available for hire (seating up to around 60 people lecture-style). There is also an option of erecting a marquee on the adjoining lawn for larger parties.

- **Warwick Golf Centre**

  To the northern end of the racecourse is Warwick Golf Centre (WGC) incorporating a 9 hole golf course measuring 2,682 yards, a 24 bay driving range, a small putting green and a clubhouse. The location is a key asset, being part of St Marys Lands, inside the Warwick Racecourse.

  WGC focuses exclusively on golf, and as such, is positioned at the entry level end of the golfing spectrum. Relative to its nearest competition, it provides the least expensive access to golfing facilities in its local catchment area.

  Other than the golf course, the facilities at WGC need investment and a review of the strategy for future investment is currently underway.

- **Caravan and Camping Club**

  A small area operated by the Caravan and Camping Club offering 55 touring pitches.

- **Warwick Football Club.**

  Located to the south of the golf course and opposite the main football stadium includes two football training pitches.

There is also parkland within the racetrack area which is partly designated as a Local Wildlife Areas; popular with local dog walkers. Parking is primarily provided to the front and southern end of the main building complex however there is additional short-term parking to the north of the site which is available to the public on non-race days, including golfers.

There are a broad range of visitors to St Mary's Lands; racegoers, conference and event delegates, visitors to the golf course and gardens, local residents and community groups using the sport and recreational facilities.

6.3 Warwick Racecourse

Warwick Racecourse is operated by The Jockey Club, which is the largest commercial group in British Horseracing with 15 racecourses across the UK including Aintree, Epsom Downs and Newmarket. Warwick Racecourse is the most centrally located in the UK. In total, The Jockey Club handled over 330 fixtures in 2015 (a quarter of the UK fixture list) with 1.95 million attendances. Warwick Racecourse has uniquely positioned itself as dedicated 'jump only' track.

Race Days

There are around 17 race days held every year at the racecourse. We summarise these and the respective number of attendances, runners and bookmakers in the following tables. Total attendance increased from 33,671 in 2015 to 43,142 in 2016 – an increase of 28%. Whilst one race day was cancelled in 2015 due to poor weather, average attendance increased from around 2,000 in 2014 to 2,500 in 2016.

The most notable events in the racing calendar are the Betfred Classic held on a Saturday in January (c 2,500-3,000 attendance), Gentleman's & Kingmaker Chase Day on a Saturday in February (around 3,000) and The Warwick May Racing Carnival on three separate days in May (the most popular day attracts 4,500+ attendance).

New Year Eve race meets are the most popular in terms of attendance and, in 2016, recorded its highest ever number of visitors at over 6,500.

Table 6.1 – Warwick Attendance; Race days - 2015

Date	Attendance	Bookmakers	Runners	Total
10/01/15	2,565	27	65	**2,657**
22/01/15	897	20	59	**976**
07/02/15	3,035	23	53	**3,111**
20/02/15	Abandoned			
08/03/15	1,932	21	76	**2,029**
18/03/15	1,259	20	40	**1,319**
30/03/15	1,174	17	44	**1,235**
23/04/15	2,120	22	56	**2,198**
04/05/15	4,070	33	73	**4,176**
09/05/15	2,601	20	60	**2,681**
20/05/15	1,664	26	45	**1,735**
22/09/15	1,941	24	64	**2,029**
01/10/15	1,589	25	45	**1,659**
04/11/15	1,325	21	74	**1,420**
18/11/15	1,048	15	53	**1,116**
10/12/15	1,129	19	64	**1,212**
31/12/15	4,030	31	57	**4,118**
Total (17 race days)	**32,379**	**364**	**928**	**33,671**

Source: The Jockey Club

Table 6.2 – Warwick Attendance; Race days - 2016				
Date	**Attendance**	**Bookmakers**	**Runners**	**Total**
Sat 16/01/16	3,070	35	68	**3,173**
Thu 28/01/16	1,393	22	56	**1,471**
Sat 13/02/16	3,003	24	44	**3,071**
Fri 26/02/16	1,311	28	73	**1,412**
Sun 13/03/16	1,958	29	64	**2,051**
Wed 23/03/16	1,293	21	93	**1,407**
Mon 04/04/16	1,092	18	64	**1,174**
Thu 21/04/16	2,062	26	83	**2,171**
Mon 02/05/16	4,387	25	104	**4,516**
Sat 07/05/16	4,273	18	67	**4,358**
Wed 18/05/16	2,164	18	66	**2,248**
Tue 20/09/16	2,195	23	53	**2,271**
Thus 29/09/16	1,885	23	51	**1,959**
Fri 04/11/16	1,721	26	32	**1,779**
Wed 16/11/16	1,629	26	77	**1,732**
Thu 08/12/16	1,556	23	88	**1,667**
Sat 31/12/16	6,558	36	88	**6,682**
Total (17 race days)	**41,550**	**421**	**1,171**	**43,142**
Source: The Jockey Club				

The demographic of racegoers tend to be avid racing fans; both local and from outside the area. The continued impetus of The Jockey Club in driving attendance at Warwick is clearly illustrated in 2016 results.

Conference & Meeting Facilities

Warwick Racecourse is the largest provider of conference and events space in Warwick Town Centre; and benefits from a central, easily accessible location with dedicated on-site parking. We list the key conference and meeting rooms in the following table.

Table 6.3 – Warwick Racecourse - Conference, Meeting and Function Facilities			
	Theatre	**Boardroom**	**Classroom**
Marquee	350	100	250
1707 Suite	200	60	90
King Maker	40	20	20
Dukes	40	20	20
Paddock Suites – Single	20	12	12
Paddock Suites – Double	24	12	20
Paddock Suites – Quad	60	32	46
Source: The Jockey Club			

In addition, there are 10 hospitality suites overlooking the racecourse which are advertised for use on race days and for syndicate space. Day delegate rates range from £27 + VAT - £40 + VAT normally depending on package.

Table 6.4 – 1707 Suite and Marquee

Source: The Jockey Club

The facilities are of reasonable quality and available on non-race days for hire for conferences, functions, corporate events, private parties, Christmas, New Year Party Nights, weddings (the venue has a civil wedding license) and small association events. The facilities are used for hospitality-only on race days.

Conference & Meeting Demand

In 2010, Jockey Club Racecourses and Compass Group UK & Ireland formed a joint venture, 'Jockey Club Catering', which offers catering, hospitality and service across The Jockey Club's entire portfolio of venues on race days and for conferences and events.

Warwick is used regularly for Speed Awareness, Red Cross and St Johns courses. We understand that around 10 conferences are held, on average, per month, with the majority of conferences ranging from 10 to 50 delegates. We understand only a limited number, around 8-10, of larger conferences of more than 120 delegates took place last year. There were also around four weddings.

Displaced Business

Our discussions with the conference and events team have highlighted the difficulty in attracting larger regional and national conferences. The main issues were identified as:

- Whilst it is difficult to quantify, the events team indicated that a number of inquiries for larger regional and national conferences could not be met given that on-site accommodation was considered to be important by conference bookers. Most delegates want to be on-site or at least within walking distance and local hotels in the town centre were deemed too small to satisfy this requirement.

- Warwick is the most centrally located racecourse within The Jockey Club portfolio and ideal for hosting Jockey Club events however is unable to meet this requirement as 'on-site' accommodation was needed. These events are therefore held elsewhere in the country, usually Cheltenham.

- The catering operation is undertaken by Jockey Club Catering (JCC). One of the key issues in attracting conferences is the viability of catering and servicing events on non-race days. JCC operate out of Cheltenham and therefore it is logistically difficult and costly. For these reasons, the conference and events market is not proactively targeted.

- A dedicated catering and management team on-site could be considered a viable proposition if the operations were shared with a potential hotel development. Tis would allow the racecourse to attract larger regional and national conferences and more specifically the lucrative residential events business, as well as functions and weddings business.

6.4 The Hotel Opportunity

We consider there to be a need locally and more specifically on-site for a hotel to be developed at Warwick Racecourse for the following reasons;

- We have identified a shortage of bedrooms serving Warwick Town Centre and specifically visitors to Warwick Castle and Warwick Racecourse – limited to a few small hotels, B&B' and Guest Houses. The Premier Inn is edge-of-town.

- The wider market is relatively well served and is of a reasonable qualitative nature however our corporate interviews did support the view that some of the branded full service hotels were a little dated.

- The market is very buoyant in terms of its key performance metrics; it is performing above that nationally and a gap that is widening and the prospects for the local hotel market are considered to be extremely positive. A strengthening economy combined with a number of developments of regional significance will positively increase demand for hotel accommodation in the area.

- We are aware that space may be allocated for a budget style hotel at the Europa Way scheme. At best this is unlikely to come to fruition for at least five years. Given the strong levels of demand in the local market and the future expansion of companies based in the area we are not concerned that this potential project would have a detrimental impact on either the performance on the current hotel supply or the potential new hotel at the racecourse.

- A new purpose-built hotel centrally located in Warwick Town Centre – with car parking - would be unique and provide a new offer currently not available.

- We consider that a new hotel would meet the existing strong base of demand locally; as well as potentially converting day trippers to overnight visitors.

- It would absorb the identified unmet / induced demand that cannot be accommodated during the peak months (June to September) and would capture demand that is potential being lost out of the area – a market that we have indicated as showing positive growth signals.

- All but two hotel representatives we spoke with indicated that they were not threatened by new supply and considered the market to be strong and could therefore support more bedrooms.

- The conference and event space at Warwick Racecourse is significantly under-utilised on non-race days; this could be alleviated if a hotel were developed to allow it to tap into the more lucrative regional and national residential conference market.

- This would allow the conference element of Warwick Racecourse to explore new management opportunities and would facilitate a new platform for promoting the venue for hosting larger events – which could be explored through an agreement with the selected hotel operator. Currently, the existing set-up severely restricts the size and nature of events, and business is potentially being displaced out of the area.

- A new hotel combined with improvements to the racecourse facilities and other elements forming part of the wider St Mary's Lands proposals will significantly enhance the destination appeal of the racecourse. A hotel has potential to play an important role as part of the wider masterplan to significantly enhance and diversify the offer and extend the season.

- A new hotel in the heart of Warwick would be appealing to visitors arriving by train, both leisure and corporate visitors. This may stimulate demand from non-car users to stay in Warwick and a good base for those to explore Warwick, Stratford-upon-Avon and the wider area.

- A new hotel will satisfy a local requirement and ensure the continued success of the racecourse as a venue of regional significance. It will have a positive economic impact locally and regionally. An Economic Impact Study prepared by GL Hearn is included in Appendix C.

6.5 Recommended Facilities & Market Positioning

Based on the current market and how we expect it to materialise in the short to medium term, we recommend the following.

Location

There is an opportunity to develop a new hotel adjacent or close to the main building complex on the site of the marquee at the southern end of the racecourse. It would allow the hotel to link directly with the main building facility, provide frontage overlooking the racecourse / parkland, and offer easy access and parking via Hampton Street.

Market Positioning

Based on the location, surrounds and likely users of the hotel, we consider that a branded, mid-market concept would be suitable and potential brands include:

- Hampton by Hilton;

- Courtyard by Marriott;

- Accor (Ibis Styles or Novotel); or

- Ramada Encore.

We consider that the above brands would fit well with the current and improved facilities at the racecourse.

Recommended Size and Facilities

The size and facilities are often stipulated by the selected hotel operator. However, in light of our market findings, we recommend the following.

- **Bedrooms.** We consider 80 to 100+ bedrooms would be appropriate. This would provide the hotel operator with sufficient scaling efficiencies whilst also ensuring that the hotel can capture conference, events and race day visitors. Bedrooms should include 'family room' to appeal to families visiting Warwick Castle.

- **Conference and Meeting Facility**. This facility would already be available within the main complex building. If the proposed hotel is developed on the land of the marquee the loss of the marquee however could potentially be replaced by a new facility of a similar size.

- **Food & Beverage**. We understand a significant proportion of hotel guests at other central town centre hotels eat out given the abundant supply of good quality eateries on the High Street (for some this is around 70/80%). Hotels such as the Warwick Arms and Castle Limes operate on a breakfast and limited evening menu only and we would recommend the proposed hotel follows a similar format.

- **Leisure Facility.** We recommend a small fitness facility should be available for hotel guests as this will enhance the appeal of the hotel to both leisure and corporate clients. Given the recent developments at The Warwickshire and Mallory Court and in light of proposed positioning of the hotel we do not recommend the provision of a wet facility.

- **Parking**. One of the key responses resulting from our corporate interview programme was the attractiveness of having on-site parking at a new hotel central to the town centre.

  Representatives indicated that the shortage of hotels in Warwick town centre and associated limited parking at these meant that visitors did resort to driving and staying in Stratford-upon-Avon rather than staying at one of the hotels on the business parks or motorway.

6.6 Estimates of Demand

We have estimated demand (occupancy) for a new 100 bedroom hotel based on a representative year of operation. We have assumed an opening date of January 2019.

We have allowed a two year build up period before occupancy stabilises in year three of operation, i.e. year 2021. We present our occupancy estimates below.

Table 6.5 - Illustrative Annual Occupancy– 100 key branded hotel – Warwick Racecourse	
	%
Year 1	72
Year 2	77
Year 3 stabilised	79
Source: Bridget Baker Consulting estimates	

In estimating occupancy we have taken into the account the current strength of the market and projected future growth in demand. We would expect the hotel to capture some of the excess of unmet demand in the peak months as well as stimulate new sources of business generated from its in-house conference facilities. We describe this is in more detail by market segment as follows, we also comment on how the demand is likely to impact the catchment hotel performance after the hotel opens and reaches a stabilised level of performance.

We comment on the key source markets for the hotel as follows.

- **Race Days** - We held discussions with the management at the racecourse and evaluated the visitor statistics on race days, as shown in Section 6. We have made estimates of the number of roomnights likely to be attracted to stay at a hotel at the racecourse. We have analysed these on a month by month and week/weekend basis and taken into account the most popular race days, namely in January, May and New Year 's Eve. We have estimated some 1,700 roomnights from this source in a stabilised year, although in reality this is likely to be from year one. We estimate the majority of this demand will be new demand as racegoers and owners maximise the opportunity to stay on-site.

- **Residential Conferences/Functions at the Racecourse** – Currently the racecourse hosts mainly day events in its wide range of conference and banqueting facilities. This is largely due to having no permanent on site caterers and also no on-site hotel to offer as due to the high level of occupancy at the local hotels it is difficult to secure bedrooms for large events.

  Furthermore, there are a number of Jockey Club events which could be attracted to the racecourse if bedrooms were available. We also consider that given the excellent location of Warwick and good transport links the racecourse should be in a position to attract national and regional residential events. There will also be the opportunity to attract functions, such as sporting dinners and some weddings. All of these will require some bedroom accommodation. We have estimated some 2,500 roomnights from this source in a stabilised year. This will largely be new business to the area.

- **Corporate** - As shown in Section 5 Hotels in the area are enjoying strong demand from local companies and are often at almost full capacity in the midweek period, with Monday – Wednesday achieving occupancies of around 86-91%, when taking into account quiet periods of the year this shows that many hotels are full midweek. New blue-chip companies are continuing to be established in the catchment area and this should ensure future growth in corporate demand in the medium term. We have estimated some 13,500 roomnights from this source in a stabilised year. This will mainly be in the midweek period but with some international business people of those living further away arriving on a Sunday evening. This will be a mix of displaced roomnights and people that would prefer to stay in Warwick's town centre and enjoy the facilities on offer - particularly the evening economy, and new business coming to the area.

- **Independent Leisure** – Warwick is an attractive town and has a number of tourist attractions including Warwick Castle with some 764,000 visitors a year. A large proportion of this visitation is in the school holidays in the summer and the Halloween festivities in the October half-tem. It also includes overseas visitors who are not day trippers. Local hotels enjoy strong levels of demand from this source. Hotels in the area also enjoy demand from people using the area as a base to visit Stratford-upon-Avon. The new hotel will be in a position to attract business from this sector year round but particularly in the summer holidays, Halloween week and at weekends. We have estimated some 11,100 roomnights from this source in a stabilised year. Much of this demand will be new visitation to Warwick and will encourage further spend in the town from visitors who may currently be day trippers. During school, holidays we would expect this demand to be during the weekdays as well as the weekends.

- We summarise as follows our estimates of demand by segment and the number of sleepers (guests) for a stabilised year of operation.

Table 6.6- Illustrative Market Mix – 100 key branded hotel – Warwick Racecourse		
Segment	**Rooms Sold**	**Sleepers**
Race days	1,700	2,380
Conferences & Functions at Racecourse	2,508	3,010
Corporate	13,482	13,482
Independent Leisure	11,134	20,041
Total	**28,824**	**38,913**
Source: Bridget Baker Consulting estimates		

Based on the forgoing market mix and being mindful of rates charged and achieved in midscale hotels in the local area we consider that in a stabilised year of operation the hotel should achieved an Average Achieved Room (AARR) rate of around £74. This is net of breakfast and Vat in 2017 values.

6.7 Conclusion

The Hotel market in around Warwick is very buoyant. This is set to improve further as more blue-chip companies move to the area. There is currently a limited supply of hotels and serviced accommodation in the town centre and these hotels enjoy strong performance levels. Almost 50 bedrooms were lost to the town centre supply with the closing of the Lord Leyster Hotel.

The town centre has a vibrant evening economy as well as a good range of independent shops and a number of visitor attractions, which includes Warwick Castle which receives some 760,000 visitors per annum. The racecourse is located a few minutes' walk from the town centre and has a successful race day calendar as well as a good range of conference and banqueting facilities and ample car parking.

We consider that the Racecourse is an ideal location to develop a new build midscale branded hotel and this in turn will attract new visitors and expenditure to Warwick.

APPENDICES

APPENDIX A: Visitor Attractions, Warwickshire

Visitor attractions in Warwickshire
Charlecote Park
Anne Hathaway's Cottage
Jacobean Mansion
Warwick Castle
Kenilworth Castle and Elizabethan Garden
Coombe Abbey
Jephson Gardens
Pump Rooms Gardens Leamington Spa
Pump Rooms Art Gallery and Museum
Cathedral Quarter
Stoneleigh Abbey
Coventry Transport Museum
British Motor Museum
Webb Ellis Rugby Football Museum
Rugby Art Gallery and Museum
Ye Olde Tudor World
Stratford-upon-Avon Butterfly Farm
The MAD Museum
Mary Arden's Farm
St. Nicholas Park
Hill Close Gardens
Shakespeare's Schoolroom
Wootton Park
New Place
Royal Shakespeare Company The Other Place
Compton Verney
Royal Shakespeare Theatre & Swan Theatre
Shakespeare's Birthplace
St Mary's Guildhall
Talton Lodge
Source: visitengland.com

APPENDIX B: List of Organisations Interviewed / Inspected

Organisation	Details
Hotels / Accommodation	
Tilted Wig	Introduction & Show around
The Black Horse Inn	Introduction & Show around
The Rose and Crown	Introduction & Show around
The Globe	Introduction & Show around
Premier Inn Leamington	Meeting
Hilton Warwick	Meeting
Premier Inn Warwick	Meeting
Ramada Warwick	Meeting
Woodland Grange	Meeting
Falstaff	Meeting
Castle Limes Hotel	Meeting
Holiday Inn Express	Meeting
Stratford Manor Q Hotels,	Meeting
The Warwickshire	Meeting
Warwick Arms Hotel	Meeting
The Glebe Hotel	Introduction & Show around
The Ardencote	Introduction & Show around
Holiday Inn Leamington	Introduction & Show around
Other Organisations	
The Jockey Club – Warwick Racecourse	Meeting
Warwick Visitor Centre	Meeting
Warwick Castle - Merlin	Meeting
Shakespeare's England	Meeting
Hill Close Gardens	Meeting
Warwick Golf Course	Meeting
Warwick District Council – CEO	Meeting
Warwick District Council – Economic Development	Meeting
Leadec	Telephone Interview
Volvo	Telephone Interview
Mid Counties Limited	Telephone Interview
National Grid [1]	Telephone Interview
Calor Gas	Telephone Interview
Delphi [1]	Telephone Interview
Note [1] Spoke with representative but unable to assist as hotel bookings either outsourced or individuals book own accommodation.	
Source: Bridget Baker Consulting Research	