

SOUTHEND-ON-SEA HOTEL FUTURES

Final Report

Prepared for:
Southend-on-Sea Borough Council
Essex County Council
East of England Tourism

March 2010



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EXECUTIVE SUMMARY

Background & Brief

- The Southend-on-Sea Hotel Futures Study has been commissioned by Southend-on-Sea Borough Council, with the support of Essex County Council and East of England Tourism, with the objective of identifying the potential for new hotel development in Southend-on-Sea. The report presents the findings in relation to the demand for and supply of hotel accommodation in the Borough drawn from the Essex Hotel Futures Study (conducted between September and December 2009), alongside additional research on the potential for growth in demand for hotel accommodation in Southend-on-Sea, hotel developer interest in the Borough, potential hotel sites and future planning policies and strategies for hotel development. It makes recommendations on policy formulation and locational strategy for new hotels that will inform the preparation of the LDF, inward investment activity, and other forward action to optimise the potential of, and better support, the development of the hotel sector in Southend-on-Sea.

Summary of Key Findings

- The research has shown the following:

Current Hotel Supply and Development Proposals

- Southend-on-Sea's current hotel supply is a mix of relatively small, independently operated 3 star hotels and branded budget hotels located primarily on the seafront at Thorpe Bay and in Westcliff-on-Sea together with the newly opened Park Inn Palace on the seafront. There is one budget hotel in the town centre and a budget hotel and 3 star hotel (the Essex County) on the outskirts of the Borough. The Park Inn Palace opened on 6 March 2010 with 137 bedrooms and extensive conference and leisure facilities.
- The Borough's 3 star hotels are of variable quality. As a brand new hotel the Park Inn Palace clearly offers a high standard of hotel accommodation and facilities. The Roslin Beach was significantly upgraded in 2009 and now offers a high standard of accommodation. The Borough's other 3 star hotels are of a lower quality.

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- There are currently seven proposals for new hotels in Southend-on-Sea, a number with planning permission.
- The Essex County is currently up for sale.

Current Hotel Performance

- Average annual occupancies and achieved room rates are not particularly strong for 3 star hotels in Southend-on-Sea although vary significantly between hotels, depending on the quality of accommodation, facilities and service that they offer. The performance of the Roslin Beach has improved significantly since its upgrading. Other 3 star hotels trade at lower levels of occupancy and room rate however and have seen a downturn in occupancy levels and in some cases achieved room rates in 2009 as a result of the recession and increased competition from the improved Roslin Beach.
- Tuesday and Wednesday night occupancies are usually high for Southend-on-Sea's 3 star hotels, with most hotels frequently filling and turning business away on these nights. Monday and Thursday night occupancies are high for two 3 star hotels but low for the other three. Local corporate demand is the key source of midweek business for the town's 3 star hotels. Much of this demand is government-related and thus lower rated. The 3 star hotels at Thorpe Bay and Westcliff-on-Sea attract midweek leisure break and holiday demand during the summer, particularly if the weather is good. Residential conferences are a minor midweek market for one 3 star hotel but not a market that other 3 star hotels in the Borough attract.

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- Saturday occupancies are very high for the 3 star hotels at Thorpe Bay and Westcliff-on-Sea. They are generally fully booked and turn business away on most Saturday nights in the year. Saturday night denials can be very high in the summer if the weather is good. Friday and Sunday occupancies are very low however, especially in the winter. Key weekend markets are people coming for weekend breaks and people attending weddings and family parties. Weekend break demand is strong but is primarily only for Saturday night stays, although hotels do attract some 2-3 night weekend break stays in the summer months. Southend-on-Sea 3 star hotels achieve good weekend rates in the summer. Weekend business is more offer driven in the winter.
- Budget hotels in Southend-on-Sea achieve very high occupancies. They are frequently full and turn business away during the week and on Saturday nights for most of the year. Budget hotels on the seafront and in the town centre also turn business away on Friday nights, particularly in the summer. Key midweek markets are contractors and business visitors. Budget hotels also attract families for midweek leisure breaks or to visit family and friends in the summer. Key weekend markets are people attending weddings and other family parties and people visiting friends and relatives. There is also good demand for budget hotel accommodation on the seafront from families coming to Southend-on-Sea for a weekend break and strong demand for budget hotel accommodation in the town centre from clubbers coming into the town for a night out.

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The Potential for Growth in Hotel Demand

- As part of the Thames Gateway South Essex Growth Area and a regional Key Centre for Development and Change, Southend-on-Sea is set to experience significant growth, particularly through the urban renaissance of the town centre; the development of the airport and associated business park following the granting of permission for the extension of the runway; and the development of Southend-on-Sea's role as a cultural and intellectual hub and centre of excellence. In addition, plans for the redevelopment of the Pier and seafront including a ground breaking new lighting scheme, event space and cultural space on the Pier now underway; the International Pool at Garons Park; a new Football Stadium and casino at Fossetts Farm; and the development of the 2012 Mountain Biking Course at Hadleigh Farm will all help diversify the Borough's leisure offer and grow the visitor economy. 13,000 new jobs and 6,500 new homes are targeted for delivery by 2021.

- The planned future development of Southend-on-Sea suggests good prospects for growth in demand for hotel accommodation from:
 - The corporate market, particularly if headquarters offices, ICT, and media technologies, and business and financial services sectors can be attracted;
 - Contractor demand, given the level of construction work planned in major development projects;
 - Airport-related demand – from aircrew, the MRO facility, the flying school and the proposed aviation skills academy;
 - Association conferences based at the Park Inn Palace but generating demand for surrounding hotels and guesthouses;
 - Leisure breaks with an improved destination offer, plus additional marketing through brands such as Park Inn;
 - Weddings and visits to friends and relatives, as the population grows;
 - Clubbers, as the evening economy develops;
 - Masonic Lodge and Rotary weekends, which often opt for seaside resorts;
 - Coach holidays and breaks to boost occupancy in off-peak periods;
 - London 2012, from Olympic and Paralympic Games spectators in the summer of 2012 and potentially from teams coming to train at the training camps in the Borough in 2011 and 2012.

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The Potential for Hotel Development in Southend-on-Sea

- Our assessment of the Southend-on-Sea hotel market and its potential for growth, together with our indicative projections for growth in hotel demand, suggest the following market potential for hotel development in Southend-on-Sea Borough in the next 10-20 years:
 - Longer-term potential for an additional 3 star hotel;
 - Scope for existing 3 star hotels to up-grade and possibly expand, dependent upon the impact of the Park Inn Palace;
 - Possible scope for small (20-30 bedroom) independent boutique hotels to develop in Southend-on-Sea Borough, depending on the development of the cultural offer and an element of high-rated corporate business. This could be through re-positioning existing hotels or conversion of suitable properties;
 - Immediate market potential for a further budget or upper tier budget hotel and longer term potential for up to a further 1-3 new budget/upper tier budget hotels, depending on their size and how strongly the market grows;
 - Possible scope for residential apartments to be let as serviced apartments for long stay corporate customers.

- It is unlikely that Southend-on-Sea will be able to support the development of a 4 or 5 star hotel for the foreseeable future given the room rates that 3 star hotels in the Borough are currently achieving and the strength and nature of corporate demand for hotel accommodation in the Borough. Very strong growth in high-rated corporate demand would be needed to support hotels at this level in the market.

- While our growth projections suggest that new hotel development at the 3 star level will not be supported by market growth until post 2031, hotel companies that operate at these levels of the market may proceed with hotel development projects in Southend-on-Sea at an earlier stage if they feel that they can compete strongly with existing hotels and generate additional business through the strength of their offer, brand, central reservations, marketing and loyalty schemes. This will, however, impact at an overall level on the market.

EXECUTIVE SUMMARY

Hotel Developer Interest

- Southend-on-Sea generated interest from 9 hotel brands, split in terms of standard between budget/upper tier budget level and some 3 and 4 star interest. The 4 star interest was on a management contract only basis. Three of the brands were looking at immediate requirements (indeed one of these, Park Inn, is currently under construction). The remainder were longer term, reflecting current market conditions, the availability of finance, the perceived need for further market expansion, and the fact that new supply is about to come on stream. There is some evidence of interest from independent operators in hotel development in and around Southend-on-Sea, with recent and further investment proposed at the Roslin Beach, and The Bell at Leigh-on-Sea to be redeveloped, both delivering boutique-style offers. There could be further interest in re-positioning existing hotels and adding quality rooms onto pubs from the independent sector. At an overall level there was more developer interest than our growth projections show market potential for, particularly at the 3 star level, where the potential is longer term. Hotel operators would need to be confident of bringing in new business through the power of their brand and marketing to develop ahead of the market.

Requirements for Hotel Sites

- The projections for the Southend-on-Sea market suggest a need for up to 5 sites for new hotel development up to 2031. There are many more potential sites identified for hotel use in various plans and which have come forward as proposals than there is an identified market potential for. This suggests a need to prioritise locations and sites to ensure that hotels are directed to where they can deliver the greatest benefit to the destination and to particular schemes. Any prioritisation and locational strategy also needs to reflect operator requirements as well as the location of demand drivers and future growth. Directing hotel development to the town centre and seafront would seem to best support the Borough Council's aspiration for Southend-on-Sea to be a Hotel and Conference Resort. London Southend Airport is also a priority given the scale of growth and business development proposed here.

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Moving Forward – Acting on the Study Findings

- The report makes the following recommendations as the basis for an action plan to move the study findings forward:
 - **Implications for the LDF**
 - Southend-on-Sea Borough Council is at an advanced stage in the preparation of its LDF. The Core Strategy, adopted in December 2007, includes an overarching policy that supports development that will help achieve Southend-on-Sea's regional potential as a Hotel and Conference Resort. The Central Area Masterplan; Town Centre, Seafront and London Southend Airport Area Action Plans; and saved Local Plan development control policies all support the development of hotels in the town centre, on the seafront and at the airport. Seeking to focus hotel development in these locations would be entirely consistent with the findings of the Hotel Futures Study. New hotels in the town centre and on the seafront will be needed to achieve the vision of Southend-on-Sea as a Hotel and Conference Resort. They will also contribute to developing the visitor and evening economy of these locations and to establishing the town centre as an office location. The expansion of the airport and planned business park here may be able to support hotel development in this location.
 - The study findings suggest that there is a need to restrict out-of-town hotel development in order to secure new hotels in the town centre, on the seafront and at the airport. Other proposed out of town hotels will need to compete for a share of the wider Southend-on-Sea market and with limited potential identified (up to 5 new hotels) will therefore undermine the potential for hotels in the suggested priority locations, and their long term sustainability. This policy approach could be built into the Development Management DPD.
 - The research identified no clear case for designated Hotel Development Zones. The current Visitor Accommodation Area now contains little hotel accommodation, and none of the potential hotel sites identified are in this zone. There is no need to focus hotel development on certain parts of the seafront or town centre.

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- There is no clear cut case for allocating hotel sites in Southend-on-Sea; there are more sites than identified potential in the priority locations, and no strong hotel operator preference between them. There is no evidence currently of threat to these sites from competing uses. There may however be a case for the Council to prioritise certain sites for more proactive promotion for hotel development, where a hotel is felt to be of particular value to the delivery of a wider scheme or objective, particularly where the Council has some ownership and additional influence.

 - It is appropriate for the Council to continue to have a policy to retain hotels alongside encouraging new provision given the importance of developing staying tourism and the strategy to develop as a hotel and conference resort. However there may be a need for some establishments to exit the market as new hotels open, if they are of poor quality or less well-located. The existing retention policy is good, but could be improved by addressing the issue of non-viability as a reason for change of use. Criteria would need to be established for assessing non-viability applications, together with clarification of the evidence applicants would need to supply. Guidance is available drawing on best practice in other cities and resorts.
- **Public Sector Intervention**
- There is no need for pro-active hotel investment marketing for Southend-on-Sea given the projected market potential for new hotels and the levels of hotel developer interest. With the Park Inn about to open the priority at this level in the market is to allow the hotel to get established and see how it trades before thinking about trying to attract new 3 star hotels. There could be merit in the Council nurturing the budget and upper tier budget interest expressed, for which there is immediate market potential, getting them to take a closer look, and also to provide some direct feedback on the sites identified to help the prioritisation process. Sharing the study findings via a Hotel Investment Fact Sheet for Southend-on-Sea should help interested hotel developers and existing hotels to more fully understand the market and potential and longer-term growth prospects.

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- An effective and timely planning application process will be important to ensure that hotel development schemes come to fruition in the Borough, both in terms of existing operators and new build hotels. Delays caused by lengthy planning application processes can add to scheme costs, possibly to the point where they are no longer viable. The Borough Council should ideally be working with applicants from the outset through pre-application discussions that give clear advice about whether a scheme is likely to be acceptable if it progresses to a planning application.

- **Supporting the Development of the Southend-on-Sea Hotel Market**
 - The study findings suggest a number of ways for Southend-on-Sea Borough Council to support the development of the Southend-on-Sea hotel market in terms of:
 - Developing the corporate market, through new employment development, particularly offices in the town centre and the development of the airport business park, and by attracting national and international headquarters and sectors productive for hotel demand including financial and business services, pharmaceuticals, ICT and knowledge-based industries;
 - Progressing projects to develop Southend-on-Sea's cultural and retail offer, improve the seafront environment and facilities and develop major events to create a reason to visit and stay;
 - Developing the evening economy of the town centre, particularly bars and clubs that can help generate weekend demand for town centre budget hotels;
 - Leisure break marketing to promote Southend-on-Sea as a leisure break destination;
 - Encouraging and supporting Southend-on-Sea hotels to take part in countywide marketing initiatives e.g. aimed at conference and group tour markets and capitalising on London 2012;
 - Supporting the Park Inn Palace with association conference marketing.

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- **Future Monitoring**

- The Hotel Futures Study provides a snapshot of hotel performance and development interest in Southend-on-Sea in 2009. Keeping a finger on the pulse of market trends and developer activity through periodic updates – ideally every 2-3 years - will be important in order to feed into the formulation of future strategy and action, particularly given the imminent addition of the Park Inn Palace to the area supply.

1 - INTRODUCTION

1.1. Background to the Study

The Essex Hotel Futures Study was conducted by Hotel Solutions between September and December 2009 for Essex County Council and East of England Tourism. The study built on the research that Hotel Solutions undertook for East of England Tourism in 2008 to assess hotel developer interest in the region, by providing an in depth assessment of hotel performance and markets in Essex together with a full analysis of the potential for hotel development in each part of the county, both in terms of investment in existing hotels and new hotel development. The findings of the study are intended to help inform planning policy for hotel development and support hotel investment marketing.

In view of the fact that many District and Borough Councils are currently preparing LDFs and looking at site allocations, local authority partners were invited by EET and Essex County Council to buy into an additional more detailed module of work that would draw out the findings of the countywide study for their area, forecast how the hotel market might grow over the LDF period, assess current hotel planning policies, review available and potential sites for hotel development and more closely test hotel developer interest at a local destination level. Southend-on-Sea Borough Council opted into this extra piece of work, and this report presents the findings.

1.2. Objectives and Outputs

The overall aim of the study was to build an evidence base on the hotel sector and the need for hotel development by preparing a Hotel Futures Study for Southend-on-Sea that would:

- Establish an up-to-date picture of the supply of and demand for hotel accommodation in the Borough;
- Forecast how this market might grow over the period through to 2021 and beyond this to 2031;
- Assess in more detail hotel developer interest in Southend-on-Sea, including site and locational requirements;
- Review current policies relating to hotel development and assess potential hotel sites in terms of developer requirements and destination objectives;

1 - INTRODUCTION

- Identify the potential for new hotel development in terms of the scale and standard of hotel required, and make recommendations on a locational strategy as well as any other action required relating to planning, inward investment or support to deliver sector growth.

1.3. Approach

The work programme for the study has involved the following:

- Consultation with key stakeholders within the Borough Council, with a particular focus on planning policy, economic development, and major projects teams;
- Analysis and re-presentation of hotel performance data gathered via interviews with the managers of existing hotels in Southend-on-Sea as part of the countywide study (see Appendix 1 for list of hotels interviewed in Southend-on-Sea);
- A review of current planning policies relating to hotel development and other strategies and action plans to identify how the destination might develop over the LDF period particularly in terms of what might drive increased demand for hotel accommodation;
- The preparation of projections of how the hotel market in Southend-on-Sea might grow to 2021 and beyond to 2031, based upon likely levels of employment growth and the development of leisure demand;
- Additional consultations with hotel developers and operators to further test their interest in hotel development in Southend-on-Sea, and their specific site and location requirements;
- Visits to sites identified as having potential for hotel development or where developer interest has been established and analysis of their suitability in terms of hotel developer requirements;
- Analysis to establish the market potential for new hotel development, by standard and location, and actions required to make this happen, including implications for the planning framework.

1 - INTRODUCTION

1.4. Report Structure

The report that follows sets out the following:

- An audit of the current hotel supply in Southend-on-Sea and recent and proposed changes to this supply;
- An assessment of current hotel demand and hotel performance in Southend-on-Sea;
- Projections of how the Southend-on-Sea hotel market might grow to 2031;
- Conclusions regarding the potential for new hotel development in Southend-on-Sea over this period;
- A review of interest from hotel developers, by standard, brand and location;
- A review of the planning policy framework for hotel development in Southend-on-Sea;
- Recommendations on the way forward to deliver the identified potential for new hotels and support the growth of Southend-on-Sea's hotel sector.

2 - SOUTHEND-ON-SEA HOTEL SUPPLY

2.1. Current Hotel Supply

- There are currently 9 hotels in Southend-on-Sea Borough with a total of 569 letting bedrooms:

CURRENT HOTEL SUPPLY – SOUTHEND-ON-SEA – MARCH 2010

Standard	Hotels	Rooms	% of Rooms
4 star	-	-	-
3 star	6	390	68.5
2 star	-	-	-
Upper-tier Budget ¹	-	-	-
Budget	3	179	31.5
Total Hotels	9	569	100.0

SOUTHEND-ON-SEA HOTEL SUPPLY

Hotel	Grade	Rooms
Balmoral	3 star	33
Camelia	3 star	34
Essex County	3 star	74
Park Inn Palace	3 star	137
Roslin Beach	3 star	57
Westcliff	3 star	55
Premier Inn Southend-on-Sea (Thorpe Bay)	Budget	43
Premier Inn Southend-on-Sea West	Budget	80
Travelodge Southend-on-Sea	Budget	56

- The 3 star boutique style Maison Renouf at Rochford (21 bedrooms) and Premier Inn Basildon (Rayleigh) at Rayleigh Weir on the A127 (50 bedrooms) are located just outside Southend-on-Sea Borough and trade partly in the Southend-on-Sea hotel market.
- Southend-on-Sea also has 11 guesthouses with a total of 116 letting bedrooms, including two large establishments with 20 and 25 bedrooms. They are a mix of 2, 3 and 4 star graded guest accommodation properties located primarily on the seafront at Thorpe Bay and in Westcliff-on-Sea.

2 - SOUTHEND-ON-SEA HOTEL SUPPLY

- The Borough's hotel supply is a mix of 3 star and branded budget hotels located primarily on the seafront at Thorpe Bay and in Westcliff-on-Sea. The Travelodge Southend-on-Sea is the only hotel in the town centre. Two hotels are located on the outskirts of the Borough – the Premier Inn Southend-on-Sea West on the A127 and the Essex County on Aviation Way backing onto Southend-on-Sea Airport.
- Apart from the newly opened Park Inn palace, Southend-on-Sea's 3 star hotels are all relatively small and independently operated. While it has not been part of our remit to undertake a full assessment of the quality of Southend-on-Sea's hotels, from our visits to the hotels, discussions with their managers and assessment of guest reviews on Internet hotel booking sites, it would appear that the Borough's 3 star hotels offer highly variable standards of accommodation, facilities and service. The Roslin Beach was significantly upgraded in 2009, now offers a high standard of accommodation and is receiving excellent customer reviews. The Camelia also receives generally good guest reviews as a friendly, family-run hotel. Customer reviews for the Essex County, Westcliff and Balmoral are generally poor however although the Balmoral has seen recent refurbishment. The Essex County is currently up for sale. It remains to be seen whether a buyer can be found that will be prepared to make the necessary investment in the hotel.

¹ Brands such as Express by Holiday Inn, Ramada Encore, Hampton by Hilton

2 - SOUTHEND-ON-SEA HOTEL SUPPLY

2.2. Changes in Supply 2005-2010

- The Park Inn Palace will open early in 2010 on Western Esplanade overlooking the Thames and Southend-on-Sea Pier. It will have 137 bedrooms, 6 meeting rooms including a large ballroom and a spa and health club. Park Inns are usually graded as 3 star hotels.
- The Roslin Beach completed a £6 million refurbishment and development programme in 2009, which included the development of an additional 9 bedrooms. The hotel now offers a high standard of accommodation and facilities and may achieve a 4 star rating when it is next inspected.
- The Westcliff has been partially refurbished as part of a 3-year investment programme.
- The Balmoral has been refurbished over the past 4 years.

2 - SOUTHEND-ON-SEA HOTEL SUPPLY

2.3. Proposed Hotel Development

2.3.1. Proposed Hotels

- There are seven proposals currently for new hotels in and around Southend-on-Sea:

SOUTHEND-ON-SEA – PROPOSED HOTELS (as at January 2010)

Proposed Hotel/Site	Standard	No. Rooms	Details
Ramada London Southend-on-Sea Airport	3 star	130	Plans announced for a Ramada hotel with conference facilities
Ambassador	n/a	126	Cleared site with permission for a 67-bedroom hotel with spa and associated residential development. Subsequent proposal for a 126 -bedroom hotel
Esplanade	n/a	64	Permission granted for a 38 room hotel as part of a mixed-use scheme alongside residential development, student accommodation and retail. Application pending for revised scheme with 216 flats and a 64 room hotel.
Dizzyland, Marine Plaza	n/a	100	Permission for a 100-bedroom hotel, casino, leisure, entertainment facilities and residential.
St Johns Quarter	n/a	n/a	Hotel included as an ancillary use in major mixed-use extension to the town centre.
Garons Park	4 star	n/a	Proposal for a hotel to be developed alongside the new pool and international diving centre.
Fossetts Farm	n/a	114	Proposed football stadium with associated hotel, casino, retail and leisure uses.

2 - SOUTHEND-ON-SEA HOTEL SUPPLY

2.3.2. Planned Development of Existing Hotels

- A number of hotels in the Borough have plans for refurbishment, development and expansion:

SOUTHEND-ON-SEA – PLANNED DEVELOPMENT OF EXISTING HOTELS (as at January 2010)

Hotel	Standard	No. Rooms	Proposed Development
Westcliff	3 star	55	Completion of 3-year refurbishment programme.
Essex County	3 star	74	Some refurbishment planned between January and March 2010.
Balmoral	3 star	10	Planning permission granted in January 2010 for a 10-bedroom extension

2.3.3. Possible Hotel Closures

- The Essex County is in need of significant investment to bring it up to modern standards and is currently up for sale. It remains to be seen whether a buyer can be found that would be prepared to make the necessary investment in the hotel.

3 - CURRENT HOTEL DEMAND

3.1. 3 Star Hotel Performance

3.1.1. Occupancy and Achieved Room Rates

- On the basis of our research, and the information provided to us by the managers of 3 star hotels in Southend-on-Sea we estimate¹ average annual room occupancies and achieved room rates for Southend-on-Sea 3 star hotels (excluding the Essex County²) as follows for 2007, 2008 and 2009.

SOUTHEND-ON-SEA 3 STAR HOTELS OCCUPANCIES & ACHIEVED ROOM RATES 2007-2009

Year	Average Annual Room Occupancy %		Average Annual Achieved Room Rate ^a £	
	Southend-on-Sea 3 Star Hotels ^b	Essex 3 Star Hotels ^c	Southend-on-Sea 3 Star Hotels ^b	Essex 3 Star Hotels ^c
2007	64.6	66.7	59.44	61.60
2008	62.2	64.9	58.21	61.14
2009 ^d	66.7	62.0	61.57	59.00

Notes:

- The net amount of rooms revenue that hotels achieve per room sold after deduction of VAT, breakfast and any other meals included in the price, discounts and commission charges.
- Sample: Roslin Beach (Hotel Solutions estimates), Westcliff, Camelia, Balmoral (Hotel Solutions estimates)
- Source: Essex Hotel Futures, Hotel Solutions, December 2009
- Projected year-end figures based on the estimates provided by hotel managers

¹ Not all of the hotels in Southend-on-Sea provided detailed occupancy and achieved room rate data. Hotel Solutions has thus estimated figures for such hotels based on the data that other hotels provided and the comparative position in the market of each hotel.

² The Essex County is currently trading at very different levels of occupancy and room rate to the other 3 star hotels in Southend-on-Sea. Its inclusion in the sample of hotels for Southend-on-Sea would thus give a highly skewed and potentially misleading picture of 3 star hotel performance in the Borough.

3 - CURRENT HOTEL DEMAND

- Occupancies and achieved room rates for Southend-on-Sea 3 star hotels were estimated to be slightly below the Essex 3 star average in 2007 and 2008. They increased in 2009 however to above the county average due to the significant improvement in the performance of the Roslin Beach following its refurbishment. The other 3 star hotels in the Borough saw a drop in occupancy levels in 2009 however as a result of the recession and its impact on corporate demand and for at least one hotel the loss of business to the improved Roslin Beach.
- Occupancies and achieved room rates vary significantly between Southend-on-Sea's 3 star hotels. The Roslin Beach is the only hotel that is trading at occupancy levels and achieved room rates that are above the county average. Other 3 star hotels are achieving occupancies and room rates either on a par or slightly below the county average and in one case significantly below the county 3 star average.
- Average annual room occupancies and achieved room rates for Southend-on-Sea 3 star hotels are well below the target levels required by branded 3 and 4 star hotel operators (which typically require average annual room occupancies of 70% and achieved room rates of at least £65-70+ for 3 star brands and £80+ for 4 star brands).

3 - CURRENT HOTEL DEMAND

3.1.2. Midweek Demand and Markets

- Midweek occupancies are generally strong (typically 75-90%) for Southend-on-Sea 3 star hotels, with most hotels regularly filling and turning business away on Tuesday and Wednesday nights and two hotels also frequently turning business away on Monday and Thursday nights. Occupancies on these latter nights are low for two hotels however. Midweek denials can be quite high on occasions, particularly in the summer months if the weather is good, when hotels also pick up midweek leisure break business in addition to corporate and contractor demand.
- Midweek occupancies have dropped in 2009 for most of Southend-on-Sea's 3 star hotels as a result of the recession, although increased for the Roslin Beach following its refurbishment.
- The main midweek market for Southend-on-Sea 3 star hotels is local corporate demand. Much of this business is government-related on relatively low rates. HMRC is a key generator of demand for hotel accommodation in the Borough.
- Hotels also attract some midweek leisure break demand during the summer. One hotel attracts families for weeklong holidays in the summer school holiday period.
- Two hotels take some contractor business during the week.
- One hotel attracts some residential conference business. This is a very minor midweek market for it however. Other 3 star hotels do not currently attract residential conferences.
- Southend-on-Sea Airport generates some midweek demand for 3 star hotel accommodation from aircrew, engineers working on planes and flying courses.
- Southend-on-Sea hotels do not currently take midweek group tours or coach holidays as this business is very low-rated and hotels are able to fill with higher paying corporate business.

3 - CURRENT HOTEL DEMAND

3.1.3. Weekend Demand and Markets

- Saturday occupancies are generally very high (85-100%) for Southend-on-Sea 3 star hotels. Most hotels are usually full and turn business away on Saturday nights throughout the year. Saturday denials can be very high in the summer months. Friday and Sunday occupancies are generally very low however, typically around 15-30%, although Friday occupancies can be higher in the summer.
- The key weekend markets for Southend-on-Sea 3 star hotels are people attending weddings and family parties and weekend break customers. Weekend break demand for Southend-on-Sea 3 star hotels is strong but primarily only for one-night stays on a Saturday night. Hotels do however attract 2-3 night weekend break stays in the summer months. Demand appears to come primarily from empty nester couples in East and North London, the Home Counties and the Midlands. Families are also attracted for breaks in the summer. The seafront, theatres and casinos appear to be key draws for weekend break stays. One hotel does not currently target the weekend break market due to the strength of its weddings and functions business on Saturday nights. Southend-on-Sea 3 star hotels achieve good weekend rates in the summer. Weekend business is more offer driven in the winter however.
- Southend Air Show generates significant demand for the Borough's 3 star hotels. Other events in Southend-on-Sea also generate some demand for hotel accommodation.

3 - CURRENT HOTEL DEMAND

3.2. Budget Hotel Performance

3.2.1. Occupancies

- On the basis of the information provided to us by hotel managers, we estimate average annual room occupancies for Southend-on-Sea budget hotels as follows for 2007, 2008 and 2009:

SOUTHEND-ON-SEA BUDGET HOTELS – AVERAGE ANNUAL ROOM OCCUPANCY 2007-2009

Year	Average Annual Room Occupancy %	
	Southend-on-Sea Budget Hotels	Essex Budget Hotels ¹
2007	83.7	78.5
2008	83.2	77.0
2009	80.7	70.8

Notes:

- Source: Essex Hotel Futures, Hotel Solutions, December 2009

- Average annual room occupancy levels have been very high for Southend-on-Sea budget hotels for the last 3 years and well above the county average for budget hotels. Occupancies dropped slightly in 2009 but were still over 80%.

3.2.2. Midweek Demand & Markets

- Southend-on-Sea budget hotels achieve very high midweek occupancies (usually at least 90-95%) throughout the year. They generally fill and turn business away on Tuesday and Wednesday nights, frequently to a significant extent, particularly in the summer months. Monday and Thursday occupancies are a little lower (although still very high) and denials on these nights not as frequent or significant.
- Contractors and business visitors are the key midweek markets for Southend-on-Sea budget hotels. They also attract families during the week in the summer for leisure breaks or to visit friends and relatives. Southend-on-Sea Airport generates some midweek aircrew demand.

3 - CURRENT HOTEL DEMAND

3.2.3. Weekend Demand & Markets

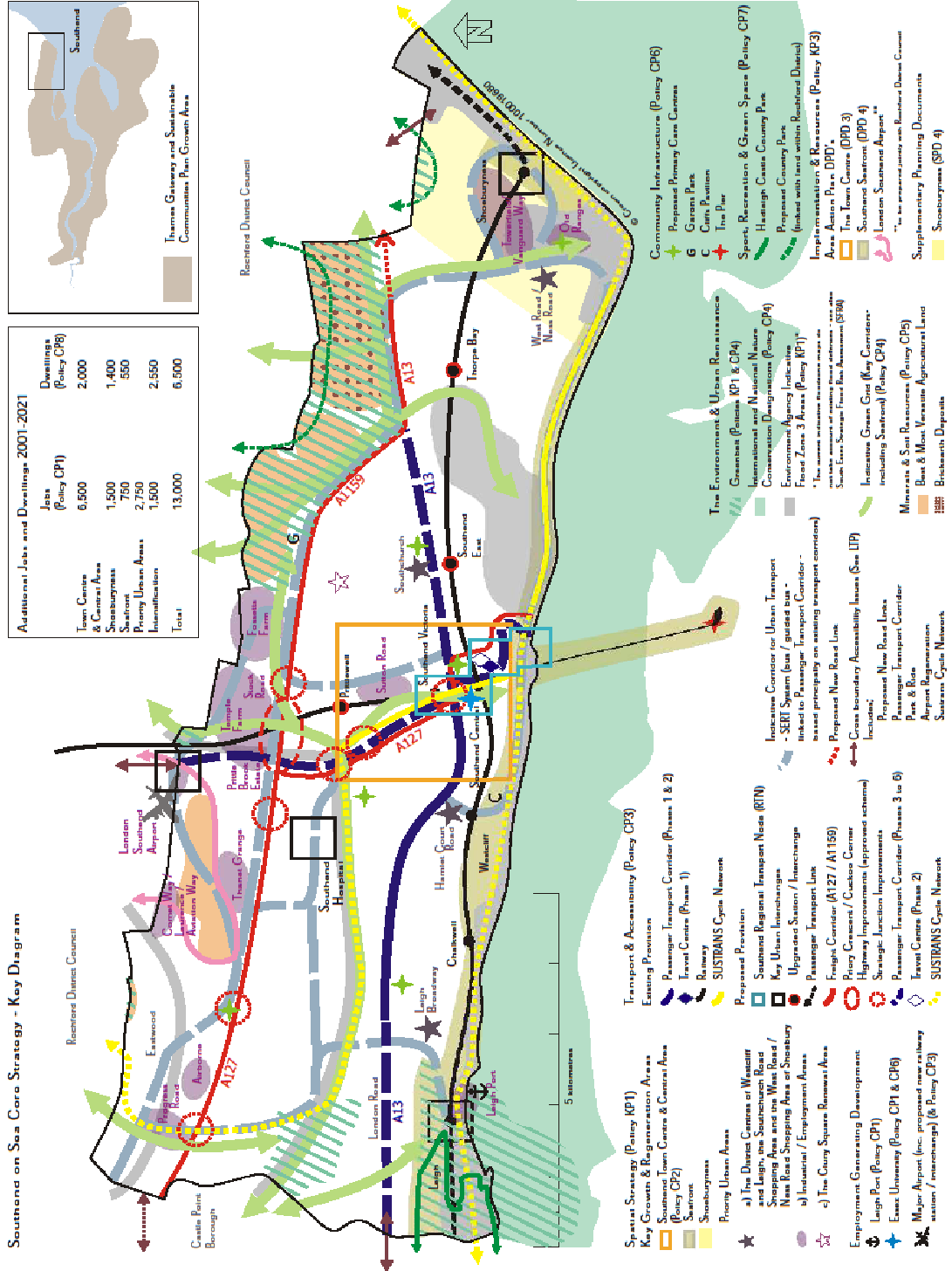
- Saturday occupancies are very high (typically 95-100%) for Southend-on-Sea budget hotels. Friday occupancies are also very high (typically 85-95%) for budget hotels on the seafront and in the town centre. Sunday occupancies are lower, ranging from 40-60%.
- All of the Borough's budget hotels regularly turn business away on Saturday nights throughout the year. Saturday denials are high during the summer, typically at least 20-40 rooms per hotel and sometimes higher. They are slightly lower in the winter, with the Borough's budget hotels more typically each denying 10-20 rooms on Saturday nights. Budget hotels on the seafront and in the town centre also frequently deny business on Friday nights, particularly in the summer.
- Key weekend markets are people attending weddings and other family parties and people visiting friends and relatives. There is also good demand for seafront budget hotel accommodation from families coming to Southend-on-Sea for a weekend break. The key market for budget hotel accommodation in the town centre is clubbers and stag & hen parties coming for a night out in the town. Southend Air Show generates significant demand for budget hotel accommodation in the Borough. Other events generate some demand for budget hotel accommodation on the seafront.

4 - PROSPECTS FOR GROWTH

4.1. Strategic Context

- Southend-on-Sea forms part of the Thames Gateway South Essex Growth Area, a regional and national priority for urban regeneration under the Sustainable Communities Plan. The strategy for this sub-region as set out in the East of England Plan is to achieve transformational development and change. Southend-on-Sea is identified as a Key Centre for Development and Change – one of 21 in the region, 6 of which are in Essex. Priorities to be delivered include an urban renaissance of the town centre, up-grading of public transport access including access to London Southend Airport, and the development of employment uses at the airport. Southend-on-Sea is also identified as a cultural and intellectual hub and higher education centre of excellence, and aspires to become the cultural capital of the East of England.
- Southend-on-Sea is tasked with delivering 13,000 new jobs to 2021, and 6,500 new homes. Much of the focus for this will be in the town centre (6,500 jobs and 2,000 homes), London Southend Airport (4,900 jobs), the seafront (750 jobs and 550 homes), Shoeburyness (1,500 jobs and 1400 homes), and priority urban areas including the main employment sites. The key diagram overleaf sets out the Council's spatial strategy, identifying where this growth will take place and some of the key issues associated with future development.
- Beyond 2021 growth is set to continue. Under the various scenarios for growth for the period 2011 to 2031 that are currently out to consultation as part of the East of England Plan Review, Southend-on-Sea Borough looks likely to see additional growth over and above the 2001-2021 targets, with a housing growth target potentially of up to 14,000 new homes.
- Although perhaps best known as a seaside resort attracting more than 6 million visitors a year, Southend-on-Sea is an important regional/sub-regional office, shopping, leisure and cultural centre, with a population of over 160,000. As such it is the biggest town in Essex and the most urbanised Borough in the Eastern Region.

4 - PROSPECTS FOR GROWTH



4 - PROSPECTS FOR GROWTH

- Some of the key projects to deliver the forecast growth and potentially drive increased hotel demand in the Borough include:
 - Southend-on-Sea Town Centre Regeneration - The town centre and central area is the main focus of regeneration and growth in Southend-on-Sea, led by the development of the University of Essex Campus, with major mixed-use projects proposed on key sites at Victoria Avenue, Warrior Square, St Johns Quarter, London Rd and the seafront.
 - London Southend Airport - A £35 million investment is underway here, as part of a plan to increase passenger numbers to 2 million (as identified in the Government's Aviation White Paper) and deliver 4,900 new jobs. Proposals include associated business park development (1,000 jobs), an extended runway pre-2012, a new rail station, and an aviation skills training academy.
 - Southend-on-Sea International Pool, Garons Park - Currently under construction, Garons Park will provide an international standard eight-lane competition pool and a diving pool with associated dry land harness and trampoline training facilities. The facility should act as a venue for major swimming and diving competitions that could generate demand for hotel accommodation.
 - Southend Football Stadium and Casino - Proposal to develop a new football stadium at Fossetts Farm to relocate Southend United FC from its more central location. Associated development could include a casino, hotel, retail and other leisure uses. The stadium could be used as a venue for major concerts and events that may generate demand for hotel accommodation.
 - Southend-on-Sea Seafront and Pier Regeneration - Proposals for extensive public realm work and lighting schemes along the seafront, and for redevelopment at the end of the pier to create a flexible cultural space for events and exhibitions.
 - 2012 Mountain Bike Course, Hadleigh Farm - The venue for the Olympic mountain biking event, which may remain as a permanent mountain biking course (still to be decided).

4 - PROSPECTS FOR GROWTH

- Major transport and infrastructure schemes including:
 - The development of Southend Central and Victoria Stations as strategic transport interchanges;
 - Junction improvements to the A127 from the Borough boundary to the town centre;
 - The development of a new station at London Southend-on-Sea Airport;
 - Surface access improvements to London Southend Airport (£21.4m).

4.2. Future Prospects by Market

- **Corporate demand** for hotel accommodation in Southend-on-Sea should grow as new offices are developed in the town centre, the planned business park at Southend-on-Sea Airport is progressed and the industrial estates along the A127 are improved and further developed. Ambitious targets have been set for employment growth in the Borough, which if achieved would result in a 20% increase in jobs¹ by 2021, equivalent to an average annual growth rate of 1%. The latest regional forecasts² for employment growth currently show a lower rate of employment growth in the Borough at an average of 0.58% per annum between 2009 and 2031. Employment growth should translate into increased demand for hotel accommodation as existing companies and organisations expand and new companies and organisations are attracted to the Borough. Much will depend on the types of companies and business uses that are attracted. If growth is primarily in public administration and government-related functions new demand for hotel accommodation is likely to be primarily low-rated. Further call centre operations are unlikely to generate significant growth in demand for hotel accommodation. Greater increases in demand for hotels are likely to result if the Borough is able to attract regional, national or international headquarters operations of companies in sectors such as financial and business services, ICT and medical technologies.

¹ Based on the number of people in employment but excluding those in self employment

² Source: East of England Forecasting Model (EEFM) – Autumn 2009 – Local Authority Forecasts

4 - PROSPECTS FOR GROWTH

- The expansion of the **University of Essex** campus in Southend-on-Sea town centre could generate some additional midweek demand for hotel accommodation. Existing hotels in the town did not however identify the University as a significant source of business at present, suggesting that growth in demand from the University may not be particularly substantial.
- The new Park Inn Palace may be able to attract **association conferences** given its large ballroom and other conference facilities. Associations often choose seaside resorts for their annual conferences. Such conferences could be fairly large (200-300 delegates) and could thus also generate demand for other hotels and guesthouses in the vicinity of the Park Inn Palace. Other new full-service 3 or 4 star hotels (if developed) may also be able to attract this market.
- The Park Inn Palace may also be able to attract **residential conferences** given its meeting and leisure facilities and effective targeting of this market. This is a market that has generally been declining across the UK for a number of years however, as companies have cut back on meeting and training budgets, developed their own meeting and training facilities and made greater use of video, internet and telephone conferencing. This suggests that 24-hour conferences are likely to be a relatively minor secondary midweek market for the Park Inn Palace and not a market that the existing 3 star hotels in Southend-on-Sea are likely to be able to develop much further, given the more competitive conferencing offer of the Park Inn Palace. This is also likely to be a relatively minor midweek market for any other full service 3 or 4 star hotels that might be developed in the Borough in the future.
- **Contractor demand** for budget hotel accommodation is likely to grow strongly in the Southend-on-Sea given the number of major construction projects that are planned in the Borough including the regeneration of the town centre and seafront and the expansion and development of Southend-on-Sea Airport.

4 - PROSPECTS FOR GROWTH

- The expansion of Southend-on-Sea Airport should generate increased **airport-related demand** for hotel accommodation from aircrew, companies involved in aviation maintenance, repair and overhaul, flying schools and the proposed aviation training academy. The expansion of the airport is unlikely to generate much demand from air passengers departing on holiday flights e.g. for Park & Fly packages, as we understand that such passengers are expected to come from a predominantly local catchment area.
- There would appear to be good prospects for growth in midweek and weekend **leisure break demand** for Southend-on-Sea hotels given the planned public realm improvements on the seafront and in the town centre; the planned development of the town's retail, cultural, entertainment, attractions and events offer; and proactive targeting of leisure break business by the town's hotels and the Borough Council. The Park Inn Palace should be able to build strong leisure break business given its location, product and likely marketing strategy. The existing 3 star hotels in the town are likely to need to more proactively target leisure break business in the more competitive market that will follow the opening of the Park Inn Palace. Other full service 3 and 4 star hotels (if developed in the Borough) should also be able to attract strong leisure break business, particularly if they have seafront locations and good leisure facilities.
- Demand for hotel accommodation from people attending **weddings, family parties and other functions** and from people **visiting friends and relatives** should increase as the Borough 's population expands. Regional forecasts³ currently show an 10.9% increase in the Borough's population between 2009 and 2031, equivalent to an average annual growth rate of 0.5%. Rates of population growth could be even higher if more ambitious targets for housing development in the Borough are set.
- The further development of Southend-on-Sea town centre's evening economy in terms of bars and nightclubs could generate increased demand for budget hotel accommodation in the town centre from **clubbers** staying overnight after a night out in the town.

³ Source: East of England Forecasting Model (EEFM) – Autumn 2009 – Local Authority Forecasts

4 - PROSPECTS FOR GROWTH

- There may be scope for the Park Inn Palace and other new 3 or 4 star hotels (if developed) to attract business from **Masonic lodge or Rotary club weekends**. Seaside resorts are often chosen as locations for such weekends.
- The Park Inn Palace is likely to need to target the **coach holidays and breaks** market to achieve high levels of occupancy, at least in its initial years of trading until demand from other markets has built. This is usually a very low-rated market that is less attractive for hotels. It can however help to boost off peak periods. It is likely that any other new 3 or 4 star hotels that may be developed in Southend-on-Sea would also need to target this market and possible that some of the existing 3 star hotels will need to start to take coach groups in the more competitive hotel market that will follow the opening of the Park Inn Palace.
- Southend-on-Sea hotels are likely to attract demand related to the **London 2012 Olympic and Paralympic Games** in the next two and half years. Teams coming to train at the Southend-on-Sea Leisure & Tennis Centre (which has been designated as a London 2012 training camp) and the new swimming and diving pool at Garons Park may require hotel accommodation. Southend-on-Sea hotels are likely to attract significant demand from spectators during the summer of 2012 coming to see the mountain biking event at Hadleigh Farm and commuting into the Olympic Park from Southend-on-Sea. Olympics-related demand will not be sufficient in itself to stimulate and support investment in Southend-on-Sea's existing hotels and the development of new hotels in the Borough however.

5 – FUTURE HOTEL DEVELOPMENT OPPORTUNITIES

5.1. Projected Future Hotel Development Requirements

- In order to provide an indication of the number of new hotel bedrooms that might be supported in Southend-on-Sea by market growth, Hotel Solutions has prepared indicative projections of possible future growth in hotel demand in the Borough to 2011, 2016, 2021, 2026 and 2031. The methodology and assumptions used for our projections are described in detail at Appendix 2.
- Projections have been prepared for 3/4 star and budget/upper-tier budget¹ hotels taking the current supply of hotels in the Borough (excluding the Essex County² and 2009 roomnight demand as the baselines for the projections. An assumption has also been made about the new demand that the Park Inn Palace may attract through the strength of its offer, brand and marketing from the association meetings, residential conference, leisure break, coach holiday/break and Masonic Lodge/ Rotary club weekend markets. This has been estimated at 23,000 roomnights. We have no way of gauging how accurate this assumption is however. The projections do not take account of any additional demand that new branded 3/4 star or budget/ upper-tier budget hotels may be able to attract through their offer, brand, central reservations, marketing and loyalty schemes.
- The results of the projections are summarised in the table overleaf. Clearly the further ahead that one looks, the more difficult it is to project growth accurately. Projecting as far ahead as 15-20 years is very difficult. The projections to 2026 and 2031 should thus be treated with particular caution.

¹ Brands such as Express by Holiday Inn, Ramada Encore, Hampton by Hilton that offer a higher quality, 3 star standard bedroom product but limited hotel facilities and services.

² The Essex County is currently trading at very different levels of occupancy and room rate to the other 3 star hotels in Southend-on-Sea. Its inclusion in the sample of hotels for Southend-on-Sea would thus give a highly skewed and potentially misleading picture of 3 star hotel performance and growth prospects in the Borough.

5 – FUTURE HOTEL DEVELOPMENT OPPORTUNITIES

SOUTHEND-ON-SEA BOROUGH PROJECTED MARKET POTENTIAL FOR NEW HOTEL DEVELOPMENT – 2011-2031

STANDARD OF HOTEL/YEAR	PROJECTED NEW ROOMS ¹		
	LOW GROWTH	MEDIUM GROWTH	HIGH GROWTH
3/4 Star Hotels			
2011	0	0	0
2016	0	0	0
2021	0	10	29
2026 ²	7	35	67
2031 ²	23	64	111
Budget/ Upper-Tier Budget Hotels			
2011	48	51	55
2016	72	84	97
2021	98	122	148
2026 ²	127	165	209
2031 ²	158	215	281

Note:

1. The projected requirements for new hotel rooms include all currently proposed new hotels and hotel extensions i.e. they are not in addition to the currently proposed hotels. The projected requirements for 3/4 star hotel rooms are in addition to the Park Inn Palace.
 2. It is very difficult to project change over a 15-20 year period. The projections for 2026 and 2031 should be treated with caution, therefore.
- On the basis of our research and the targets for growth in Southend-on-Sea Borough we would suggest that the medium growth scenario is probably the most realistic projection to consider. The high growth scenario provides an indication of the levels of new hotel development that might be supported if there is strong growth in the Southend-on-Sea hotel market.

5 – FUTURE HOTEL DEVELOPMENT OPPORTUNITIES

5.2. Opportunities by Standard of Hotel

5.2.1. 3/4 Star Hotels

- Our growth projections show only longer-term (post 2031) potential for a further 3 or 4 star hotel in Southend-on-Sea, given strong growth in the market. The Park Inn Palace is a significant increase to the Borough's 3 star hotel supply. While it should be able to generate significant new demand it will also compete with existing 3 star hotels for corporate demand and weddings and functions business. Our research and growth projections suggest that it will be some time before the Southend-on-Sea hotel market has grown sufficiently to absorb the Park Inn Palace and provide a market opportunity for a further 3 or 4 star hotel in the Borough. A branded 3 or 4 star hotel operator may however consider operating and/or developing a new hotel in the Borough ahead of market growth if they feel that they can generate significant new demand through their offer, brand and marketing and they are offered a favourable, low-risk deal. The prospects of attracting a 3 star operator are likely to be much stronger than the prospects for attracting a 4 star operator given the levels of achieved room rates that the existing 3 star hotels are currently achieving, which are a long way off the target levels that would be required for a 4 star hotel.
- Aside from the development of a new 3 star hotel there could be scope for the existing 3 star hotels to upgrade and possibly expand in the future. Much will depend on how the Park Inn Palace impacts on their business in the short to medium term.

5.2.2. Boutique Hotels

- There could be market potential for small, independent boutique hotels to develop in Southend-on-Sea, either through the repositioning of existing hotels or the conversion of suitable properties. Hotels of this nature have been successfully developed in other seaside resorts in the UK. Much will depend on whether the Borough's cultural, retail and restaurant offer develops sufficiently to attract boutique hotel customers and whether the growth in the corporate market delivers a demand for this type of hotel.

5 – FUTURE HOTEL DEVELOPMENT OPPORTUNITIES

5.2.3. Budget/ Upper-Tier Budget Hotels

- Our growth projections show immediate market potential for a further budget or upper-tier budget hotel in Southend-on-Sea of at least 50 bedrooms and possibly more. The projections also suggest longer-term potential (post 2021) for up to another 1-3 new budget or upper-tier budget hotels, depending on their size and how strongly the hotel market grows in the Borough.

5.2.4. Serviced Apartments

- There could be scope for residential apartments in Southend-on-Sea to be let out as serviced apartments to long stay corporate customers. We see no clear market potential for a purpose-built serviced apartment complex or suite hotel in Southend-on-Sea however. These types of hotel require a mature 4 star hotel market and significant long stay corporate demand.

6 – HOTEL DEVELOPER INTEREST

6.1. Hotel Developer, Operator & Investor Feedback

- Over 25 hotel developers, operators and investors have been contacted to test their potential interest in developing hotels in Essex. Together they represented a much larger number of brands, more than 40 in all, as several companies develop and operate a range of brands either directly themselves or through franchise agreements. The sample covered the spectrum of provision in terms of standard and type of offer, from budget through to luxury hotel offers.

6.1.1. Southend-on-Sea Borough as a Hotel Investment Location

- Southend-on-Sea has a number of advantages as a hotel investment location. Of appeal to the developers and operators we consulted were:
 - Its profile as a seaside resort of long-standing and therefore a source of potential leisure demand to enable high weekend occupancies to be achieved;
 - With a population of over 160,000, it is a significant town and centre of business activity. At this size, Southend-on-Sea will meet the criteria set by many branded hotel developers for developing their larger, 3/4 star hotel models;
 - Good connectivity in terms of the dualled A127 and the A13, connecting Southend-on-Sea to the M25 and London;
 - For those that knew about it the fact that, as part of Thames Gateway South Essex, Southend-on-Sea is to be the focus of significant levels of growth to 2021 and beyond, though this message has certainly not got out widely to the market.
- Disadvantages of the Borough as a hotel investment location include:
 - Awareness of significant issues to do with congestion along the A127, delaying journey times;
 - Concern about the breadth and depth of the corporate market here, and levels of business development in sectors productive for hotel demand, particularly higher rated business.

6 – HOTEL DEVELOPER INTEREST

6.2. Interest by Brand & Type of Hotel

- Southend-on-Sea generated interest from 9 hotel brands. In terms of standard, the interest was split between budget/upper tier budget level, with some 3 and 4 star interest.

HOTEL BRAND INTEREST IN SOUTHEND-ON-SEA

Standard/ Type Of Hotel	Brand Interest	Developer/ Operator
3/4 star	• Copthorne ¹	• Millennium & Copthorne
	• Mercure ²	• Accor
	• Park Inn ³	• Yianis/Rezidor
	• Ramada	• Wyndham/Franchisee
Upper Tier Budget	• Hampton by Hilton	• Hilton
Budget	• Days Inn	• Wyndham
	• Etap ⁴	• Accor
	• Ibis ⁴	• Accor
	• Premier Inn	• Whitbread

Notes:

- ¹ Management contract only
- ² Franchise only/investor led
- ³ Under construction
- ⁴ Alternate brands

- In terms of timescale, the interest was split between immediate requirements and those that are longer term. There is one branded hotel under construction – the 3 star Park Inn Palace – and a further 3/4 star brand (Ramada) thought to be in the final stages of negotiation for the site at the airport. In addition, two of the budget hotel operators had immediate/short term requirements for Southend-on-Sea, one of whom is actively looking at sites currently. The remainder indicated that their interest was longer term, for a mixture of reasons. Clearly, finance is an issue in the current climate, limiting the immediate development plans of some operators. Other developers indicated that they would be looking for the market to expand further, particularly given that over 130 new rooms will be coming into the market in February 2010 when the Park Inn Palace opens.

6 – HOTEL DEVELOPER INTEREST

- At an overall level there was more hotel developer interest than our growth projections are showing market potential for, particularly at the 3 star level, where the potential is longer term. Operators would need to be confident of bringing in new business through the power of their brand and marketing to develop ahead of the market.
- Some of the interest from developers was on an either/or basis – developers and operators like Accor would look to develop one hotel and would determine which brand and standard to place in Southend-on-Sea once their research had provided a clearer steer on the market fit and achievable room rates.
- In terms of the type of deal, the 3 and 4 star interest was only for investor-led franchise or management contract deals. None of the multiple brand owners that have 3 and 4 star brands (such as Accor, Wyndham, Hilton, IHG or Jurys) were prepared to build and fund a hotel at this level in the market in Southend-on-Sea. Novotel or Hilton for example would require a major city location with a strong corporate market. A franchise is also the most likely solution for the upper tier budget interest (Hampton by Hilton) and for a Days Inn. Etap, Ibis and Premier Inn however would likely develop and operate the hotels themselves. Premier Inn may consider taking a lease in a mixed use scheme. Mercure is usually (though not exclusively) a conversion brand, so this requirement could be met by re-positioning an existing hotel.
- The developer testing for Essex as a whole found the strongest interest to be at budget and upper tier budget levels, with limited 3 star interest in the larger towns (e.g. Chelmsford, Colchester), and 4 star interest limited to Stansted. The interest in Southend-on-Sea mirrors this picture. The reasons given by developers were that the Essex market is perceived to be relatively low-rated corporate/commercial trade, with limited leisure drivers for weekends. Hotel companies also indicated that they found locations further east of the county and coastal locations of less appeal with more limited hinterlands, more difficult access and greater distance from London and the M25.

6 – HOTEL DEVELOPER INTEREST

- Whilst Southend-on-Sea has some added appeal in terms of leisure drivers for weekends that other Essex locations may be lacking, there is an element of the town being overshadowed by some of its neighbours – something that may equally apply beyond the hotel sector. Basildon and Thurrock for example are closer to London and easier to access; Chelmsford and Colchester have county town appeal. It is for these reasons that Southend-on-Sea needs to develop its own unique selling proposition as a town above and beyond its traditional resort role in order to broaden its appeal.
- There was no interest in Southend-on-Sea town from boutique hotel developers and operators. There are few national boutique hotel players with the potential for extensive distribution across the UK – Malmaison is perhaps the best known of these. Most of the others are privately owned chains looking for 10-15 hotels nationwide, or regional players with an initial focus on a tightly defined geographic area. In the East of England the focus for boutique hotel operators is Cambridge, which has a strong leisure appeal and an affluent local market for the food and beverage offer of a boutique hotel. Any interest in boutique hotel development in Southend-on-Sea town centre is most likely to come from existing hotels looking to reposition their offer or independent, probably local entrepreneurs. None of the existing 3 star hotels in the Borough are currently looking to reposition as boutique hotels and as far as we are aware nobody is currently looking at developing a boutique hotel in the Borough.
- There was no interest in Southend-on-Sea in the development of branded purpose-built serviced apartments or aparthotels. These offers are relatively new to the UK and are initially targeting major city centres such as Liverpool and Newcastle (home to the first two Staybridge Suites in the UK). They require a mature 4 star market, significant long stay corporate demand and strong achievable room rates to make them work.
- There are a number of proposals for hotels in and around Southend-on-Sea – these are discussed in more detail in the sites section of this report. However, as far as we are aware, apart from those we have mentioned (Park Inn Palace, Ramada London Southend Airport), none have operators attached to them.

6 – HOTEL DEVELOPER INTEREST

- There could be interest from the independent sector in investing in hotels in Southend-on-Sea. The Roslin Beach has demonstrated this with some success, upgrading and expanding the hotel to give it a more contemporary feel. It is however very difficult to test this independent interest as it is very fragmented and essentially opportunistic.
- There could also be interest from independent pub owners, pub accommodation companies and breweries in adding bedrooms onto pubs in the Borough. Our research has not however been able to test this potential interest although we are aware that Greene King has previously looked at adding bedrooms onto a pub just over the Borough boundary near the airport, and there are also proposals to develop rooms at the Bell hotel at Leigh-on-Sea.
- At an overall level, the results of the hotel developer testing for Southend-on-Sea were very similar to the picture in early 2008 when the market was tested for locations across the East of England in a survey for EET. At that time there was some potential interest from De Vere for their 3 star Village offer, and from a franchisee of Hilton Garden Inn, another 3 star brand. We think it likely that in both cases their development programmes have been put on hold due to the market conditions of the past 12 months and lack of available finance. Their interest could come back as the market recovers.

6.3. Interest by Location

- In terms of location, developer interest through our survey was only expressed in relation to Southend-on-Sea itself, although we are aware of independent proposals for the development of The Bell at Leigh-on-Sea as referred to above. This interest was split between companies interested in a town centre/seafront location and those seeking an out-of-town location. There is no clear pattern here related to standard of hotel. The Park Inn Palace is redeveloping an existing hotel as may Mercure, pushing them to a central location, but both Ramada and Copthorne have been considering out-of-town locations. Brands like Village would also need to be out of town as they require 3 acres of land to accommodate associated leisure clubs and facilities. Sites on the A127/A1159 are therefore of appeal, particularly where they are associated with other drivers of demand – the airport, business parks, leisure facilities. Days Inn would also likely

6 – HOTEL DEVELOPER INTEREST

want to be out-of-town as these hotels tend to be routeway focused. Etap, Ibis and Premier Inn however prefer to be in a more central location – Travelodge and Premier Inn already have hotels on the seafront and in the town centre. These hotels are well positioned to serve the leisure market including the leisure break and clubbers markets.

- There was no interest expressed in Shoeburyness, although we understand from Council Officers that a hotel use has been discussed at some point for the Garrison. This type of opportunity is most likely to be taken up by an independent rather than a branded operator. Similarly with Leigh-on-Sea, with the Bell and potentially the Grand sites most likely to be delivered by an independent operator or small pub chain.

7 - THE FRAMEWORK FOR DEVELOPMENT

7.1. National Planning Guidance

- National guidance for tourism development was contained in PPG21 until its cancellation in September 2006. It has been replaced by a '**Good Practice Guide on Planning for Tourism**'. This document contains a specific appendix on tourist accommodation, dealing principally with the location of accommodation.
- The sections relating to hotel accommodation are attached at Appendix 3 to this document. The guidance covers general locational principles and guidance relating to particular types of serviced accommodation (major hotels, budget hotels/lodges, rural/pub accommodation). Some of the key principles of relevance to Southend-on-Sea include:
 - Identifying suitable locations for hotel accommodation should be an integral part of the plan making process, and should involve the tourist industry;
 - Major hotel developments should look to the town centre first, because of their transport and regeneration implications;
 - Outside the development plan process site selection should follow the sequential approach;
 - There is a need to recognise the market being served by different types of hotel when allocating sites and considering applications, as this will affect the optimum location;
 - Budget hotels catering for longer staying markets should generally be destination focused i.e. in town centres;
 - Lodges catering for stop-over traffic may require a location on a major routeway, ideally edge of town rather than in open countryside.
- Alongside the cancellation of PPG21 and the publication of the Good Practice Guidance, it was intended that the issues surrounding tourism development should be addressed as other relevant PPGs were revised.

7 - THE FRAMEWORK FOR DEVELOPMENT

- PPS1 (Delivering Sustainable Development), PPS 6 (Planning for Town Centres) and PPS7 (Sustainable Development in Rural Areas) were all published before the Tourism Good Practice Guidance was brought out, and their key messages in relation to tourism development – and particularly the development of hotels – is reflected in the Guidance.
- More recently, Draft Planning Policy Statement 4 – 'Planning for Sustainable Economic Development' – has been issued for consultation. PPS4 builds on the objectives for the planning system set out in PPS1 providing the tools for local authorities to plan effectively for economic growth. It requires local authorities to:
 - Adopt a positive and flexible approach to economic development (which includes tourism and leisure development);
 - Recognise the importance of a robust evidence base to understand industry/sector needs, using relevant market and economic information, particularly where proposals are not specifically supported by plan policies;
 - Recognise the needs of business and cater for a range of needs which can be flexible to changing requirements;
 - Limit the designation of sites for single or restricted use classes and promote mixed-use developments in appropriate locations;
 - Consider proposals favourably unless the costs are likely to outweigh the benefits.

7 - THE FRAMEWORK FOR DEVELOPMENT

7.2. Regional Policy Context

- Unlike some other Regional Spatial Strategies such as the South East Plan, the East of England Plan does not set out any policies specifically focused on hotels or the wider visitor accommodation sector.
- However, in 2008 East of England Tourism commissioned Hotel Solutions to prepare a Hotel Investment Action Plan for the region. One of the outputs of this work was 'Staying Power' – Guidance for Local Authorities on Attracting Hotel Investment in the East of England (September 2008). The Guidance identified five firm foundations for success, focused around:
 - Knowing your market
 - Planning positively for hotels
 - Tackling the sites issue
 - Pro-actively targeting hotel investment
 - Keeping a finger on the pulse, in terms of monitoring new development and on-going performance in the sector.
- It will be important to weave these principles into future plans, strategies and policies for hotel development in Southend-on-Sea. The full guidance document can be found on the East of England hotel investment website at www.hoteldevelopment.co.uk.

7 - THE FRAMEWORK FOR DEVELOPMENT

7.3. Local Policies and Development Priorities

- Southend-on-Sea Borough Council is at a fairly advanced stage with its LDF, having adopted the Core Strategy in December 2007. The aim of the strategy is to secure a major re-focus of function and the long term sustainability of Southend-on-Sea as a significant urban area. Amongst the strategic objectives, the Core Strategy seeks a prosperous local economy, delivering employment led regeneration and securing Southend-on-Sea as a cultural capital of the East of England, an intellectual hub and a centre of education excellence.
- Hotel development is wrapped up in policies on employment generating development. Policy CP1 is the overarching policy which allows for supporting development that will help deliver Southend-on-Sea's regional potential to develop as a Hotel and Conference Resort with high quality hotels, casinos and broad-based leisure and tourism facilities
- The Development Management DPD is moving towards Issues & Options stage (June 2010), so in the meantime the Local Plan policies relating to hotels and guesthouses have been saved. The policies, set out overleaf, are permissive of new development in the defined Visitor Accommodation Areas, the Central Seafront Area, and elsewhere e.g. along major routeways (see Zone 5 map at the end of this section for definition of areas). They also seek to retain hotels and guesthouses in the Visitor Accommodation Area, Central Seafront Area, and elsewhere where an establishment has more than 20 bedspaces.

7 - THE FRAMEWORK FOR DEVELOPMENT

Policy L6 - Hotels and Guest Houses

Within the Central Seafront Area and those areas defined as Visitor Accommodation Areas on the Proposals Map, proposals for the establishment, extension or improvement of hotel and guest house accommodation will be encouraged subject to the requirements of Policy H5 and, within Conservation Areas, Policy C4.

Elsewhere permission may be granted where the following criteria can be met:

- 1. the proposal is well related to the primary road network or the seafront promenades;*
- 2. the character and amenities of residential streets are unlikely to be adversely affected, having regard to the size of the proposal and the level of activity generated;*
- 3. conversion proposals involve properties which have a gross floor area of 160 square metres or more, in order to retain an adequate stock of single family dwelling houses, and to ensure the premises are suitable for the use;*
- 4. the requirements of Policies H3, H5 and E5 are complied with. In addition, where the proposal affects a property or site within a Conservation Area, the requirements of Policy C4 can be met.*

In order to safeguard the stock of serviced accommodation in Southend-on-Sea and to ensure that the town remains attractive to visitors, the Borough Council will consider the need to prohibit future changes to a particular use or uses which would otherwise be permitted by virtue of the Use Classes Order. Where a proposal is considered to be for long-term residential accommodation, having regard to the guidelines in Appendix 5, it will be assessed in accordance with Policy H9.

7 - THE FRAMEWORK FOR DEVELOPMENT

Policy L7 - Retention of Hotel and Guest House Uses

Development which would involve the loss of any form of hotel/guest house accommodation in the Central Seafront Area and in Visitor Accommodation Areas, as defined on the Proposals Map, and elsewhere in establishments of 20 or more bedspaces, will not normally be permitted unless:

- 1. there is an overriding need for the development which cannot be met elsewhere;*
 - 2. the development will enhance the quality and viability of the hotel/guest house;*
 - 3. there are overriding environmental reasons for the development.*
- In 2007, Renaissance Southend produced a **Central Area Masterplan** for Southend-on-Sea which covers both the town centre and the seafront. It will be taken forward in planning terms through the development of Area Action Plans for each area that will provide the planning framework to deliver this vision and key projects. It identifies the central area of Southend-on-Sea as having major opportunities for growth and development and the ability to deliver a step change in the quality of the town centre and seafront economy and environment that can be a catalyst for the success of the Borough as a whole. The vision is to broaden the economic base of Southend-on-Sea and its appeal as a place to live, work and visit, developing its function as a 'regional city' serving a wider area. The development strategy involves:
 - Expanding the capacity of the town centre and retail offer;
 - Introducing residential uses into the town centre mix;
 - Improving the quality of office accommodation in major mixed use schemes (London Rd and Warrior Square);
 - Expanding the higher education sector and cultural offer;
 - Growing the tourism sector through improving linkages between the town centre and seafront and targeting higher spending visitors attracted by an improved town centre and better quality hotels;
 - Design excellence, including introducing landmark buildings onto gateway sites and creating an improved public realm.

7 - THE FRAMEWORK FOR DEVELOPMENT

- The Masterplan also identifies a series of Major Project Areas and prioritises potential development outcomes for each in order to play their part in the transformational change of the town centre. Several of these potentially include hotel uses. The major project areas are:
 - Victoria – 10,000 sq m offices, ground floor commercial uses, 120 homes;
 - Warrior Square – 25,000 sq m prime offices, 160 homes, 8,100 sq m public space;
 - St Johns Quarter – 23,000 sq m retail, 500 homes, ancillary leisure, hotel, food and drink, car parking (1000);
 - Clifftown – 2,800 sq m offices, 2,500 sq m retail, 97 homes;
 - Farrington – 27,000 sq m academic and cultural space, 2,190 sq m retail, 62 homes, parking (200);
 - London Rd – 25,000 sq m prime offices, ground floor commercial uses, 250 homes, parking (50);
 - The Seafront – developing an 'urban beach' along the commercial seafront, introducing new uses, developing key sites such as Marine Plaza, extending the Sealife Centre, and investing in the public realm.
- The **Town Centre AAP** is out to Issues & Options consultation in Jan/Feb 2010. It identifies 40 key issues affecting the town centre that seek to improve the town centre's accessibility, amenity and attractiveness as the key to achieving regeneration and delivering town centre renaissance. Hotels are considered in relation to the themed issue of Education, Culture and Tourism, the options considering whether to include a generic or specific policy, and whether to identify specific sites for this development. Hotel uses also form part of the options considerations in relation to the Warrior Square and Southend-on-Sea Victoria Station Strategic Development Sites.

7 - THE FRAMEWORK FOR DEVELOPMENT

- The **Seafrost AAP** is also out to consultation during January/February 2010. The approach taken is to address the seafront as a series of character areas, where there will be different issues and opportunities. Cross-cutting issues common to all areas are also addressed. Hotels are discussed in relation to Economic Development, recognising the Core Strategy aspiration for a vibrant tourism industry and the promotion of the town as a hotel and conference resort with high quality hotels. The saved policies from the Local Plan relating to the development of new hotels and the retention of existing stock are discussed in some detail. It is recognised that the identified zones no longer appear to be applicable or necessary because:
 - In many cases there is little accommodation remaining in them;
 - New hotels have been developed or are proposed in other locations;
 - The protection of stock that has become unviable or outmoded has been unsuccessful.
- **London Southend Airport Joint AAP** went to Preferred Options at Feb 2009 and is now at Submission stage, awaiting the outcome of the planning application to extend the runway, currently with the Secretary of State. The vision for the AAP focuses on economic growth and the delivery of new jobs through:
 - Expanding to become a regional passenger airport with an extended runway, new terminal facilities and a railway station, transporting 1-2 million passengers each year;
 - Developing the maintenance, repair and overhaul facilities at the airport in the Northern MRO extension;
 - Developing the Saxon Business Park with significant office use and a range of high-tech businesses and environmental technologies; with associated sites at Nestuda Way and Aviation Way, 6,200 additional jobs are to be created;
 - New link road and other infrastructure improvements.
- The **Site Allocations DPD** is working towards Issues & Options stage for Dec 2011

7 - THE FRAMEWORK FOR DEVELOPMENT

- The Council has identified a number of growth areas to achieve the additional jobs target of 13,000 in its '**Economic Growth Aspirations**' document (2006). Key sectors, based on existing clusters of activity, are:
 - Aviation/airport and associated industries;
 - Health and medical industries;
 - Business and financial services;
 - Cultural and intellectual hub and HE centre of excellence;
 - Tourism and leisure, and long term opportunities from the Olympics.

- The **Southend-on-Sea Economic Development & Tourism Strategy** (2007) sets out the role of tourism, culture and the creative industries as key sectors to create a new image and period of sustained economic growth in Southend-on-Sea. They each have a role to play in delivering the Council's economic vision of:

' a vibrant, creative, cultural hub and regional centre offering quality of product and destination, with a diverse and sustainable economic base and the ability to retain graduates and attract both inward and foreign direct investment. A place where people want to live work and visit'.

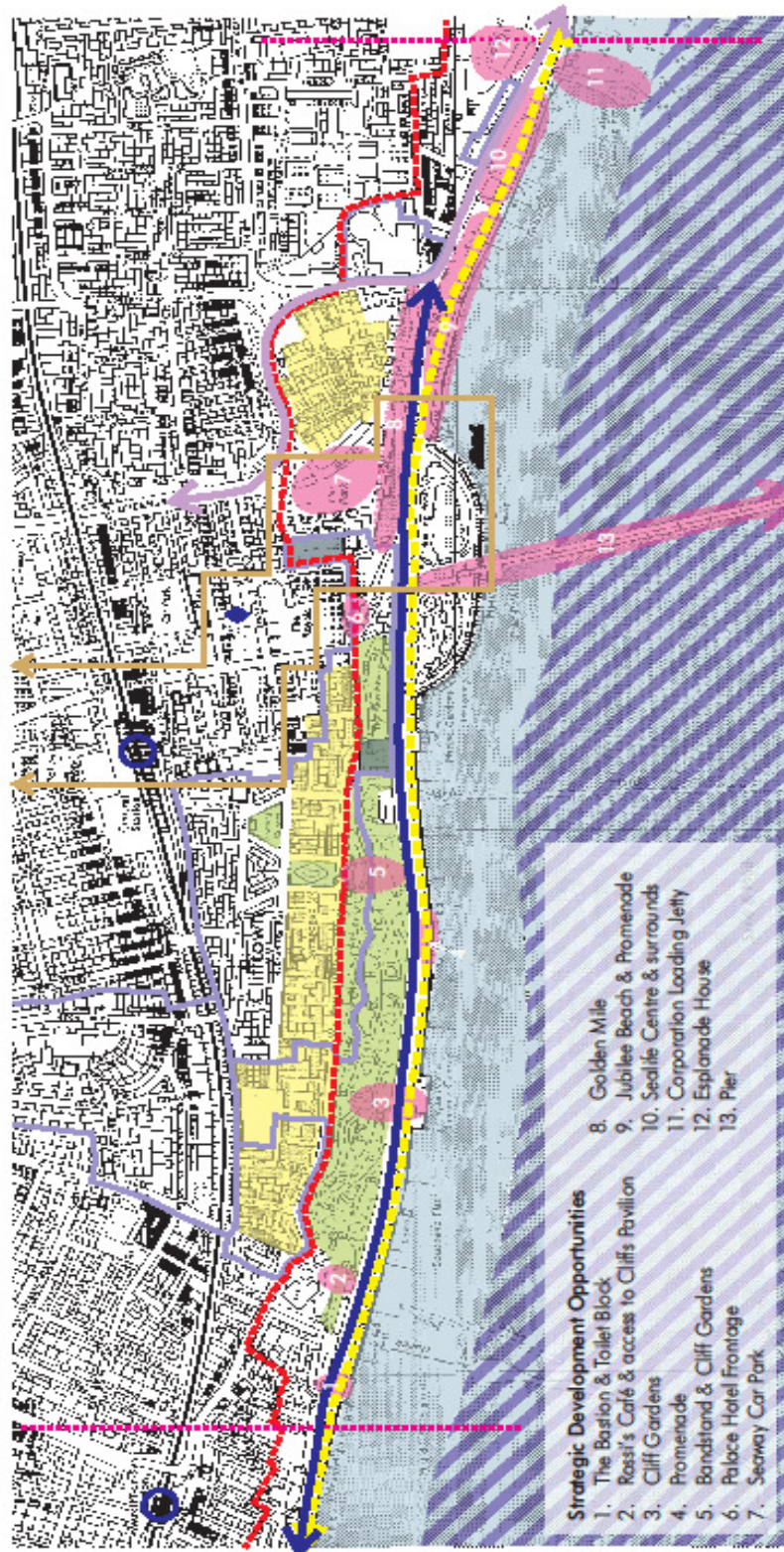
- The outline Tourism Strategy sets out a vision for Southend-on-Sea to secure its place in the top 10 UK seaside resorts over the next 5 years, attracting higher end visitors motivated to visit the cultural capital of the East of England. Target market segments are:
 - Higher income group day visitors – drawn by developing cultural attractions;
 - Short break activity weekends – based on watersports, kitesurfing, golf, riding, indoor tennis, arts festivals;
 - Business conference tourism – in the medium term once a quality hotel with conferencing is in place;
 - Foreign language students – using out of term student accommodation;
 - London 2012 staying visits – using the direct rail link to Stratford.

7 - THE FRAMEWORK FOR DEVELOPMENT

- The strategy identifies a lack of a diverse serviced accommodation offer, especially at the quality end of the market (4 and 5 star) as limiting overnight visitor potential. The development of new hotels incorporating conference facilities is seen as one means of addressing this and the paucity of conference provision.
- In terms of constraints on development, Southend-on-Sea is a densely developed urban area, with limited countryside separating Southend-on-Sea from nearby destinations. Green Belt protects this countryside to the west of the Borough. Flooding and International/National Nature Conservation designations are further constraints on development.

7 - THE FRAMEWORK FOR DEVELOPMENT

Zone 5 Central Seafront Area Existing Designations and Possible Options



Strategic Development Opportunities

1. The Bastion & Toilet Block
2. Rossi's Café & access to Cliffs Pavilion
3. Cliff Gardens
4. Promenade
5. Bondstrand & Cliff Gardens
6. Palace Hotel Frontage
7. Seaway Car Park
8. Golden Mile
9. Jubilee Beach & Promenade
10. Sealife Centre & surrounds
11. Corporation Loading Jetty
12. Esplanade House
13. Pier

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Not to Scale

8 - HOTEL SITE REQUIREMENTS

8.1. Development and Site Criteria

- Hotel developers and operators work to a set of loose criteria when they are identifying sites and locations for their hotels. These include:
 - Strategic locations with good access and visibility to passing traffic;
 - Minimum population of 50,000-100,000 for smaller units and budget/ mid-market offers, 100,000-150,000+ for larger developments and products at the quality end of the market;
 - Proximity to generators of demand:
 - Proximity to business drivers i.e. offices, business parks and other major employers who will give rise to corporate demand from their staff and visitors to the business. This is the mainstay of their trade mid-week;
 - Proximity to leisure drivers i.e. attractions, events venues, major sports facilities, speciality shopping, plus support facilities such as cafes, bars and restaurants that make a destination attractive and interesting to visit. This is the mainstay of their weekend and holiday period trade;
 - Proximity to local community-related drivers e.g. roomnights generated by weddings, functions and visits to friends and relatives;
 - City/town centre, edge of centre and out-of-town sites, depending upon the geography of the destination and the location of prime business drivers;
 - Site areas of 0.5-6 acres (dependent upon range of offer and ability to develop vertically);
 - Land values that reflect hotel economics (£5,000-£15,000 per room for budget and upper tier budget offers, rising to a maximum £30,000 per room for full service hotels in the very strongest of market locations);
 - An attractive environment;
 - The potential for associated development where land values are high;
 - Redevelopment sites where opportunities are limited and competition for sites strong, including office conversions and development and branding of existing hotels.
 - Potential also to develop as part of mixed-use schemes where site opportunities are limited e.g. above ground floor retail, or as part of an office/residential tower.

8 - HOTEL SITE REQUIREMENTS

- These criteria can vary slightly by type of hotel offer e.g.:
 - Budget and limited service hotels generally have a smaller land take as they have fewer central facilities;
 - Boutique hotels require a character building and location and a strong catchment for their restaurant offer.
- The criteria will also vary slightly depending upon the type of deal sought by the hotel developer or operator. There are four main types of deal structure:
 - Some hotel companies wholly own and manage their hotels themselves.
 - Other hotels are run via management contract – an agreement between the owner of the hotel and a hotel company for the latter to run the hotel. The hotel operator gets a fee for this task, usually a percentage of turnover.
 - A further option is a lease, whereby an operator pays a rent for use of the building or land; the risks are then with the operator not the owner, as the latter has a fixed return.
 - Franchise agreements are also commonly used in the hotel industry, giving an operator or investor the right to use a brand name although the hotel is in separate ownership from the chain. Fees are charged for this relating to royalties, reservations and marketing.
- The levels of risk and capital outlay required by a hotel company therefore vary considerably between these options. Many more operators, particularly at the 4 star level, which is much more capital intensive, are likely to be interested in options put to them that involve management contracts than in building and funding development themselves, as access to capital will naturally restrict the latter and require hotel companies to prioritise their investment locations. Many of the chain hotel companies will have a mix of the above structures in place, though some do prefer a single route. Often franchisees are looking to build the asset value of the company with a view to exit within a 5-10 year period, and in such situations are less likely to be interested in lease options.

8 - HOTEL SITE REQUIREMENTS

8.2. Barriers to Investment

- Despite developers having a clear view of what makes a good hotel site, there are a number of barriers to investment that often serve to push them towards potentially less favourable locations because the ideal is either not deliverable or commercially viable, or may prevent development from happening at all. These obstacles include:
 - The availability of sites - especially where there is intense competition for land from other uses, a situation that has worsened as hotels are pushed into town centres via PPS6;
 - Timing in terms of when sites might become available - particularly where they might be contingent upon a major development scheme happening or delivering business for them;
 - The complexity of mixed-use schemes – including the length of time to delivery, a lack of direct control, often only a leasehold option, and frequently a less favourable positioning for the hotel within the wider development. The collapse of the residential market has resulted in a number of mixed use schemes containing hotel across the country being mothballed. A number of the sites put forward for hotel development in Southend-on-Sea form part of mixed use schemes;
 - Out of town and edge of town centre sites often fall victim to the requirements of the sequential test under PPS6, even when more central sites are not deliverable in the short to medium term, and despite the fact that some brands have a footprint requiring 2-3 acres that would be inappropriate and not commercially viable in a town centre. Even when the corporate sector – who provide the business users for the hotels - is located in out of town or edge of town sites/business parks, hotels are often pushed into the town centre, creating a need to travel that would not be there if the hotel was sited close to or on the business park;

8 - HOTEL SITE REQUIREMENTS

- Site values – hotels struggle to compete with residential, commercial, retail and office values, yet it is competition from these uses that they often face. Although this has lessened slightly during the recession and additional sites have come forward for hotel use, hotel companies report owners and developers often having unrealistic expectations in terms of what a hotel can deliver. In such situations they may pull out of negotiations when they realise the value the hotel can bring, and seem likely to sit on the opportunity until the wider market recovers;
 - Concern not to lose employment land is also an obstacle to hotel developers targeting these sites as they are often suitable for hotel use and adjacent to other business users;
 - The aspirations of the destination when these do not fit with market potential, most notably the desire for full service 3 and 4 star hotels, which many market areas cannot support. This points to the importance of good market research to ensure a full understanding of what size and standard of hotel is deliverable.
- Planning issues warrant a special mention in relation to barriers to investment. Whilst they may not have been specifically raised by the hotel operators that we spoke to that had been actively looking at Southend-on-Sea, they remain significant obstacles for most hotel companies in their day-to-day site acquisition work, and are clearly potential problems for Southend-on-Sea Borough Council to avoid. They include:
 - Design requirements e.g. re building exterior treatments that can increase the build cost to such a degree that it pushes the scheme beyond viability. Requirements to meet BREEAM standards (for which there is no specific standard for hotels) can similarly have significant cost implications and impact;
 - Delays in processing applications, for which there is a commercial cost to the operator, both in terms of paying for the property during this process and in delaying the opening and potential for additional income to be coming on stream;

8 - HOTEL SITE REQUIREMENTS

- Contradictory guidance being given to developers on schemes by Officers, or disagreements between Officers and Members causing refined schemes put forward for approval to be refused at Committee, with further costs and delays incurred;
 - The sequential test limiting edge of town and out of town development.
 - The restrictions of Green Belt, both in terms of existing hotels looking to expand and those looking for conversion/new hotel development opportunities.
-
- Clearly, in the current recessionary climate, the difficulty of securing finance is foremost on the hotel sector's agenda. It puts even more pressure on the need for strong sites that will perform well, as well as the need to keep development costs down, as the margins on many of these schemes is extremely thin. It also means many more operators are looking for management contract deals and other opportunities to cut capital costs e.g. joint ventures with developers and site owners.

 - The disadvantages of Southend-on-Sea as a hotel investment location already identified also represent obstacles that will need to be addressed to create the right climate for hotel development to happen. The growth planned here should boost Southend-on-Sea's critical mass and sub-regional stature, and the planned increase in both population and jobs should provide additional demand for hotel accommodation. Destination development will also have a role to play in supporting the hotel market in other ways, including developing the leisure offer and weekend market potential, and improvements to infrastructure and access. However, much of this is some way off, and with some new hotel development underway and additional active interest, other hotel developers may well want to delay investment decisions to avoid moving into the area ahead of the market.

8 - HOTEL SITE REQUIREMENTS

8.3. Site Criteria Overview – the Strongest Sites

- Hotel developers are looking wherever possible to keep the development solution as simple as they can. The best sites in any destination from their point of view will meet as many of their identified 'win' criteria as possible, whilst also overcoming the barriers to investment, being:
 - Part of a destination 'hub', whether in the town centre, on the seafront in a resort, adjacent to a key demand driver such as offices or a business park, or in a visible gateway/roadside location;
 - Affordable in terms of alternative use value – particularly residential – or have the opportunity to benefit from associated development value;
 - Available freehold or on long leasehold;
 - In single ownership – often Council ownership is preferred;
 - Able to come forward in the short to medium term, ideally with planning permission;
 - Having fit with market potential.
- In moving forward and identifying the strongest sites for hotel development and setting out a locational strategy directing this development, the Borough Council as planning authority will no doubt want to add to this list some of its own criteria in terms of factors that would enable hotel development to make the best contribution to destination development, as well as criteria to minimise any negative impacts.
- Our projections for growth in the Southend-on-Sea hotel market suggest a need for up to 5 sites for new hotel development through to 2031: 3-4 budget hotel sites and one 3 star hotel (over and above the new Park Inn Palace). Southend-on-Sea Borough Council's future locational strategy will need to determine where these hotels would most effectively be situated in order to meet developer and market requirements, as well as maximising destination benefit and Council objectives.

8 - HOTEL SITE REQUIREMENTS

- In doing so, there are a number of issues to think about:
 - There is something of a mismatch between the Council's aspiration for hotels and the identified market potential. The forward strategy needs to recognise that attracting 4 and 5 star hotels in any destination comes as the icing on the cake when a mature market has been developed. Significant development of Southend-on-Sea as a destination and corporate base will be needed to support this. This will not happen overnight. The focus therefore needs to be on planning for what is deliverable, with the requirements of budget, upper tier budget and 3 star operators in mind. The Borough Council needs to understand that the greater potential for hotel development in Southend-on-Sea is at the budget/ upper-tier budget level and to appreciate that such hotels can make an important contribution to town centre and seafront regeneration by generating demand for bars and restaurants, attracting the family break market (if located on the seafront) and meeting the needs of people wanting to come into the town centre for a night out (if located in the town centre).
 - A significant number of sites have been identified for hotel development in various AAPs and Masterplans, and there are proposals – some with planning – in the town centre, on the seafront and in out of town locations. We provide detailed comments on these sites at Appendix 5. Most of these sites would be highly suitable for hotel development. There are no sites that particularly stand out above the rest, other than the Palace Hotel, which is now being developed as a Park Inn. There are however far more potential hotel sites and a greater level of hotel developer interest than our growth projections suggests there is market potential for.
 - This begs the question whether there a need to prioritise sites and brands in order to achieve wider objectives? If a hotel use is felt to be of particular importance to a site or mixed-use scheme e.g. in terms of adding value, this might be one case for prioritising hotel use there.

8 - HOTEL SITE REQUIREMENTS

- In terms of best supporting the Borough Council's vision for Southend-on-Sea to become a Hotel and Conference Resort, prioritising new hotel development in the town centre and on the seafront is likely to contribute most to supporting this objective as it would contribute to supporting the development of the seafront and town centre visitor and evening economy and the establishment of the town centre as an office and business location. Spreading hotels across Southend-on-Sea, including along routeways out-of-town would not achieve this.
- Given the market potential identified for further hotel provision in the Borough the development of new hotels out-of-town is likely to have an impact on the potential to secure new hotels in the town centre and on the seafront.
- Clearly, it will be important to take action to ensure that town centre/seafront sites are deliverable if hotel development out-of-town is to be restricted.
- A locational strategy that reflects drivers of demand, future growth and operator requirements would, however, point not only towards locating hotels in the town centre and on the seafront, but also in any other location where business growth is focused. From this perspective, the airport warrants special consideration even though it is in an out-of-town location, given its planned expansion and the proposed business park development here.

8 - HOTEL SITE REQUIREMENTS

- In relation to the town centre and seafront, hotel developers and operators did not express a clear preference for any particular sites. The centre is fairly tightly configured, and many of the sites are relatively easily accessed from main through routes and close to office and commercial uses and town centre and seafront attractions, bars, restaurants and entertainment facilities. Unless the Council has a broader agenda for wanting a hotel on a particular town centre or seafront site it can be left to market forces to determine which sites are taken forward for hotel development, provided the Council is happy that these sites are deliverable, particularly bearing in mind that most are part of mixed use schemes. It will be important to work with developers and to get hotel operator input into these mixed use schemes to ensure their needs are adequately catered for, and the hotel component ends up in the position it needs with regard to visibility and access. There will be an opportunity for more direct intervention on those sites in Council ownership if the Borough Council sees hotel development on them as a priority or if other sites are developed for alternative uses.

9 - SOUTHEND-ON-SEA HOTEL FUTURES – THE WAY FORWARD

9.1. Summary of Key Findings

- The research has shown the following:

Current Hotel Supply and Development Proposals

- Southend-on-Sea's current hotel supply is a mix of relatively small, independently operated 3 star hotels and branded budget hotels located primarily on the seafront at Thorpe Bay and in Westcliff-on-Sea. There is one budget hotel in the town centre and a budget hotel and 3 star hotel (the Essex County) on the outskirts of the Borough.
- The Borough's 3 star hotels are of variable quality. The Roslin Beach was significantly upgraded in 2009 and now offers a high standard of accommodation. The Borough's other 3 star hotels are of a lower quality. The Essex County is a poor quality hotel that requires significant investment to bring it up to modern standards. It is currently up for sale.
- A new 3 star Park Inn will open on the seafront overlooking Southend-on-Sea Pier in early 2010, with 137 bedrooms.
- There are currently seven proposals for new hotels in Southend-on-Sea, a number with planning permission.
- There must be a question mark over the long-term future of the Essex County Hotel, given its location, quality, current trading and the level of investment that it requires. It is likely to struggle to compete with new hotels as they open in the Borough. It remains to be seen whether a buyer can be found for the hotel that would be prepared to make the required investment.

9 - SOUTHEND-ON-SEA HOTEL FUTURES – THE WAY FORWARD

Current Hotel Performance

- Average annual occupancies and achieved room rates are not particularly strong for 3 star hotels in Southend-on-Sea although vary significantly between hotels, depending on the quality of accommodation, facilities and service that they offer. The performance of the Roslin Beach has improved significantly since its upgrading. Other 3 star hotels trade at lower levels of occupancy and room rate however and have seen a downturn in occupancy levels and in some cases achieved room rates in 2009 as a result of the recession and increased competition from the improved Roslin Beach.
- Tuesday and Wednesday night occupancies are usually high for Southend-on-Sea's 3 star hotels, with most hotels frequently filling and turning business away on these nights. Monday and Thursday night occupancies are high for two 3 star hotels but low for the other three. Local corporate demand is the key source of midweek business for the town's 3 star hotels. Much of this demand is government-related and thus lower rated. The 3 star hotels at Thorpe Bay and Westcliff-on-Sea attract midweek leisure break and holiday demand during the summer, particularly if the weather is good. Residential conferences are a minor midweek market for one 3 star hotel but not a market that other 3 star hotels in the Borough attract.
- Saturday occupancies are very high for the 3 star hotels at Thorpe Bay and Westcliff-on-Sea. They are generally fully booked and turn business away on most Saturday nights in the year. Saturday night denials can be very high in the summer if the weather is good. Friday and Sunday occupancies are very low however, especially in the winter. Key weekend markets are people coming for weekend breaks and people attending weddings and family parties. Weekend break demand is strong but is primarily only for Saturday night stays, although hotels do attract some 2-3 night weekend break stays in the summer months. Southend-on-Sea 3 star hotels achieve good weekend rates in the summer. Weekend business is more offer driven in the winter.

9 - SOUTHEND-ON-SEA HOTEL FUTURES – THE WAY FORWARD

- Budget hotels in Southend-on-Sea achieve very high occupancies. They are frequently full and turn business away during the week and on Saturday nights for most of the year. Budget hotels on the seafront and in the town centre also turn business away on Friday nights, particularly in the summer. Key midweek markets are contractors and business visitors. Budget hotels also attract families for midweek leisure breaks or to visit family and friends in the summer. Key weekend markets are people attending weddings and other family parties and people visiting friends and relatives. There is also good demand for budget hotel accommodation on the seafront from families coming to Southend-on-Sea for a weekend break and strong demand for budget hotel accommodation in the town centre from clubbers and stag & hen parties coming into the town for a night out.

The Potential for Growth in Hotel Demand

- As part of the Thames Gateway South Essex Growth Area and a regional Key Centre for Development and Change, Southend-on-Sea is set to experience significant growth, particularly through the urban renaissance of the town centre, the development of the airport and associated business park, and the development of Southend-on-Sea's role as a cultural and intellectual hub and centre of excellence. In addition, plans for the redevelopment of the Pier and seafront, the International Pool at Garons Park, a new Football Stadium and casino at Fossetts Farm, and the development of the 2012 Mountain Biking Course at Hadleigh Farm will all help diversify the Borough's leisure offer and grow the visitor economy. 13,000 new jobs and 6,500 new homes are targeted for delivery by 2021.

9 - SOUTHEND-ON-SEA HOTEL FUTURES – THE WAY FORWARD

- The planned future development of Southend-on-Sea suggests good prospects for growth in demand for hotel accommodation from:
 - The corporate market, particularly if headquarters offices, ICT, and media technologies, and business and financial services sectors can be attracted;
 - Contractor demand, given the level of construction work planned in major development projects;
 - Airport-related demand – from aircrew, the MRO facility, the flying school and the proposed aviation skills academy;
 - Association conferences based at the Park Inn Palace but generating demand for surrounding hotels and guesthouses;
 - Leisure breaks with an improved destination offer, plus additional marketing through brands such as Park Inn;
 - Weddings and visits to friends and relatives, as the population grows;
 - Clubbers, as the evening economy develops;
 - Masonic Lodge and Rotary weekends, which often opt for seaside resorts;
 - Coach holidays and breaks to boost occupancy in off-peak periods;
 - London 2012, from Olympic and Paralympic Games spectators in the summer of 2012 and potentially from teams coming to train at the training camps in the Borough in 2011 and 2012.

9 - SOUTHEND-ON-SEA HOTEL FUTURES – THE WAY FORWARD

The Potential for Hotel Development in Southend-on-Sea

- Our assessment of the Southend-on-Sea hotel market and its potential for growth, together with our indicative projections for growth in hotel demand, suggest the following market potential for hotel development in Southend-on-Sea Borough in the next 10-20 years:
 - Longer-term potential for an additional 3 star hotel;
 - Scope for existing 3 star hotels to up-grade and possibly expand, dependent upon the impact of the Park Inn Palace;
 - Possible scope for small (20-30 bedroom) independent boutique hotels to develop in Southend-on-Sea Borough, depending on the development of the cultural offer and an element of high-rated corporate business. This could be through re-positioning existing hotels or conversion of suitable properties;
 - Immediate market potential for a further budget or upper tier budget hotel and longer term potential for up to a further 1-3 new budget/upper tier budget hotels, depending on their size and how strongly the market grows;
 - Possible scope for residential apartments to be let as serviced apartments for long stay corporate customers.

- It is unlikely that Southend-on-Sea will be able to support the development of a 4 or 5 star hotel for the foreseeable future given the room rates that 3 star hotels in the Borough are currently achieving and the strength and nature of corporate demand for hotel accommodation in the Borough. Very strong growth in high-rated corporate demand would be needed to support hotels at this level in the market.

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- While our growth projections suggest that new hotel development at the 3 star level will not be supported by market growth until post 2031, hotel companies that operate at these levels of the market may proceed with hotel development projects in Southend-on-Sea at an earlier stage if they feel that they can compete strongly with existing hotels and generate additional business through the strength of their offer, brand, central reservations, marketing and loyalty schemes. This will, however, impact at an overall level on the market.

Hotel Developer Interest

- Southend-on-Sea generated interest from 9 hotel brands, split in terms of standard between budget/upper tier budget level and some 3 and 4 star interest. The 4 star interest was on a management contract only basis. Three of the brands were looking at immediate requirements (indeed one of these, Park Inn, is currently under construction). The remainder were longer term, reflecting current market conditions, the availability of finance, the perceived need for further market expansion, and the fact that new supply is about to come on stream. There is some evidence of interest from independent operators in hotel development in and around Southend-on-Sea, with recent and further investment proposed at the Roslin Beach, and The Bell at Leigh-on-Sea to be redeveloped, both delivering boutique-style offers. There could be further interest in re-positioning existing hotels and adding quality rooms onto pubs from the independent sector. At an overall level there was more developer interest than our growth projections show market potential for, particularly at the 3 star level, where the potential is longer term. Hotel operators would need to be confident of bringing in new business through the power of their brand and marketing to develop ahead of the market.

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Requirements for Hotel Sites

- The projections for the Southend-on-Sea market suggest a need for up to 5 sites for new hotel development up to 2031. There are many more potential sites identified for hotel use in various plans and which have come forward as proposals than there is an identified market potential for. This suggests a need to prioritise locations and sites to ensure that hotels are directed to where they can deliver the greatest benefit to the destination and to particular schemes. Any prioritisation and locational strategy also needs to reflect operator requirements as well as the location of demand drivers and future growth. Directing hotel development to the town centre and seafront would seem to best support the Borough Council's aspiration for Southend-on-Sea to be a Hotel and Conference Resort. London Southend Airport is also a priority given the scale of growth and business development proposed here.

9.2. Moving Forward – Acting on the Study Findings

9.2.1. Implications for the LDF

- Southend-on-Sea Borough Council is at an advanced stage in the preparation of its LDF. The Core Strategy was adopted in December 2007. It includes an overarching policy that supports development that will help achieve Southend-on-Sea's regional potential to develop as a Hotel and Conference Resort. The Central Area Masterplan was completed in 2007. The Town Centre, Seafront and London Southend Airport Area Action Plans and Development Management DPD are all at various stages of progression; saved policies from the Local Plan are still in force until these DPDs and AAPs are adopted. These documents all support the development of hotels in the town centre, on the seafront and at the airport, although there are some discrepancies in their detail. The saved Local Plan policies include a specific policy on Hotels and Guesthouses, which seeks to focus hotel and guesthouse development in the Central Seafront Area and areas currently defined as Visitor Accommodation Areas but also makes provision for the development of hotels in other locations including sites that are well located to the primary road network. It makes no specific reference to hotel development in the town centre or at the airport. The Seafront AAP suggests that the identified Visitor Accommodation Areas are no longer applicable or necessary, so if

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adopted this would require an amended Development Control policy. The Town Centre AAP raises the question about whether there is a need to allocate sites specifically for hotels.

- Seeking to focus hotel development in the town centre, on the seafront and at the airport would be entirely consistent with the findings of the Hotel Futures Study. New hotels in the town centre and on the seafront would contribute the most, we feel, to achieving the Core Strategy vision of developing Southend-on-Sea as a Hotel and Conference Resort. New hotels here would contribute to developing the town centre and seafront visitor and evening economies by generating business for attractions, restaurants, bars, casinos, nightclubs and other entertainment venues. Additional hotels in the town centre would help to support its development as an office location. New hotels in the town centre and on the seafront have the best chance of attracting both midweek and weekend demand. The expansion of the airport and planned business park here may be able to support hotel development in this location.

- The key questions then are:
 - Whether to establish policies in the Development Management DPD to explicitly restrict hotel development in other parts of the Borough in order to further the chances of securing new hotels in the town centre, on the seafront and at the airport;
 - Whether there is a need for designated hotel and guesthouse development zones on the seafront and/or in the town centre;
 - Whether there is a need to allocate sites for hotels in the Town Centre or Seafront AAPs or the Site Allocations DPD;
 - Whether there is a need to seek to retain existing hotels and guesthouses if new supply is coming on stream.

- The following paragraphs look at each of these issues in turn.

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a) Restricting Out-of-Town Hotel Development

- The findings of the Hotel Futures Study suggest that there is a case for seeking to restrict hotel development in the Borough in locations other than the town centre, seafront and airport. The study suggests that there is only market potential for a certain number of new hotels in Southend-on-Sea in the next 20 years. New hotels in out-of-town locations are thus likely to undermine the potential to secure hotel development in the town centre, on the seafront and at the airport. The only case for an out-of-town hotel would be if it were linked to a major new driver of hotel demand, such as a major new business park, that would be capable of generating sufficient demand in its own right to support a hotel. Hotels are currently proposed at Garons Park and Fossetts Farm linked to the Southend Leisure & Tennis Centre and new international pool complex and the proposed new stadium for Southend United FC. These facilities are likely to generate only limited hotel demand, primarily at weekends. Hotels here would thus need to compete with town centre, seafront and airport hotels for corporate, conference, contractor and airport-related demand. While the Borough Council may not be able to resist hotel development in these locations under its current Local Plan policies, we would suggest that it should consider a policy in the Development Management DPD that would enable it to refuse hotel proposals in such locations in the future.

b) Designating Hotel Development Zones

- On the basis of our research and assessment of potential sites for hotel development in Southend-on-Sea we see no clear case for designating certain parts of the seafront or town centre for hotel development. It would not be appropriate or necessary, we feel, to roll forward the existing designated Visitor Accommodation Area into the Development Management DPD as none of the potential hotel sites are currently in this area. Most parts of the town centre and seafront would be suitable for hotel development. There is no need, we feel, to seek to focus hotel development on certain parts of the town centre or seafront.

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c) Allocating Sites for Hotels

- The arguments for allocating sites for hotel development would normally be:
 - To provide certainty to the market.
 - Where hotel projects might be priced out of the market by higher value competing uses e.g. residential, retail and office uses in a town centre.
 - Where the delivery of a hotel is critical to a wider scheme of strategic importance.
 - Where there is a known requirement for a hotel in a location and no alternative suitable sites.
 - Where a hotel is a preferred use and better fit with destination objectives for a particular location, building or site.
- These conditions are not immediately apparent in Southend-on-Sea. There are lots of good hotel sites in the priority locations of the town centre and seafront. There is no strong hotel operator preference for any of these sites. There do not appear to be any major issues currently in terms of threats from competing uses. There is no clear case for allocating sites for hotels therefore. It can be left for the market to determine which sites are eventually taken forward for hotel development.
- Having said this there may be a case for the Borough Council to prioritise certain sites for more proactive promotion for hotels where a hotel is seen as being important to the delivery of other elements of a mixed-use scheme and where the Borough Council has control through ownership and a greater ability therefore to influence a scheme.

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d) Hotel & Guesthouse Retention Policy

- In view of the Borough Council's objectives for developing staying tourism in Southend-on-Sea it would seem appropriate that it should maintain a policy that seeks to retain existing hotels and guesthouses alongside encouraging new provision. It should however recognise that existing hotels and guesthouses may come under pressure as new hotels open, particularly if they open ahead of market growth, and that there may be some poor quality and/or less well located establishments that may not be worth seeking to retain. The saved Local Plan policies include a specific policy on hotel and guesthouse retention. This policy as currently worded should be sufficient to resist the loss of most of the hotels and guesthouses that the Borough Council may wish to see retained. However, should a case be presented on the basis that a hotel or guesthouse is no longer viable for this use and that an alternative use is therefore needed, it may be difficult for the Borough Council to assess such applications under the currently worded retention policy. In our experience of working with other resorts, more and more change of use applications are coming forward on this basis, and a non-viability test is increasingly being introduced as a result. In rolling forward the Development Management Policies DPD, the Borough Council may thus need to consider whether to establish criteria for assessing change of use applications for hotels and guesthouses that may come forward on this basis and what evidence is required of applicants to demonstrate non-viability. In this respect the Borough Council may wish to consider guidance that Hotel Solutions has produced for Tourism South East on approaches that local authorities should adopt when developing accommodation retention policies¹ (reproduced at Appendix 4 and available to download in full at www.hotel-investment.co.uk).

¹ 'Here to Stay' Tourist Accommodation Retention and Loss, Tourism South East, October 2006

9 - SOUTHEND-ON-SEA HOTEL FUTURES – THE WAY FORWARD

9.2.2 The Need for Public Sector Intervention

a) Hotel Investment Marketing and Information Materials

- The Hotel Futures Study findings suggest that there is no need for the Borough Council to undertake proactive hotel investment marketing. The study shows no market potential for 4 or 5 star hotels in Southend-on-Sea and only longer term potential for a further 3 star hotel, which may well be taken up if the Ramada goes ahead at the airport. National boutique hotel chains are unlikely to be interested in Southend-on-Sea until it is firmly established as a cultural and business centre. There is little to be gained at present therefore from seeking to attract hotel companies at these levels in the market. The Park Inn Palace is only just about to open on the seafront. The priority at this stage is to allow this hotel to get established and to see how it starts to trade before thinking about trying to attract further 3 star hotels.
- There is already sufficient interest at the budget and upper-tier budget levels to meet the identified requirement for new hotels at these levels in the market in Southend-on-Sea. There could be merit in the Borough Council seeking to proactively nurture this interest by getting the interested hotel companies to come and take a closer look at the town centre and seafront and the hotel sites that are potentially available in these locations. This could assist the Borough Council in prioritising sites for hotels.
- A key requirement for nurturing such interest effectively is the provision of good hotel performance, market and sites information, backed up by supporting information relating to the growth agenda, to ensure that the potential is fully understood. Hotel Solutions will be producing Hotel Investment Fact Files (including one for Southend-on-Sea) as part of the output of the Essex Hotel Futures Study that can be used for this purpose. Hotel Solutions will consult the Borough Council on the Southend-on-Sea Hotel Investment Fact File. There will also be scope for the Borough Council to add further information. The intention

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then is to upload the Fact Files onto the InvestEssex, VisitEssex and East of England Tourism hotel development websites. The existing information on the EET website about Southend-on-Sea as a hotel investment location and on key sites will need to be revisited and up-dated, to reflect any change of status and the future locational strategy for hotels.

b) Sharing the Study Findings with Existing Hotels

- The study also has some positive messages for Southend-on-Sea's existing hotels in terms of the potential for them to expand and upgrade their offer as the Borough's economy, population and leisure offer develop. There would be merit therefore in sharing these messages with the managers and owners of the Borough's existing hotels and ensuring that they are fully aware of the growth agenda. The Hotel Investment Fact Sheet for Southend-on-Sea could be used for this purpose.

c) Improving the Planning Process

- During the course of our research we had some negative feedback from existing hotel operators about the time it had taken for the Borough Council to deal with planning applications and conflicting views between Council Officers and Members, which had further added to the delays in determining their applications. Whilst it is not within the remit of this study to comment in detail on this issue we would comment that an effective and timely planning application process will be important to ensure that hotel development schemes come to fruition in the Borough, both in terms of existing operators and new build hotels. Delays caused by lengthy planning application processes can add to scheme costs, possibly to the point where they are no longer viable. The Borough Council should ideally be working with applicants from the outset through pre-application discussions that give clear advice about whether a scheme is likely to be acceptable if it progresses to a planning application.

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- A further consideration relates to planning conditions that the Council may wish to attach to planning permissions for hotel projects e.g. in terms of meeting BREEAM standards, car parking provision, design and materials requirements and Section 106 agreements. While these may well be necessary it will be important to understand the economics of hotel projects and ensure that planning conditions do not add unnecessary cost to hotel schemes that could push them to a point where they may no longer be viable. Many hotel schemes are quite marginal. Even a fairly modest increase in costs could make the difference as to whether they can proceed or not.

9.2.3. Supporting the Development of the Southend-on-Sea Hotel Market

- The study findings suggest a number of ways for Southend-on-Sea Borough Council to support the development of the Southend-on-Sea hotel market in terms of:
 - **Developing the Corporate Market:**
 - in terms of progressing and encouraging the development of offices in the town centre, the development of the business park at the airport and improvements to other employment areas and attracting new companies and organisations that will generate strong demand for hotel accommodation e.g. international, European and national headquarters offices and companies in the financial and business services sector, pharmaceutical, medical and scientific research companies and advanced manufacturing, ICT and knowledge-based businesses.
 - **Developing the Cultural, Leisure and Events Offer:**
 - progressing projects to develop the Southend-on-Sea's cultural and retail offer, improve and develop the seafront environment and visitor offer and develop major events that can help generate a reason to visit and stay, as the success of the Southend Air Show has demonstrated.

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- **Developing the Evening Economy of the Town Centre:**
 - in terms of bars and nightclubs, which may generate weekend demand for town centre budget hotels from people coming into the town for a night out.

- **Leisure Break Marketing:**
 - working in partnership with the Borough's hotels, guesthouses and visitor attractions to promote Southend-on-Sea as a leisure break destination

- **Encouraging and Supporting Southend-on-Sea Hotels in Taking Part in Countywide Marketing Initiatives:**
 - aimed at the residential conference and group travel markets and which seek to capitalise on the London 2012 Olympic and Paralympic Games. This could include the Borough Council considering contributing funding to these initiatives to ensure a strong profile for Southend-on-Sea.

- **Associations Conference Marketing:**
 - supporting the Park Inn Palace in its efforts to attract association conferences.

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9.2.4. Future Monitoring

- The Hotel Futures Study provides a snapshot of hotel performance and development interest in Southend-on-Sea in 2009. Clearly hotel performance and developer interest will change as the market develops and new supply comes on stream. It will be important therefore to make plans to periodically update the information in the study relating to hotel supply, development, performance and markets – ideally every 2-3 years depending upon activity in the market. The imminent opening of the Park Inn Palace is clearly a significant addition to Southend-on-Sea's supply with potential to attract new business; how it performs once it settles down into the market and the impact it has on overall performance will be particularly important to follow and to understand in planning for the sector going forward.

APPENDICES

APPENDIX 1 – HOTELS INTERVIEWED

HOTELS INTERVIEWED

Hotel	Personal/ Telephone
Roslin Beach	P
Westcliff	P
Camelia	P
Essex County	P
Balmoral	T
Premier Inn Southend-on-Sea (Thorpe Bay)	P
Premier Inn Southend-on-Sea West	P
Travelodge Southend-on-Sea	P

APPENDIX 2 – GROWTH PROJECTIONS – METHODOLOGY AND ASSUMPTIONS

Methodology Used for the Projections

In order to provide an indication of the number of new hotel bedrooms that might be needed in Southend-on-Sea through to 2031, Hotel Solutions has prepared indicative projections of possible future growth in hotel demand in the Borough to 2011, 2016, 2021, 2026 and 2031. Projections have been prepared for 3/4 star and budget/upper-tier budget hotels taking the current supply of hotels in the Borough (excluding the Essex County¹) and 2009 roomnight demand as the baselines for the projections. The projections assume that growth will be unconstrained by site availability and planning policy.

In projecting future requirements for hotel accommodation we have first calculated an estimate of current (2009) baseline midweek and weekend roomnight demand for each standard of hotel, based on the hotel occupancy data that we collected through our survey of hotel managers. To these figures we have added estimates of the roomnights that hotels of each standard are currently denying (based on the information provided to us by hotel managers). Adding these figures to our estimates of current satisfied demand enables us to provide an adjusted baseline figure of the true (unconstrained) roomnight demand for each standard of hotel.

Having established an adjusted baseline of unconstrained roomnight demand, we have then applied assumed low, medium and high growth rates to these adjusted baseline figures to calculate estimated roomnight demand for each standard of hotel by 2011, 2016, 2021, 2026 and 2031. These growth rates do not take account of the additional demand that new branded hotels might be able to generate through their offer, brand, central reservations, marketing, loyalty scheme or referrals from sister hotels. To the estimates of future roomnight demand for 3 star hotels we have then added an assumed level of the new business that we think that the Park Inn Palace may be able to attract from the associations meetings, residential conference, leisure break, coach holiday and Masonic lodge/ Rotary club weekends

¹ The Essex County is currently trading at very different levels of occupancy and room rate to the other hotels in Southend-on-Sea. Its inclusion in the sample of hotels for Southend-on-Sea would thus give a highly skewed and potentially misleading picture of 3 star hotel performance and growth prospects in the Borough.

APPENDIX 2 – GROWTH PROJECTIONS – METHODOLOGY AND ASSUMPTIONS

markets as a result of its offer, location, branding and marketing. This has been estimated at 23,000 roomnights. Adding this figure to our projections for the growth in demand for the Borough's existing 3 star hotels provides an estimate of the total future roomnight demand at this level in the market.

Using our projections of future hotel demand we have calculated the number of hotel bedrooms of each standard that our roomnight projections would support, assuming an average annual room occupancy of 70% for all 3/4 star hotels and 75% for all budget/ upper-tier budget hotels (the minimum levels of occupancy that hotel developers and operators usually seek to achieve). Applying these figures to current numbers of hotel rooms (including the Park Inn Palace but excluding the Essex County²) provides figures for the numbers of new hotel bedrooms of each standard that may be supported in Southend-on-Sea in the future if the projected growth in the market takes place.

Making any sort of market forecasts is an uncertain process: all forecasts are based on judgement and assumptions, and are susceptible to unforeseen changes. The projections we have prepared should thus be taken as indicative only. They have been prepared to provide an illustration of the numbers of new hotel bedrooms that might be needed under different growth scenarios. They are not intended to be accurate projections of how the market will grow. Clearly the further ahead that one looks, the more difficult it is to project growth accurately. Projecting as far ahead as 15-20 years is very difficult. The projections to 2026 and 2031 should thus be treated with particular caution.

² We have assumed that the Essex County will either cease trading or will continue to trade at a lower level in the market

APPENDIX 2 – GROWTH PROJECTIONS – METHODOLOGY AND ASSUMPTIONS

Assumed Growth Rates

a) 3/4 Star Hotels

Midweek Demand

- Employment forecasts provide an indicator of local business development and new companies coming into an area. They provide the best indicator of potential growth in midweek corporate demand for hotel accommodation therefore. Ambitious targets have been set for employment growth in the Borough, which if achieved would result in a 20% increase in jobs³ by 2021, equivalent to an average annual growth rate of 1%. The latest regional forecasts⁴ for employment growth currently show a lower rate of employment growth in the Borough at an average of 0.58% per annum between 2009 and 2031. Employment growth should translate into increased demand for hotel accommodation as existing companies and organisations expand and new companies and organisations are attracted to the Borough. Much will depend on the types of companies and business uses that are attracted. If growth is primarily in public administration and government-related functions new demand for hotel accommodation is likely to be primarily low-rated. Further call centre operations are unlikely to generate significant growth in demand for hotel accommodation. Greater increases in demand for hotels are likely to result if the Borough is able to attract regional, national or international headquarters operations of companies in sectors such as financial and business services, ICT and medical technologies.

³ Based on the number of people in employment but excluding those in self employment

⁴ Source: East of England Forecasting Model (EEFM) – Autumn 2009 – Local Authority Forecasts

APPENDIX 2 – GROWTH PROJECTIONS – METHODOLOGY AND ASSUMPTIONS

Taking account of these factors, we have assumed the following average annual growth rates for midweek demand for 3/4 star hotel accommodation in Southend-on-Sea through to 2031:

3/4 STAR HOTELS – SOUTHEND-ON-SEA ASSUMED GROWTH RATES FOR MIDWEEK DEMAND

Growth Scenario	Average Annual Growth Rate 2009-2031 %
Low	1
Medium	1.5
High	2

For simplicity's sake we have based our projections on an average annual growth rate. Clearly growth in demand will fluctuate from one year to the next. There is insufficient data to factor in different growth rates per year, however. The high growth rate is somewhat bullish over a 21-year period: it is debatable whether growth could be sustained year on year at this level over such a long timeframe. It has been included however to give an indication of the level of new hotel development that might be supported in Southend-on-Sea if very strong growth in midweek demand is sustained.

APPENDIX 2 – GROWTH PROJECTIONS – METHODOLOGY AND ASSUMPTIONS

Weekend Demand

The Hotel Futures Study shows good potential for growth in weekend break business for 3/4 star hotels in Southend-on-Sea as its destination offer develops and good prospects for growth in weddings and functions business as the Borough's population increases. Regional forecasts⁵ currently show a 10.9% increase in the Borough's population between 2009 and 2031, equivalent to an average annual growth rate of 0.5%. Rates of population growth could be even higher if more ambitious targets for housing development in the Borough are set. No forecasts have been made for growth in tourism in the Borough. Existing 3 star hotels should be able to grow their weekend break business as the Borough's cultural and leisure tourism offer develops and through marketing. New 3/4 star hotels should also be able to attract weekend break business through the strength of their offer, brand, central reservations, marketing and loyalty schemes. They may also be able to attract weekend coach breaks, weekend conferences and Masonic lodge weekends.

Taking account of the above factors we have assumed the following average annual growth rates for weekend demand for 3/4 star hotels through to 2031:

3/4 STAR HOTELS – SOUTHEND-ON-SEA ASSUMED GROWTH RATES FOR WEEKEND DEMAND

Growth Scenario	Average Annual Growth Rate 2009-2031 %
Low	2
Medium	3
High	4

⁵ Source: East of England Forecasting Model (EEFM) – Autumn 2009 – Local Authority Forecasts

APPENDIX 2 – GROWTH PROJECTIONS – METHODOLOGY AND ASSUMPTIONS

b) Budget /Upper-Tier Budget Hotels

Midweek Demand

Growth in midweek business and contractor demand for budget/ upper-tier budget hotels is likely to be stronger than growth in midweek demand for 3/4 star hotels due to the significant growth anticipated in the contractors market. Average annual growth rates for midweek demand for budget/upper-tier budget hotels have thus been assumed as follows:

BUDGET/UPPER-TIER BUDGET HOTELS – SOUTHEND-ON-SEA ASSUMED GROWTH RATES FOR MIDWEEK DEMAND

Growth Scenario	Average Annual Growth Rate 2009-2031 %
Low	2
Medium	2.5
High	3

Weekend Demand

The Hotel Futures Study suggests that there are good prospects for growth in demand for budget hotel accommodation in Southend-on-Sea from the family break market, people attending weddings and family parties and visiting friends and relatives and the clubbers market for town centre hotels. We have thus assumed the following average annual growth rates for weekend demand for budget/upper-tier budget hotels through to 2031:

BUDGET/UPPER-TIER BUDGET HOTELS – SOUTHEND-ON-SEA ASSUMED GROWTH RATES FOR WEEKEND DEMAND

Growth Scenario	Average Annual Growth Rate 2009-2031 %
Low	2
Medium	3
High	4

APPENDIX 3 – EXTRACT FROM DCLG GOOD PRACTICE GUIDE ON PLANNING FOR TOURISM

Hotel and serviced accommodation

GENERAL LOCATIONAL PRINCIPLES

3. The process of identifying suitable locations for hotel and serviced accommodation, whatever its nature, should be an integral part of the plan making process. Local planning authorities and the tourist industry should therefore engage constructively to identify suitable locations in plans for hotel accommodation to meet identified current and future needs. This is particularly important for major hotels – for example those with business, conference and banqueting facilities, or large hotels catering for tourists – where the preference should be to identify town centre sites wherever possible, in line with national policies set out in PPS6. Such sites are the most sustainable in planning terms, since they allow greater access by public transport, contribute to urban vitality and regeneration, and allow visitors to easily access other town centre facilities and attractions. Where proposals for major hotel facilities come forward outside the development plan process, their location should be assessed in line with the policies in PPS6 and the sequential approach to site selection.

4. Proposed locations for other types of hotel and serviced accommodation should also be considered through the plan process wherever possible. The emphasis, whatever the type of accommodation, should be on identifying the most sustainable locations, having regard to national planning policies. But in allocating sites in plans, or considering planning applications that come forward outside of the plan process, developers and planning authorities need to recognise that the particular market being met by the accommodation may influence the nature of the location chosen. So, for example, accommodation catering for those seeking to enjoy the natural environment through walking and outdoor recreation may be better located in a rural area, in or at the edge of the centre of a village or small town, rather than in a major town centre some distance away from the attractions it serves.

5. Whatever the type of hotel or serviced accommodation and whatever its location, it should:

- Fit well with its surroundings, having regard to its siting, scale, design, materials and landscaping; and
- Be in harmony with the local environment (taking account of, amongst Other factors, residential amenity, noise, traffic and parking in the vicinity).

APPENDIX 3 – EXTRACT FROM DCLG GOOD PRACTICE GUIDE ON PLANNING FOR TOURISM

HOTEL ACCOMMODATION IN RURAL AREAS

6. National planning policies set out in PPS7 “Sustainable Development in Rural Areas” makes it clear that the expectation is that most tourism accommodation requiring new buildings should be located in, or adjacent to, existing towns and villages. PPS7 also recognises that proposals to convert existing rural buildings to provide hotel and other serviced accommodation should be acceptable, subject to any general criteria that may be set in development plans on the reuse of such buildings.

7. National Parks and Areas of Outstanding Natural Beauty attract visitors who wish to enjoy the special qualities of the landscapes and the countryside of these areas. It is important that sufficient accommodation of a suitable range of types is provided for these visitors. However, particular care needs to be taken over the number, scale and location of accommodation facilities in these designated areas to ensure that the particular qualities that justified the designation are conserved. These considerations are best addressed through the plan process wherever possible.

HISTORIC TOWNS AND CITIES

8. Historic towns and cities are an attraction to tourists from home and overseas and there is pressure to increase hotel accommodation in them. Great importance is attached to the preservation of buildings of architectural or historic interest both for their intrinsic qualities and for the contribution they make to our towns and villages, and to tourism. It is therefore important that any proposals for new hotel accommodation in such towns and cities are sensitive to their surroundings.

9. Conversion into hotels is often a realistic proposition for ensuring the retention and maintenance of historic buildings provided it is sensitively handled, does not materially alter the character or historic features of the building, and provided the new use does not generate traffic movements that cannot be accommodated.

APPENDIX 3 – EXTRACT FROM DCLG GOOD PRACTICE GUIDE ON PLANNING FOR TOURISM

10. Many historic buildings in town and country are already in use as hotels. If carefully designed, additions can be achieved without adversely affecting the historic fabric or character and maintain the historic building in viable use. But large-scale buildings in a small-scale setting, buildings that adversely affect the existing skyline, and those which by their design, materials, illumination or building line are out of sympathy with neighbouring historic buildings will normally be unacceptable.

MODERNISATION AND EXTENSIONS

11. Aside from historic buildings, there are many redundant or semi-obsolete buildings – such as closed mills, distilleries, warehouses, or railway stations – that can lend themselves well to adaptation and modernisation as hotels, other forms of serviced accommodation or restaurants. To convert such buildings to compatible use can bring life back to an otherwise wasted asset – thus conserving a useful and often attractive building, improving a neglected site and helping the local economy.

12. Similarly, moderate-sized extensions to an existing hotel or public house, including the addition of bedroom accommodation, can help to ensure the future viability of such businesses. This may satisfy a local need as well as a tourism one, by fully utilising the potential of the site but without any disproportionate increase in scale. In all cases, careful consideration should be given to ensure that the size of the extension proposed is not disproportionate for the location concerned.

BUDGET HOTELS, MOTELS, AND TRAVEL LODGES

13. Where budget hotels are designed to cater for longer stays at a destination (for example, those catering for visitors to historic towns and cities), their location should be considered in light of policies in the development plan and national policies in PPS6 on town centres. Location of such hotels in town centres maximises the opportunities for visitors to easily access other town centre facilities and attractions.

APPENDIX 3 – EXTRACT FROM DCLG GOOD PRACTICE GUIDE ON PLANNING FOR TOURISM

14. Other types of budget hotels and similar types of development such as motels and travel lodges cater more for car-born travellers, often for a single overnight stay – e.g. business travellers en-route to a destination. In such cases, the preference of developers will be for sites on major traffic routes outside of the centre of large towns or tourist centres. However the aim should be to make any development as sustainable as possible and it will not normally be appropriate for such developments to be located in open countryside away from major settlements. Edge of town centre locations, for example on a ring road or on a major route out of the town centre, will usually be the most appropriate location if a town centres location is not suitable, available or viable.

15. For out-of-centre locations, design and layout of the development is likely to be of considerable importance in deciding whether it is acceptable in planning terms. Depending on the setting, an open layout in which careful attention has been paid to achieving a high standard of design and landscaping is likely to be more acceptable than a dense concentration of buildings.

16. Where a proposal includes other new facilities, such as a petrol station or shop, these will have to be considered on their own merits. If they are objectionable in themselves, the fact that they are combined with a hotel will not remove the objections. Restaurants, fast food outlets, leisure, fitness and other facilities open to the general public as well as residents are also sometimes combined with hotel proposals, in which case the extra traffic they are likely to generate and its effect on the highway must also be taken into account.

CAR PARKING

17. Maximum car parking standards for hotel and serviced accommodation may be included in development plans. Where such standards are not included in plans, planning authorities will need to consider what are appropriate levels of parking, based on the market which the hotel serves, its location and availability of public transport facilities. In addition, for those hotels where a substantial part of the parking needs are attributable to public rooms used mainly for functions which attract non-residents, then the availability of public parking in the vicinity of the hotel will also need to be taken into account.

APPENDIX 3 – EXTRACT FROM DCLG GOOD PRACTICE GUIDE ON PLANNING FOR TOURISM

18. Planning authorities should also take account of the proposed arrangements for service loading and unloading and setting down space for visitors. Organised tours demand adequate loading and unloading facilities for coaches. Access and waiting areas should be designed with this in mind. Access points should be sited so as to minimise turning movements across traffic and to avoid congestion of the highway caused by vehicles queuing to pick up or drop passengers. Developers should discuss proposed arrangements with the highway authority at the earliest possible stage.

APPENDIX 4 – TOURIST ACCOMMODATION RETENTION POLICY GUIDANCE ISSUED BY TOURISM SOUTH EAST

'Here To Stay' – Tourist Accommodation Retention and Loss (October 2006, Tourism South East)

This document looks at the case for retaining tourist accommodation and various approaches to accommodation retention policy across a range of destinations. It then identifies key issues and guiding principles relating to retention policy and sets out an evaluation tool that can be used by local authorities and adapted as required to local circumstances.

With more and more cases going to appeal, particularly where a residential permission is likely to deliver a hotel owner a significantly higher return than the sale of the property as a going concern, many local authorities have recognised the need to tighten up their policies and procedures.

APPENDIX 4 – TOURIST ACCOMMODATION RETENTION POLICY GUIDANCE ISSUED BY TOURISM SOUTH EAST

It is worth highlighting here the key retention policy planning principles that should guide policy preparation in this area. Policies should be:

- **Well-defined and transparent** - clearly spelled out in terms of the rationale behind the policy and how it will be implemented.
- **Consistently applied** - out of fairness to applicants but also so that Officers, Members, Inspectors and applicants/their advisors cannot challenge the Council in its approach.
- **Objective** – criteria/evidence-based - criteria-based policies seem to be the way forward, and provide a set of requirements that the applicant must respond to and provide evidence against.
- **Economically realistic** - viability is at the core of many of the change of use arguments requiring an understanding by the Council and Inspectors of the economics of hotel operation.
- **Reasonable** - in terms of knowing when to let establishments go, both in terms of the individual circumstances surrounding a property and the contribution it is making to the bigger picture.
- **Related to prioritised needs of the destination** - in terms of identified core areas where it is desirable that accommodation is retained.
- **Linked to tourism strategy** - to support identified market priorities and priorities for the location of development/investment.
- **Flexible** - responsive to changes in the market, the economy and the destination (albeit that timeframes may require determination).
- **Market-led** - which requires the monitoring of market and performance trends.
- **Should not perpetuate accommodation for which there is no market** - again requiring an understanding of market needs and the required product response.
- Based on **consultation with the local tourism/hotel industry**.

APPENDIX 4 – TOURIST ACCOMMODATION RETENTION POLICY GUIDANCE ISSUED BY TOURISM SOUTH EAST

Application of these principles requires a local authority to:

- Think through how the implementation of policies will impact on the destination;
- Set out clearly the criteria and evidence to be presented by any change of use applicant;
- Have the support tools and data to be able to debate and indeed where required counter the argument being put forward by the applicant with the benefit of commercial assessments and advice.

The starting point for developing the policy approach and system for evaluation should be a clear vision for the destination and the role the accommodation sector plays in this. What are the accommodation needs of different markets and where should this be located? What mixture of new development, retained stock and managed loss will best achieve this? This needs to be based upon sound market evidence and not unrealistic aspirations.

In relation to retention, the evaluation tool set out in the guidance identifies:

- **the criteria against which applications should be assessed**, principally:
 - proof of marketing for sale;
 - evidence of non-viability;
 - evidence of professional management;
 - evidence of attempts to save the business.
- **the type of evidence sought from applicants** to demonstrate that they meet these criteria – or otherwise, including:
 - Independent valuation;
 - Sale marketing materials and responses ;
 - Accounts;
 - Occupancy and Achieved Room Rate data;
 - Business Plans;
 - Marketing Plan, schedule and brochures;
 - Investment schedule and plans;
 - Details of plans to up-grade/re-position with full costings.

APPENDIX 4 – TOURIST ACCOMMODATION RETENTION POLICY GUIDANCE ISSUED BY TOURISM SOUTH EAST

- **the response required from the Local Authority, including sources of information and expertise**, which could include:
 - Tourism Strategy inputs/consultation with Tourism Team;
 - Independent property valuations/local agent inputs on hotel sales;
 - Monitor of supply, loss and development;
 - Monitor of demand across the destination and by area;
 - Assessment of hotel standards and fit for purpose;
 - Benchmark data on business performance by size and type;
 - Accountancy inputs on viability of current and potential schemes;
 - Surveyor inputs on required investment costs.

The **Proof of Marketing for Sale** test is relatively simple for applicants to understand and for local authorities to apply. It is not unreasonable to expect applicants to demonstrate that they have used their best endeavours to sell the business as a going concern for a reasonable period of time and that if they can demonstrate that they have been unable to sell the business that a change of use application should be positively considered. Applicants need to be given clear guidance about what is required of them in this respect. This should stipulate:

- A minimum period of marketing for sale – at least 6 months to a year and possibly up to 2 years in a slow property market.
- The use of reputable specialist hotel property and/or business sales agents (possibly from a list of Council approved agents)
- Marketing through a variety of different media.
- Marketing at a realistic asking price, taking account of current trading performance and condition. This could be determined through the monitoring of local hotel and guesthouse sales and/or through independent advice from specialist hotel and guesthouse property agents (commissioned by the Council but possibly paid for by the applicant).
- The supply of evidence of sales particulars, advertisements and responses from interested buyers as to why they did not wish to buy the business.

APPENDIX 4 – TOURIST ACCOMMODATION RETENTION POLICY GUIDANCE ISSUED BY TOURISM SOUTH EAST

The **Evidence of Non-Viability** test is much more difficult for local authorities to apply and for applicants to demonstrate, especially for guesthouse businesses. The viability of hotels and guesthouses can vary greatly depending on the abilities, aspirations and motivations of owners, the amount they need to take out of the business, the level of investment needed for repairs and upgrading and how the purchase of the business has been financed. Applicants and those assessing change of use applications will need clear guidelines on the criteria to be used in assessing non-viability. These could include:

- Location:
 - Is the hotel/ guesthouse well located (on the seafront/ in the town centre) or not so well located (e.g. in a side street)?
 - Does the hotel/guesthouse have good visibility?
 - Does the hotel/ guesthouse have sea views?
- The potential to upgrade the property:
 - What condition is the hotel/guesthouse in?
 - Can it be physically and affordably upgraded?
 - What would be the cost of putting the hotel/guesthouse back into good order and upgrading?
 - Is the property sufficiently attractive to merit retention?
- Trading performance and potential:
 - Is the hotel/guesthouse trading on a par with similar standard hotels/ guesthouses?
 - What are the reasons for poorer trading performance?
 - Does the hotel/guesthouse have an effective business strategy?
 - Is there scope for the hotel/guesthouse to attract new higher paying market segments? Has this been fully investigated?
 - Is there scope for the hotel/guesthouse to extend its season? Has this been fully considered?
 - How well marketed is the hotel/guesthouse? Is there scope to attract new business through increased and improved marketing?

APPENDIX 4 – TOURIST ACCOMMODATION RETENTION POLICY GUIDANCE ISSUED BY TOURISM SOUTH EAST

- Consideration of alternative options:
 - Have all alternative options to change of use been fully evaluated e.g. partial conversion to residential, splitting a property into two smaller hotels or guesthouses, conversion serviced apartments or self-catering?

The detailed criteria and the evidence that applicants will need to present in support of their submission could be set out in some form of Supplementary Guidance document.

APPENDIX 5 – SOUTHEND-ON-SEA SITE ASSESSMENTS

SITE	LOCATION	STATUS	VIEW OF SITE AS A HOTEL LOCATION
TOWN CENTRE & SEAFRONT			
Palace Hotel	Pier Hill	Redevelopment of existing hotel by Yianis to deliver a Rezidor branded Park Inn with 137 rooms. Opening Feb 2010	Strong site and attractive building with visual presence and great views.
Dizzyland/Marine Plaza	Marine Parade	Permission granted in 2007 for a mixed use scheme incorporating a 100 room hotel alongside a casino, 126 dwellings, entertainment facilities and food and drink uses.	Profile site on the seafront liked by operators but complicated and delayed by other aspirations for the site.
Ambassador	Victoria Rd/Eastern Esplanade	Former gas works site with permission (2005) for a 67 room hotel, spa and residential. Subsequent application (2008) for a 126 room hotel granted. Site cleared.	Good seafront site. 67 rooms too small for most branded offers other than budgets. Premier Inn already in this location. 126 rooms a better fit with upper tier budget and 3/ 4 star branded models.
Esplanade House	Eastern Esplanade	Permission for a mixed use development incorporating 199 flats, 168 student rooms, a 38 room hotel, restaurant and retail (2006). Subsequent application in 2008 for 220 flats, 153 student rooms and a 64 bed hotel, restaurant and retail refused. Revised scheme submitted February 2010 for 216 flats and a 64 room hotel with restaurant.	Good seafront site. Hotel size too small for most branded operators.

APPENDIX 5 – SOUTHEND-ON-SEA SITE ASSESSMENTS

SITE	LOCATION	STATUS	VIEW OF SITE AS A HOTEL LOCATION
St Johns Quarter	Sea Way car park	Proposed for a major extension to the town centre with mixed uses including 26,000 sqm of retail, 500 homes, a Digital Media Gallery, and ancillary leisure including hotel and food and drink uses. Owned by Southend-on-Sea Borough Council.	Strong site for a budget hotel above retail benefitting from proximity to town centre facilities and the seafront. Hotel would want some visibility from key access routes. Has the benefit of being in Council ownership.
Sainsbury's	London Rd	Potential relocation of the supermarket to the Roots Hall Stadium site.	Good visible site facing traffic approaching the town and seafront along Victoria Avenue. Dependent upon football ground scheme.
Central House	High St/Clifftown Rd	Existing office building	Scope for conversion to a budget hotel with potential operator interest. Good location in relation to Central Station and retail core, as well as facilities for clubbing markets.
Warrior Square	East of the northern part of the High St	Currently the site of the swimming pool, car park and other uses. Proposed in the Town Centre AAP for mixed uses including hotel, retail, housing, offices. Other options currently put forward in the AAP don't necessarily include a hotel as part of the mix.	Good central location close to all town centre amenities and the High Street. Associated uses e.g. offices may also generate demand for a hotel. Hotel would want some exposure/visibility to through traffic.

APPENDIX 5 – SOUTHEND-ON-SEA SITE ASSESSMENTS

SITE	LOCATION	STATUS	VIEW OF SITE AS A HOTEL LOCATION
Southend Victoria Station	Queens Way/Victoria Avenue	Identified in the Town Centre AAP as a potential location for hotel alongside comprehensive redevelopment of the transport interchange to provide for mixed uses also including retail, office and residential. This is only one option – other options may not include hotel.	Profile location off the dual carriageway approach to the town centre, easy to find due to station signage. Associated uses could generate demand for hotel here. Close also to Civic Offices. Hotel would need visibility from the main routeway. A strong site.
Heath & Carby House	Victoria Avenue	Currently offices. Proposed for housing.	Good location on the dual carriageway approach to the town centre, opposite the Council offices and Victoria Station. Value likely to be an issue for hotel given the residential permission.
OUT OF CENTRE			
London Southend Airport	Eastwoodbury Crescent	Permission for a 131 room hotel with ancillary facilities (2007) on existing car park. Close to the Passenger Terminal and neighbouring retail park. Indications that this may progress in the short term.	Ramada thought to be considering this site for either a Ramada Encore (upper tier budget) or a Ramada Hotel (3/4 star). Current throughput of the airport unlikely to support a hotel of scale currently, but plans for significant development here of the associated business park and skills academy and plans to increase throughput to 2 million passengers a plus.

APPENDIX 5 – SOUTHEND-ON-SEA SITE ASSESSMENTS

SITE	LOCATION	STATUS	VIEW OF SITE AS A HOTEL LOCATION
Fossetts Farm	North of Eastern Avenue, the A1159 dual carriageway to the north of Southend-on-Sea.	Permission granted for a 22,000 seat football stadium proposed to include a 114 room hotel with conference facilities (as part of the stadium), casino, restaurant/s and associated residential, health club and retail development. Subsequent proposals include more retail development - unclear if a hotel will still feature in the scheme. Proposals in abeyance here as the Football Club is in financial difficulty.	Good out of town site with access from a busy dual carriageway – though some issues of congestion along this route. Associated drivers of demand would generate some business for the hotel, especially if the stadium is to host other events/concerts. Hotel would want profile to the by-pass and/or good signage. Site misses some passing traffic that would head into Southend-on-Sea along Victoria Avenue.
Garons Park	North of Eastern Avenue, the A1159 dual carriageway to the north of Southend-on-Sea	The site of Southend-on-Sea Leisure and Tennis Centre. Permission granted for the development of an international diving centre and pool with dry land training facility and spectator area - now under construction. Proposal for a 4 star hotel	Diving facilities would generate some demand for a hotel here through events and competitions, though likely to be more for budget standard accommodation. As a large site it would enable a hotel model needing a large footprint to be accommodated e.g. Village, which requires 2-3 acres. Good out of town site with access from a busy dual carriageway – though some issues of congestion along this route. Hotel would want profile to the by-pass and/or good signage. Site misses some passing traffic that would head into Southend-on-Sea along Victoria Avenue.

APPENDIX 5 – SOUTHEND-ON-SEA SITE ASSESSMENTS

SITE	LOCATION	STATUS	VIEW OF SITE AS A HOTEL LOCATION
WIDER AREA			
Bell	Leigh on Sea	Proposal to restore a landmark building in Conservation Area not used as a hotel since the 1930s, facilitated by the development of 15 flats in the grounds. Permission granted subject to detail. Previous applications rejected on grounds of scale.	Opportunity to deliver a small boutique hotel (12 suites proposed).
Grand	The Broadway, Leigh on Sea	Situated within Old Leigh Conservation Area. Currently closed after the owners went into administration. Previously let 16 rooms. Partially listed building.	Attractive imposing building. Potential to re-position as a boutique offer.