

ASHFORD HOTEL MARKET FACT FILE

July 2015

INTRODUCTION

Ashford is undergoing transformational change. The period through to 2030 will see the development of 14,500 new homes and the creation of 12,600 new jobs, alongside a town centre regeneration programme and the creation of a dynamic new commercial quarter and focus for large scale office space close to the station.

All of these developments are generating a significant increase in demand for hotel accommodation in the Ashford area from the corporate market, contractors, rail passengers and people visiting friends and relatives, attending weddings and family parties and going into the town centre for nights out. This presents a number of opportunities for further hotel development in Ashford in the short, medium and longer term, which will be critical in supporting the area's growth and expansion as a business and leisure destination.

The Ashford Hotel Market Fact File provides the latest available (June 2015) information on:

- The current hotel supply in Ashford;
- Recent hotel development;
- Current hotel development proposals;
- Recent hotel performance (2012-2014);
- The key markets for hotel accommodation in Ashford;
- The prospects for growth in demand for hotel accommodation;
- Potential hotel development opportunities.

All of the hotel performance data and market intelligence included in the Fact File is drawn from research undertaken by consultants Hotel Solutions in May 2015.

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ASHFORD HOTEL SUPPLY

Current Hotel Supply

- Ashford has a good supply of hotel accommodation for a town of its size. There are currently 10 hotels in Ashford with a total of 785 letting bedrooms. This includes the Eastwell Manor 4 star country house hotel. Ashford's hotel supply is a mix of 4 star, 3 star and budget hotels. The town has no boutique, upper-tier budget or 2 star hotels or serviced apartments.

CURRENT HOTEL SUPPLY – ASHFORD – MAY 2015

Standard	Hotels	Rooms	% of Rooms
5 star	0	0	0
Boutique	0	0	0
4 star	1	179	22.8
4 star Country House Hotel	1	60	7.6
3 star	2	195	24.9
2 star	0	0	0
Upper-tier Budget ¹	0	0	0
Budget	4	306	39.0
Non-inspected	2	45	5.7
Serviced Apartments	0	0	0
Total Hotels	10	785	100.0

Notes:

- Brands including Holiday Inn Express, Ramada Encore and Hampton by Hilton
- Apartments that are let for short stays and serviced on a daily basis, either purpose-built serviced apartment complexes/ buildings or residential apartments that are let on a serviced basis

ASHFORD - HOTELS – MAY 2015

Establishment	Grade	Rooms
Ashford		
Ashford International	4 star	179
Eastwell Manor	4 star Country House	60
Holiday Inn Ashford Central	3 star	103
Holiday Inn Ashford North	3 star	92
Premier inn Ashford Central	Budget	60
Premier Inn Ashford Eureka Park	Budget	74
Premier Inn Ashford North	Budget	60
Travelodge Ashford	Budget	112
The Conningbrook, Kennington	n/a	29
The Croft Hotel , Kennington	n/a	16

Changes in Supply 2011-2015

- No new hotels have opened in Ashford in the last 5 years.
- The Travelodge was refurbished to the new Travelodge brand standard in February 2015.

Proposed Hotel Development

- There are active proposals for a new hotel as part of Stanhope's Elwick Place development in the town centre. This is for a 60 bedroom budget hotel, and has secured firm operator interest from a national branded hotel chain.
- In addition, there are several sites in and around Ashford where hotels have been mooted. These include:
 - Land at Victoria Way/Victoria Rd, close to the International Station, in the ownership of the HCA, which has firm operator interest for an upper tier budget hotel;
 - The former B&Q site, where there is interest in the development of an upscale hotel associated with a high quality mixed use/office development, but this has not progressed to planning.
- In terms of existing hotels, the Premier Inn Ashford Central at Orbital Park has recently submitted a planning application for a 35 bedroom extension.

ASHFORD HOTEL PERFORMANCE & MARKETS

Occupancy and Achieved Room Rates

- Average annual room occupancies, achieved room rates and revpar figures for Ashford hotels for 2012, 2013 and 2014 are summarised in the table overleaf.

Midweek/Weekend Occupancies

- Estimated average weekday and weekend occupancies for Ashford hotels in 2014 are summarised in the table below.

ASHFORD HOTELS - WEEKDAY/ WEEKEND OCCUPANCIES – 2014

Standard	Typical Room Occupancy %			
	Mon-Thurs	Fri	Sat	Sun
3/4 Star Hotels ¹	76	67	80	40
Budget Hotels	87	82	88	64

Source: Hotel Solutions – May 2015

Notes:

1. Excluding Eastwell Manor, which trades as a destination hotel and sits largely outside the Ashford hotel market therefore

ASHFORD HOTEL PERFORMANCE & MARKETS

ASHFORD HOTEL PERFORMANCE 2012-2014

Location/ Standard of Hotel	Average Annual Room Occupancy %			Average Annual Achieved Room Rate ² £			Average Annual Revpar ³ £		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
UK Provincial 3/4 Star Chain Hotels¹	69.6	72.0	73.9	69.97	72.00	76.49	48.72	51.84	56.53
3/4 Star Hotels ⁴	65	68	70	51	52	54	33	35	38
Budget Hotels	n/a	n/a	83	n/a	n/a	47	n/a	n/a	39

Source: Hotel Solutions – May 2015

Notes

1. Source: TRI Hotstats UK Chain Hotels Market Review
2. The amount of rooms revenue (excluding food and beverage income) that hotels achieve per occupied room net of VAT, breakfast (if included) and discounts and commission charges.
3. The amount of rooms revenue (excluding food and beverage income) that hotels achieve per available room net of VAT, breakfast (if included) and discounts and commission charges.
4. Excluding Eastwell Manor

Budget Hotel Performance and Markets 2014

- Budget hotel occupancies are very high in Ashford but achieved room rates are comparatively low.
- Ashford budget hotels achieve very high midweek occupancies. They consistently fill and turn business away on all four midweek nights between April and September and during the October and February half term and Easter school holidays. They generally also fill and turn business away on 2-3 midweek nights at other times of the year.
- Friday and Saturday occupancies are also very high. All Ashford budget hotels consistently fill and deny business on Friday and Saturday nights between April and September and during the February and October half term and Easter school holidays. They also fill and turn business away on Saturday nights for the rest of the year.
- Ashford budget hotels attract a mix of corporate and contractor business during weekdays in the winter months. These markets are supplemented by midweek demand from families travelling en-route to the Continent and Disneyland Paris during school holiday periods.
- Weekend markets are a mix of families and couples coming for leisure breaks in Kent, families travelling to France and Disneyland Paris, and people attending weddings and other family occasions and visiting friends and relatives.

3/4 Star Hotel Performance and Markets 2012-2014

- Ashford 3/4 star hotel performance has improved in 2013 and again in 2014. Occupancies remain below the national averages for UK provincial 3/4 star chain hotels and achieved room rates and revpar results are significantly below the national norms.
- The Ashford 3/4 star hotel market remains very price sensitive, leisure driven and seasonal.
- 3/4 star hotel occupancies are very high between May and August and during the Easter and February and October half term holidays, when demand from leisure markets is at its strongest.
- Occupancies are very low (only just over 50%) between January and March.
- Corporate demand for hotel accommodation in Ashford is not particularly strong and is highly price competitive, with hotels competing keenly for a share of the business that is available from local companies. There are few large national and international companies in Ashford that have significant requirements for hotel bedrooms. There is currently a requirement for greater levels of corporate demand to fill all of the town's 3/4 star hotels in the winter.
- Project-related corporate business increased in 2014, helping to boost 3/4 star hotel occupancies and achieved room rates for the year.
- Residential conferences are a minor midweek market for Ashford's 3/4 star hotels. The Ashford International has extensive conference facilities and occasionally attracts large residential conferences. Eastwell Manor also attracts some residential conference business. There are some signs of recovery in this market but it remains a minor source of business for most hotels.
- Contractors working at Dungeness Power Station or on construction projects are a secondary midweek market for two hotels.

ASHFORD HOTEL PERFORMANCE & MARKETS

- Families travelling en-route to the Continent and Disneyland Paris are a key midweek and weekend market during school holiday periods. Hotels also attract pre and post family couples for stopovers throughout the summer months. This tends to be a largely price-driven market.
- Ashford 3/4 star hotels attract some midweek and weekend break business from couples and families visiting Kent. Canterbury and Leeds Castle, The castles, gardens and National Trust properties are key draws for leisure break stays. Hotels are primarily driving this business on price, especially during the shoulder season and winter months.
- Hotels with spas are attracting strong and growing high-rated demand for spa breaks.
- There is also an emerging leisure break market based on wine trails and other activities.
- UK and European tour groups are an important midweek and weekend market for Ashford's 3/4 star hotels between May and September. Groups are either staying for their first and last night while travelling to and from the Continent, or staying for a 3-4 night break to visit Kent and sometimes also London. This tends to be lower rated business but helps to provide hotels with base business for Thursday to Sunday nights. Overseas tour groups generally pay higher rates than UK groups. Hotels have gradually reduced the numbers of lower-paying tour groups that they are taking as other higher-paying leisure markets have grown.
- Weddings and functions are a further source of weekend bedroom business for Ashford 3/4 star hotels.
- Events drive some business for Ashford hotels. These include the War & Peace Revival in Folkestone and demand from major golf tournaments at the London Golf Club at Ash, near Maidstone.
- Ashford 3/4 star hotels have very high occupancies from May through to August, particularly turning business away due to insufficient capacity in July and August.

ASHFORD HOTEL PERFORMANCE & MARKETS

Market Trends 2013-2014

- Corporate demand for hotel accommodation in Ashford increased in 2014 and corporate rates strengthened as a result of the improved economic situation and an increase in project work at some of Ashford's companies.
- Some of Ashford's 3/4 star hotels saw a recovery in residential conference business in 2014.
- Contractor demand grew strongly in 2014, largely as a result of a major maintenance programme on one of the reactors at the Dungeness B nuclear power station.
- Demand from families travelling en-route to France and Disneyland Paris has steadily increased.
- Hotels with spas have seen strong growth in spa break demand.
- Strengthening demand has enabled some 3 star hotels to take fewer low-rated group tours as demand from higher paying leisure markets has increased.

Prospects for 2015

- Budget hotels are bullish about their prospects for further occupancy growth in 2015.
- Most of Ashford's 3/4 star hotels expect to see growth in their performance maintained in 2015 at a similar level to 2014, primarily in terms of an improvement in average room rates as demand strengthens.

PROSPECTS FOR GROWTH

Strategic Context

- Ashford is undergoing transformational change, being led by a pro-active Council with ambition. The period through to 2030 will see the development of 14,500 new homes and the creation of 12,600 new jobs, with target sectors including financial and business services, media, advanced manufacturing, retail and distribution.
- Ashford's ambitious growth agenda focuses around delivering 8 key projects:
 - √ The Commercial Quarter, a major mixed use development adjacent to the International Station that will deliver over 500,000 sq ft of office space to create a dynamic business hub in the heart of the town centre;
 - √ Elwick Place, a leisure-led mixed use scheme being developed by Stanhope, with the first phase incorporating a cinema, bars, restaurants, a hotel and residential units that will add vitality to the town centre and help develop the evening economy. A public exhibition of the proposals, including a family hotel, is to be held at the end of July 2015;
 - √ The Designer Outlet Village, providing a high quality retail offer adjacent to the town centre, and currently attracting more than 3 million visitors. Planning has been submitted to expand the centre to double in size, and to re-position to high end retail brands, with estimated annual visitor numbers projected to increase to 7 million;
 - √ The development of a new junction on the M20, 10a at a cost of approximately £70m, which together with a new link road will unlock key sites to the south east of Ashford and be a catalyst for economic and commercial development, delivering 11,000 jobs and 9,000 homes;
 - √ Chilmington Green, a major new residential community that will create over 5000 new homes, 10,000 sq m of business space and 9000 sq m of retail, pubs, restaurants and financial and professional services premises. This now has full planning permission. It will be facilitated by improvements to the A28, and on completion will create 1000 jobs;
 - √ Investment in Ashford International Station, with a £4m funding package now in place to enable the next generation of Eurostar trains to stop at the station, focusing upon upgrading of signalling;

PROSPECTS FOR GROWTH

- √ Ashford International College, a new further education campus close to the commercial quarter and town centre;
- √ The development of the Jasmin Vardimon Dance Academy, a renowned dance company that tours nationally and internationally.
- In terms of developing leisure tourism markets, in addition to the role that the enlarged Designer Outlet Centre can play in generating additional visitors, other proposals for attractions that can drive demand include:
 - Paramount London Resort, the proposal for a theme park on the Swanscombe Peninsula that could generate 50,000 visits per day, 15 million p.a. The scale of the demand this could create means that it could impact widely on surrounding locations in Kent, but particularly so in terms of locations that are well connected by train to Ebbsfleet, which Ashford is.
 - Ashford International Model Railway Education Centre aims to create a national railway museum for model railways, with several celebrity backers, including Roger Daltrey of The Who. The scheme is the subject of an HLF bid and it is estimated the museum could attract 100,000 visitors p.a.
 - There are also proposals for a 'Dark Skies' attraction, Ashford International Observatory, that would take advantage of controls over light pollution around Ashford, creating an opportunity for a star-gazing attraction. This could be the best destination in the South East for celestial observation, and provide an education and learning platform for schools, universities, science centres and astronomical societies.
- The development of Lydd Airport could also impact on demand for hotels around Ashford given its connectivity to Ashford International. Proposals to extend the runway and develop a new terminal have been approved, enabling the airport to develop its commercial business and permitting passenger numbers to increase to 500,000 p.a.

Future Prospects by Market

- **Corporate demand** for hotel accommodation in Ashford should grow substantially over the next 5-10 years given the planned office and business park development in and around the town and the envisaged economic development and employment growth. This should provide a significant boost to midweek demand for existing hotels and enable them to grow their corporate rates. It will also be a key driver of new hotel development in the town. In a recent Business Survey by Kent Invicta Chamber of Commerce, a number of key employers in Ashford, including those with international links, identified a need for additional hotel accommodation in the town centre to cater for their expanding business needs and complement current out of town provision.
- Ashford's 3/4 star hotels could see some growth in demand for **residential conferences** as the town's economy develops and new companies and industries are attracted. This market has begun to recover and grow again nationally. Ashford hotels should be able to capitalise on this trend. Given the size of its conference facilities and Ashford's high speed rail and Eurostar links to France's three largest cities and the South of France, there could be scope for the Ashford International to attract large residential conferences from London and elsewhere in the South East, as well as potentially European conferences. Such conferences may generate bedroom business for other hotels in the town.
- **Contractor demand** for budget hotel accommodation is set to increase significantly in Ashford over the next 5-10 years, given the levels of construction work that will be taking place as the major development and transport infrastructure schemes are progressed, in addition, major developments taking place beyond Ashford, including Paramount London, Lydd Airport and Dungeness Power Station, will generate construction-related demand. Such projects should also generate some demand for 3 and 4 star hotel accommodation from architects, civil engineers and other professionals that are working on them.

PROSPECTS FOR GROWTH

- The expansion and repositioning of the Designer Outlet Village could generate additional overnight stays by **shoppers**. In particular it could attract demand from the growing Chinese market, which is particularly interested in shopping. Bicester Village in Oxfordshire is a major draw for this market and hotels in its vicinity attract significant demand from Chinese visitors coming to shop there.
- The development of stronger attractions and cultural product will help Ashford to develop as a stronger visitor destination in its own right, providing the town's hotels with opportunities to attract increased **leisure break demand**. Vineyard trails and spa breaks are a particularly niche, but growing theme.
- Demand from people attending **weddings, funerals, family parties and other functions** and from **people visiting friends and relatives** should increase steadily, given the projected growth in Ashford's population.
- Demand for budget hotel accommodation from **people wanting to stay over after a night out** should increase in Ashford town centre as its evening economy develops and the area's population increases.
- **Families travelling to France and Disneyland Paris** should continue to be a key market for Ashford's hotels at weekends and during school holiday periods.
- Ashford hotels should continue to attract **group tour demand**. They may begin to reduce their midweek group tour business as higher-rated corporate demand builds and may phase out lower-rated weekend tours.

HOTEL DEVELOPMENT OPPORTUNITIES

Hotel Development Opportunities

- There is clear evidence of market potential for the development of further budget and potentially upper tier budget hotels in Ashford. The town's existing budget hotels consistently fill and turn business away throughout the year. Further hotel provision can be supported at this level. This will complement the existing 3 and 4 star provision and help grow the market.
- As Ashford's economy expands and new offices and business parks are developed and occupied, additional 3 and 4 star hotel development will be required to serve the associated growth in corporate demand.

SOURCES OF FURTHER INFORMATION

For further information and contacts or to discuss your requirements contact:

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The following websites provide further information on the plans and strategies for Ashford:

www.ashford.gov.uk

www.ashfordfor.com