

Plymouth Hotel Study

For Destination Plymouth and
Plymouth City Council

December 2022
FINAL DRAFT



Plymouth Hotel Study

Introduction

This Study and Report

- Colliers has been commissioned by Destination Plymouth and Plymouth City Council (PCC) to undertake an update of hotel accommodation supply and performance in Plymouth. We have also compared Plymouth to other locations and considered supply gaps in hotels in Plymouth.
- Additionally, we have explored the barriers to hotel development in Plymouth and opportunities to address these to help drive more hotel development in the city. These additional elements are reported for PCC internal use.
- Colliers has a strong understanding of the Plymouth market having previously undertaken hotel and other accommodation studies for Plymouth that reported in 2014 and 2019. This 2022 update responds to a tighter scope than previous studies whilst still providing valuable insight on the market and opportunity. The analysis has been undertaken in Autumn 2022 and is informed by data from CoStar, STR Global and interviews with developers/investors.



Contents

04 Plymouth Background Context

10 Hotel Performance

22 Hotel Supply

33 Comparisons

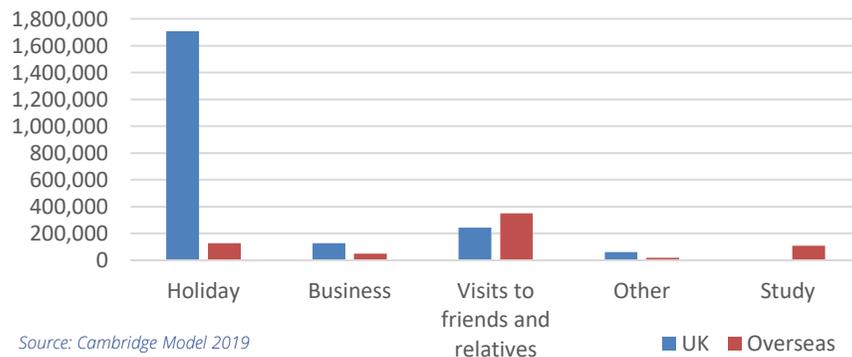
Plymouth Background Context

Tourism and Destination Strategy

Visitors and Tourists

- Plymouth attracted 5.3 million day and stay visitors in 2019 and £333 million in direct visitor spend.
- Tourists (overnight visitors) accounted for 14% of these, at 736,000, with the remainder as day visitors. This amounted to 2.8 million nights stayed.
- Of this 2.8 million nights, 53% stayed with friends and relatives, 28% in serviced accommodation and 10% in group/campus accommodation.
- By purpose, across all accommodation types, the dominant purpose was holidays at 66% of all trips and all nights. Business trips accounted for 176,000 nights.

2019 Night Stayed by Purpose of Visit
(across all accommodation types)



Source: Cambridge Model 2019

Tourists in serviced accommodation

- There were 267,000 tourists staying in serviced accommodation in 2019 based on the Cambridge model analysis of day and stay visitors.
- This equated to 786,000 nights stayed in serviced accommodation, an average of 3 nights per trip
- Average spend in Plymouth for these tourists was £101 per tourist per night, equating to £80 million in 2019.

Destination Plymouth Strategy

- The Plymouth Visitor Plan 2020-2030 targets growth if supporting actions are taken.
- These targets were formulated pre-pandemic and the current economic climate. They were for growth to 6.2 million visitors (day and stay) by 2030 and £450 million visitor spend.



Source: PCC – Plymouth Visitor Plan 2020-2030

- ‘Star projects’ were listed in the plan and proposed to deliver its multiple objectives as well as £400,000 of marketing activity. Projects that require private sector investment however are always subject to the challenges of market forces unless supported.

Plymouth Background Context

Hotel Demand Generators



British Firework Championships – P1 Events



National Marine Aquarium



The Barbican area

Plymouth enjoys the benefit of a large number of generators of demand, both leisure and business .

Leisure

- Plymouth is positioned as Britain's Ocean City and its natural setting with Plymouth Sound creates a desirable waterfront experience for leisure visitors and for those attending events on the Hoe.
- The rich maritime history adds distinction to the city offer, with Plymouth Sound being home to the UK's first and only National Marine Park. This movement for change will transform the way the city relates to the sea and will improve access to Plymouth's stunning natural assets.
- The maritime connection also creates theming to walks, bike trips, boat trips, watersports, arts, learning and gastronomy experiences. The National Marine Aquarium is also the largest in the UK.
- The city hosts several high-profile and award-winning events each year, including Pirate Weekend Plymouth, Flavour Fest, Armed Forces Day, Plymouth Seafood Festival, British Firework Championships (90,000 visitors), and British Art Show. Sail GP, one of the world's most impressive sailing events, was also hosted in 2021 and 2022.
- Popular with visitors are Plymouth Gin Distillery, Theatre Royal Plymouth (one of the UK's best attended regional theatres), and the areas of Plymouth Hoe, Royal Citadel and The Barbican.
- Other key local attractions include Royal William Yard, which hosts the largest collection of Grade I Listed Naval buildings in Europe and is an established cultural hotspot, and Sutton Harbour Marina, which is home to leading yachting events. Mount Batten Watersports and Activities Centre is one of the foremost outdoor education centres in the South West.
- Shopping: Plymouth is the largest retail centre in the South West region, outside of Bristol. Drake Circus Shopping Centre is one of the most popular shopping centres in the area and has a footfall of about 17 million annually.
- Plymouth is well placed to facilitate touring Devon and Cornwall by car, with easy access to the motorway network and key arterial routes and is a popular base for coach and group tours to explore Devon and the English Riviera sub-region

Plymouth Background Context

Hotel Demand Generators

Business

- Plymouth has a long-standing established reputation as a leading base for marine related industries. The Dockyard and naval port (Europe's largest) are key overnight demand generators.
- Major employers include Babcock International and Princess Yachts, both leaders within their respective fields and among the largest private sector employers in Plymouth.
- Further private sector business originates from the medical, manufacturing, energy and construction industries. Some companies of note in the area include British Gas, EDF Energy and Wrigley's.
- Key public sector demand relates to healthcare (the NHS Trust employs almost 10,000 staff, primarily at Derriford Hospital), local government departments, and education (including three universities – the University of Plymouth has over 18,500 students, is ranked 5th in The Times' Young University rankings and is increasing their training, research and teaching space).
- Plymouth Science Park at Derriford has 14,000 sqm of office and lab space and includes a new Health Tech Innovation Hub and Advanced Digital Manufacturing & Innovation Centre.
- A new port strategy is seeking to unleash Plymouth's full potential as a major international port, where there is potential more than £1 billion of investment planned over the next 25 years.
- The new Melville building refurbishment at Royal William Yard is attracting office relocations through delivering a 'wow factor' for businesses in Plymouth.
- Previous surveys of local businesses have highlighted the desire of such businesses for Plymouth to be able to offer more quality hotel accommodation in the city to service their clients and support the conference market. Future investment will compound this need in both servicing potential investor experiences and supporting future growth.



Princess Yachts



Devonport Dockyard - Babcock International



Plymouth Science Park

Plymouth Background Context

Growing Demand Drivers

- The product offer of Plymouth has been continuing to evolve in recent years and this in turn is expanding the city's appeal to tourists and visitors and providing reasons to dwell longer and repeat visit; and also increasing the city's appeal as a place to live and work, which in turn generates business and VFR demand. Some examples of new events and development are shown here.



SailGP – A sailing grand prix event held on the Hoe. It attracted an estimated 27,500 visitors in 2021 and was hosted again in 2022.



The Box – A new museum, art gallery and archive located at Tavistock Place, close to the university. The Box is free to visit and forecast to attract 300,000 visits a year.



The Barcode – A new £53m leisure and entertainment development at Drake Circus includes a 14-screen cinema with IMAX, two adventure golf course and other competitive socialising experiences as well as six bars and restaurants.



Melville Building – Refurbishment of this building in Royal William Yard is offering distinctive office space to the likes of KPMG, PKF Francis Clark, and BLOCK co-working space.



Market Hall – A world-class space for immersive technology including a 15m immersive dome, co working space, event spaces, café and 360 film production suite.

The development will also include a 3-screen Everyman Cinema.

Plymouth Background Context

Major Pipeline Projects

- Several regeneration projects are also planned and progressing that will continue to transform Plymouth's city experience for visitors. These include the following projects. They also provide evidence of an active and ambitious backbone seeking to address challenges and drive a positive future for the city.



Station Arrival – An £80m+ regeneration scheme will transform the arrival experience at Plymouth station. The Brunel Plaza scheme also includes a campus to train health professionals.



Events Centre – Refurbishment of the Guildhall is planned to 'bring the buzz back' to the city centre, attracting musicians and events.

Opposite the Civic Centre will be converted to 144 apartments by Urban Splash with commercial units on the lower floors.



Public Spaces Transformation – Major improvements to multiple streets and spaces in Plymouth are planned, including Armada Way, New George Street, and Old Town Street. Pre-construction design work has commenced for Armada Way. Millbay Boulevard on Union Street has completed.

Additional projects illustrating investment include:

Cruise Ship Dock – Proposed plans at Millbay for new cruise ship dock for ships of up to 275m.

Sutton Harbour – Residential development.

West End Health and Wellbeing Centre – a new purpose built centre near Colin Campbell Court.

Oceansgate Marine Enterprise Zone – the second phase of PCC's world-class innovation hub for marine industries is now fully let. It includes 1,350 sqm of light industrial space and 1,100 sqm of office space.

Research

Hotel Market

Plymouth Hotel Performance



Introduction

- The following pages show the performance of hotel accommodation in Plymouth. This is presented in the long term, pre and post pandemic performance, by month and by day of the week. Comparisons by hotel class positioning are also made.
- The key indicators shown are:
 - Occupancy – Rooms sold as a percentage of rooms available for sale.
 - Average Daily Rate (ADR) – Calculated by dividing revenues by the number of rooms sold. (Note this is exclusive of breakfast and VAT.)
 - Revenue Per Available Room (RevPAR) – Calculated by dividing rooms revenue by rooms available for sale in the same period. (Essentially this measure combines ADR and occupancy.)
- Data is sourced from STR Global based on those hotels submitting data.
- In addition to data at the Plymouth Sub-Market level, we have also commissioned a bespoke competitor set to illustrate the performance of the upper markets segment excluding the midscale and economy segment. The performance of this set is shown and compared to the wider market.

Hotel Performance – Plymouth

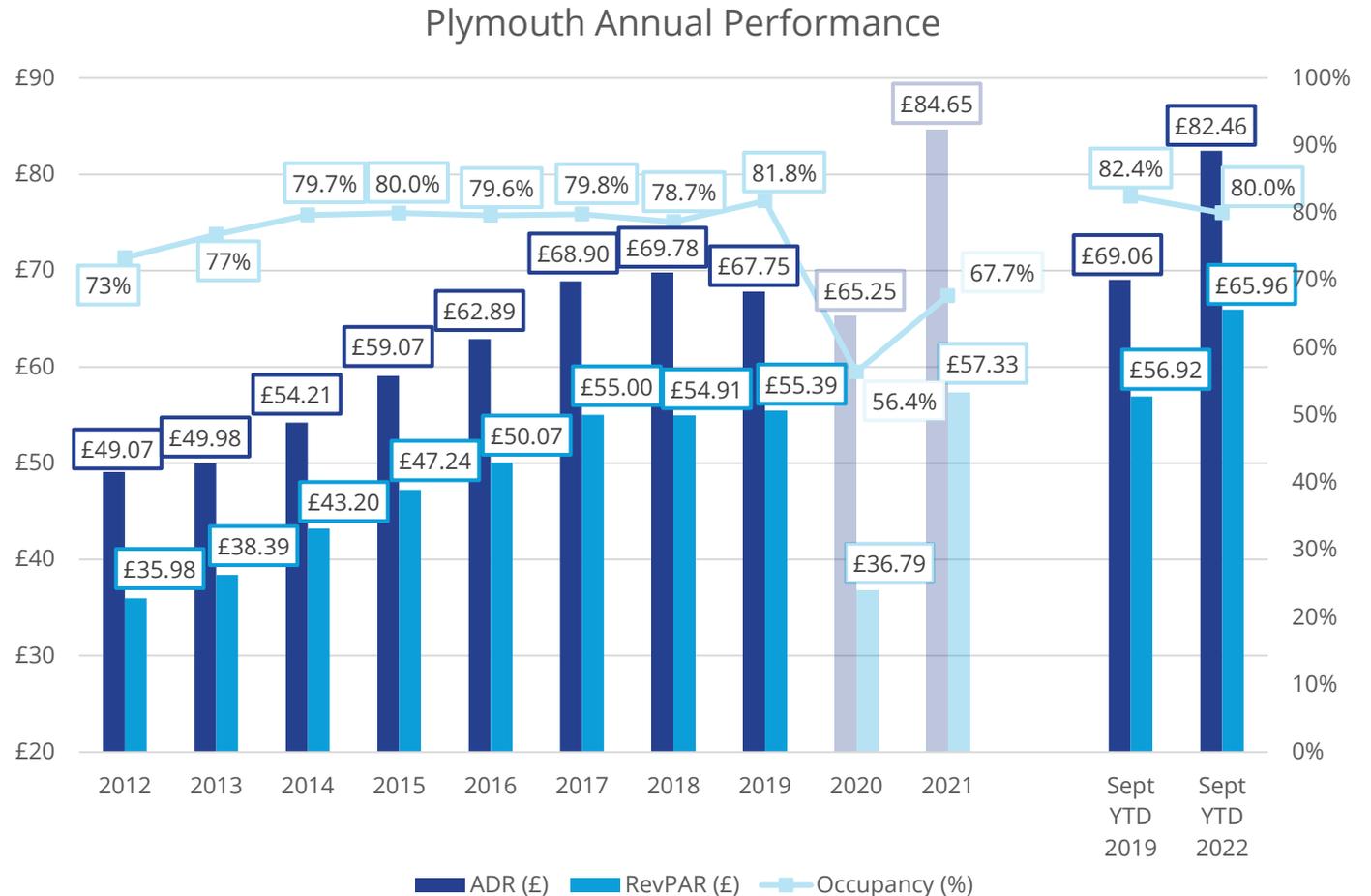
Annual Trends

Strong performance

- The market showed continuing strengthening of performance 2012-2017 and maintained a RevPAR of approximately £55 during 2017-2019. The pandemic inevitably severely limited performance in 2020 and the drive for staycations in 2021 created substantial uplift in ADR. In 2022, high levels of ADR have been maintained, albeit not quite as high, but this combined with strong occupancy has generated a significant uplift in RevPAR for September Year to Date that outperforms all previous years. Sept YTD 2022 is 16% higher than the equivalent in 2019.

Market undersupply

- Occupancy since 2014 has been at nearly 80% or above, which highlights an undersupply in the market.



Source: CoStar / STR

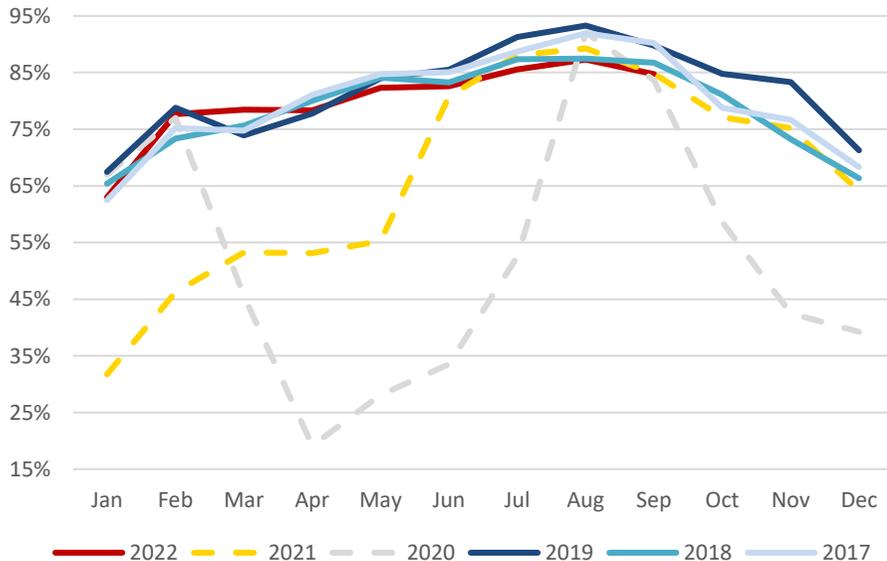
Hotel Performance - Plymouth

Monthly Trends

Strong year-round occupancy

- Occupancy by month shows strong demand for much of the year, with only December and January falling below 70%. It is a much less seasonal market than is perhaps perceived.
- In 2019 average occupancy across July to September was 91.4%. This very high occupancy suggests supply was potentially restricting overnight stays. 2022 occupancy remains high despite much higher ADRs than 2019.

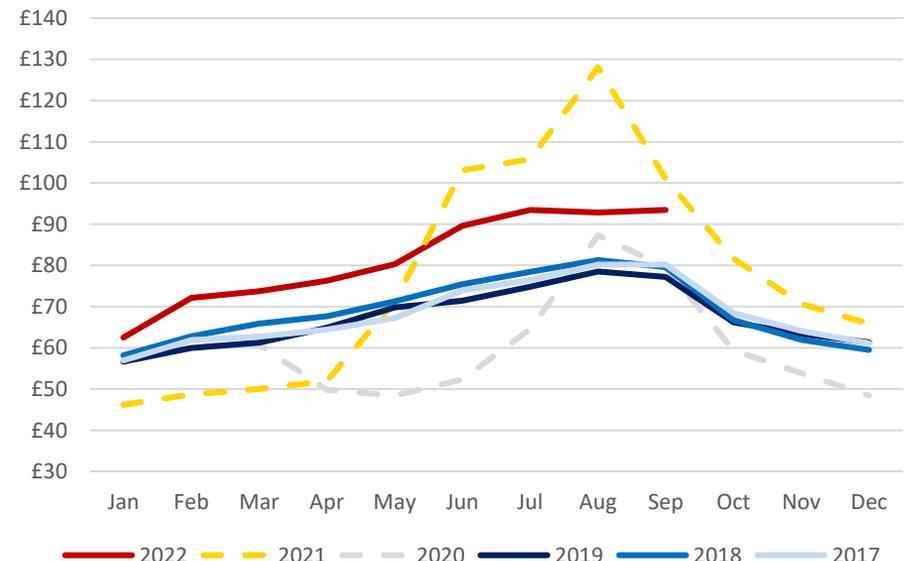
Plymouth - Monthly Occupancy



A step change in Average Daily Rate

- 2022 ADRs were 20% higher than 2019 in February and 25% higher in July. The comparative CPI inflation was 8.4% and 13.5% respectively.
- To exclude inflation, when 2022 monthly ADRs are deflated by CPI to 2019 values, Jan-Sept 2022 ADR still shows as on average 7% higher than in 2019. Whilst there may have still been some 'excess' staycation demand in the market compared to pre-pandemic trends, the positive shift in ADR is looking unlikely to be reversed, especially given the strong occupancy profile.

Plymouth - Monthly ADR



Hotel Performance - Plymouth

Monthly RevPAR

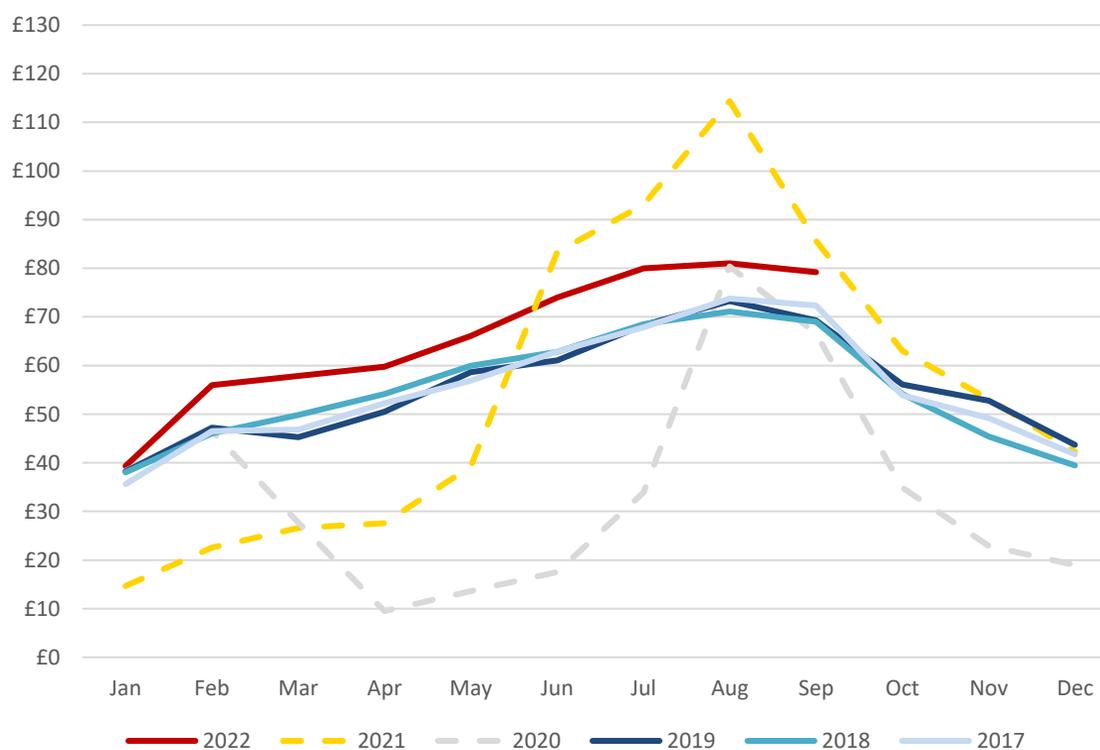
Strong RevPAR performance

- 2022 RevPAR has stood out at stronger levels than pre-pandemic years. Average RevPAR 2022 Sept YTD was 17% higher than 2019 Sept YTD. This outperformance was notably in excess of inflation trends over the period.

Resilient market

- Whilst the pandemic inevitably hit all hotel markets hard and many hotels were closed, Plymouth was quick to recover when the opportunity arose.
- Pre pandemic Jan-Feb 2020 and during the late summer 2020 respite, RevPAR was similar to pre-pandemic years. During the Summer 2021 respite in the pandemic RevPAR reached unprecedented highs. Plymouth hotels benefitted substantially from the staycation boom of Summer 2021 due to restrictions and caution over international travel.
- 2021 was an exceptional year for summer RevPAR due to the boom in the staycation market resulting from international travel restrictions in relation to the pandemic.

Plymouth - Monthly RevPAR



Source: CoStar / STR

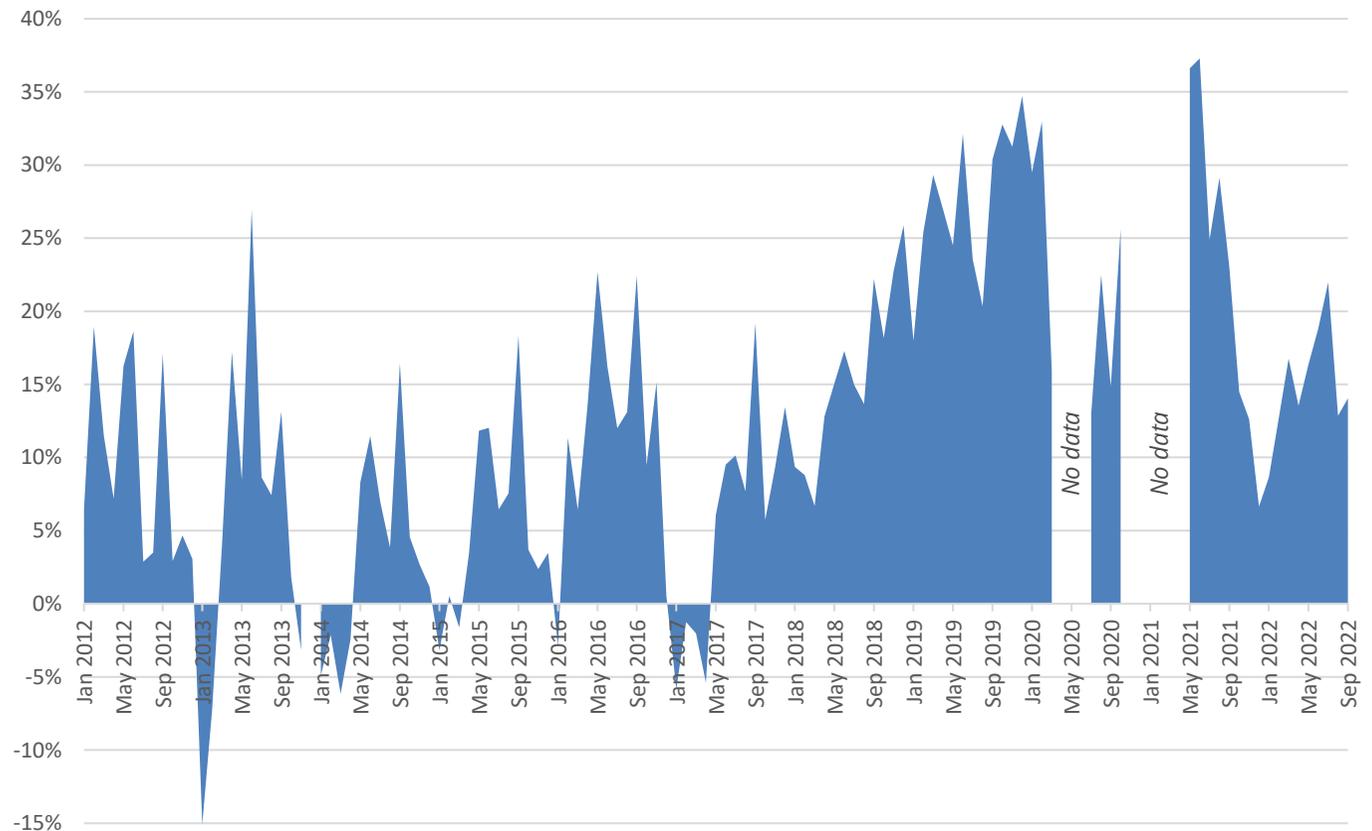
Hotel Performance - Plymouth

Performance by Class Comparison

RevPAR comparison

- The RevPAR premium of upscale / upper midscale hotels in relation to midscale / economy hotels has strengthened in recent years, and particularly in 2018 & 19.
- Pre-2018, upscale / upper midscale RevPAR would fall lower than midscale / economy in winter.
- In 2019 this RevPAR premium was greater than since 2012.
- This shows a stronger case for upscale / upper midscale hotels than prior to 2018.

RevPAR: % uplift of Upscale / Upper Midscale class RevPAR above Midscale / Economy class RevPAR



Source: Colliers; CoStar / STR

Hotel Performance – Selected upper markets only

Selected Market - Performance

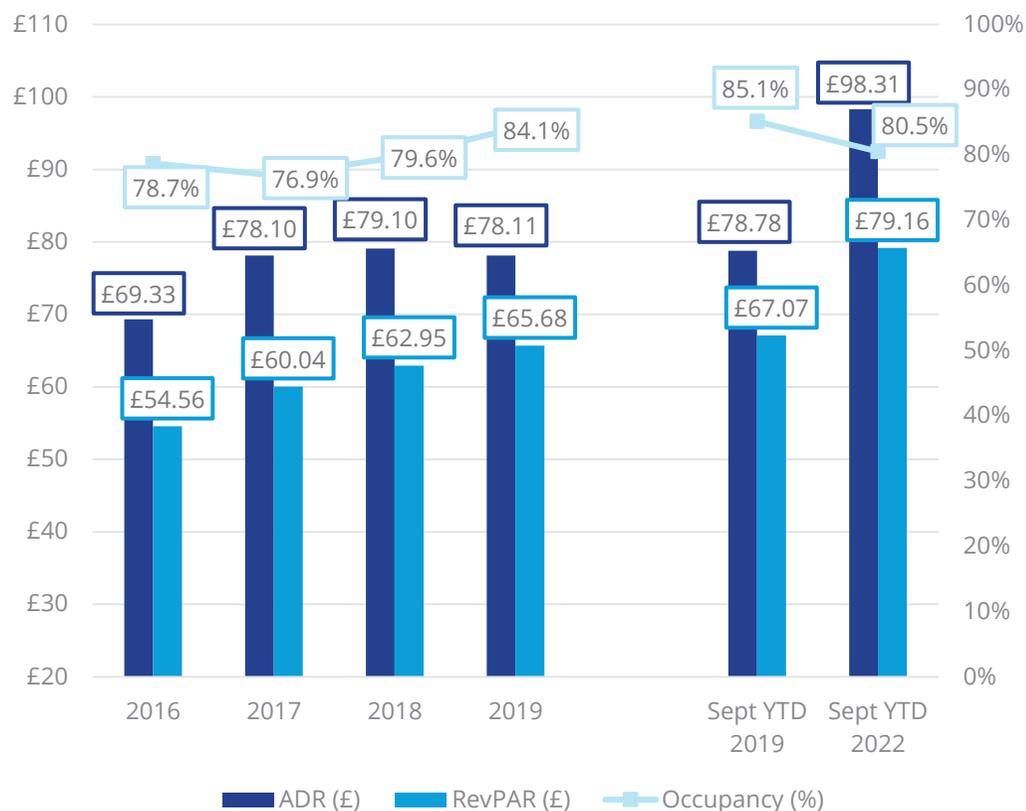
Selected upper markets hotel set

- A bespoke set of hotels was selected to represent medium to large hotels in the upper segments of the market (essentially to consider performance without midscale and economy hotels). The set selection is constrained by those subscribing to STR and minimum set size. The selected set is shown, we term it an 'upper markets' set.

Hotel	Location	Class	Rooms
Crowne Plaza Plymouth	Central (South)	Upscale Class	211
Jurys Inn Plymouth	Central (East)	Upper Midscale	247
Copthorne Plymouth	Central (North)	Upper Midscale	135
Boringdon Hall Hotel & Spa	N of Plympton	Luxury Class	40
Total			633

Performance

- 2022 ADR Sept YTD for the selected set was 25% above the 2019 Sept YTD. The corresponding CPI increase was 14%. This shows significant growth despite inflation.
- Occupancy has also been higher in the selected set, reaching 84% for 2019, and above 80% occupancy was maintained Sept YTD despite higher ADRs. This shows a market opportunity for more supply at this upper markets positioning.
- RevPAR for the selected set was £67.07 in Sept YTD 2019, compared to £56.92 for the wider market (17.8% higher). September YTD 2022 was £79.16 compared with £65.96 (20% higher). This shows both the superior RevPAR of hotels at higher market positions and widening of the RevPAR gap above midscale/economy in 2022.



Source: STR

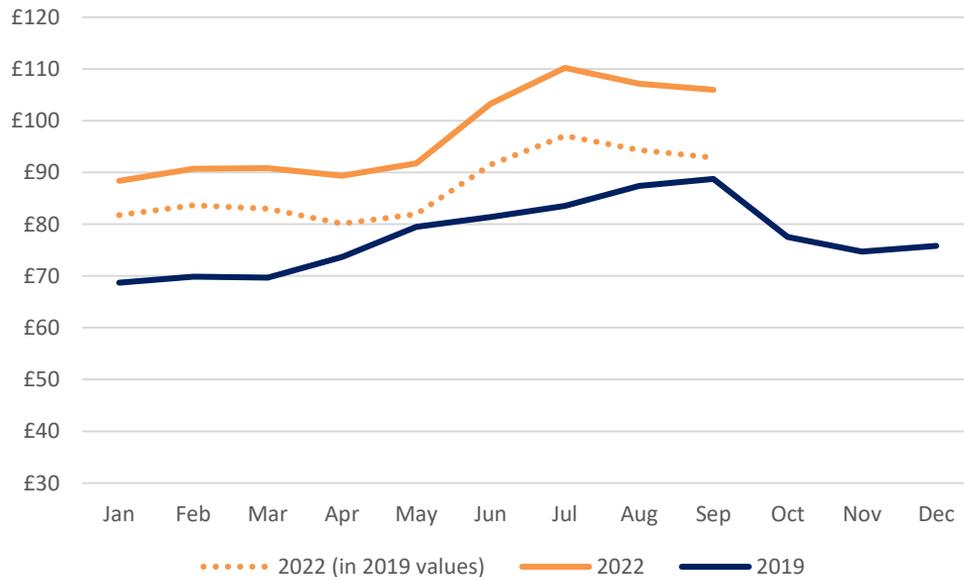
Hotel Performance – Selected upper markets only

ADR Comparisons

ADR growth outperformed inflation

- ADRs in 2022 were notably higher than in 2019. Whilst inflation will have had an influence the growth is beyond that with inflation taken into account.
- The graph below shows 2019 and 2022 ADRs as well as 2022 values deflated by CPI to 2019 values. During Jan-Sept 2022 these deflated values were still on average 12% higher than 2019 ADRs. The greatest difference was Jan-Mar, and the least was Sept (5% higher).

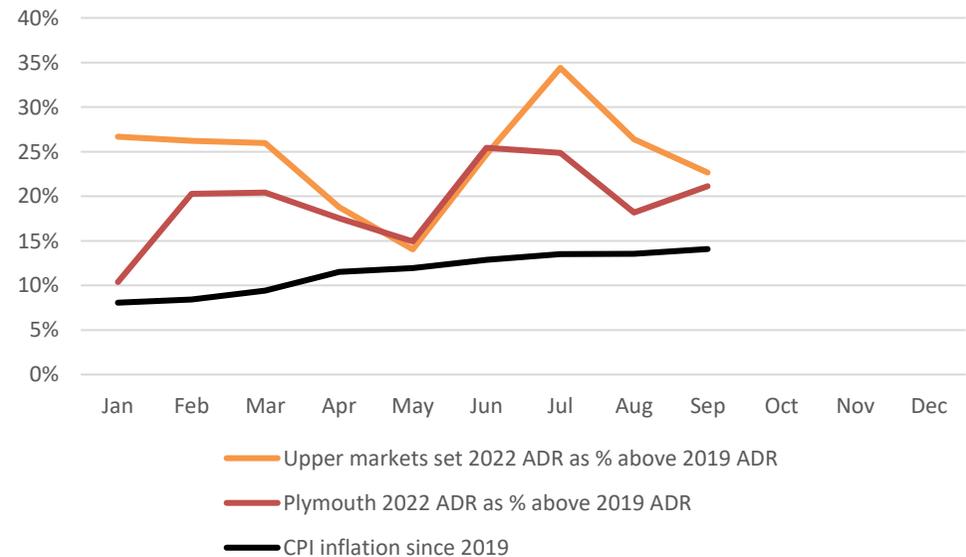
Selected Set - Monthly ADR



Upper markets hotels showed greater ADR growth

- ADR growth between 2022 and 2019 is shown in the graph. This shows greater growth by upper markets hotels than by the Plymouth-wide market during Jan-Apr and Jul-Sept.
- The growth sits above that of CPI inflation for the period.

ADR comparisons



Source: STR, Colliers, ONS via Erikas Grig CPI calculator

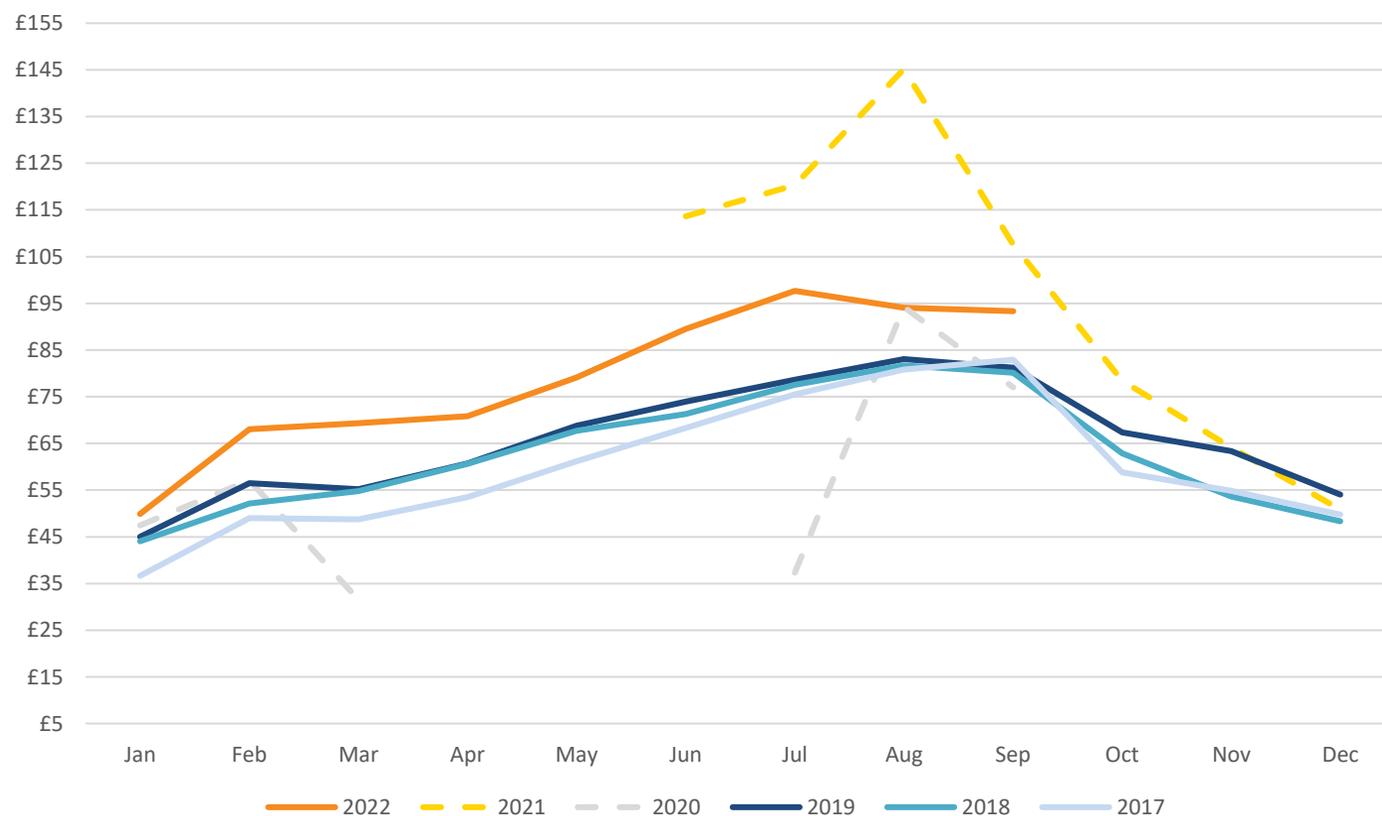
Hotel Performance – Selected upper markets only

RevPAR 2017-2022

A step change in RevPAR

- RevPAR in 2017, 2018 and 2019 was relatively similar each year, with a slight improvement over time. 2019 was the strongest of the three years.
- 2020 and 2021 figures inevitably confused by the pandemic and hotel closures cause voids in the data. The extremes of summer 2021 RevPAR can be seen however.
- Most interestingly, the selected set shows a step change in 2022 RevPAR performance compared to 2019/2018/2017. This is a trend we also see in the Plymouth wide market. Further, we have discounted this being a purely inflationary change.
- The future influences of staycations and cost of living challenges on occupancy have yet to be seen, but we do not expect ADR to reduce to previous levels, particularly with operating costs rising.

Plymouth Selected Set - Monthly RevPAR



Source: STR

Hotel Performance – Selected upper markets only

Performance by Month (2019)

Occupancy

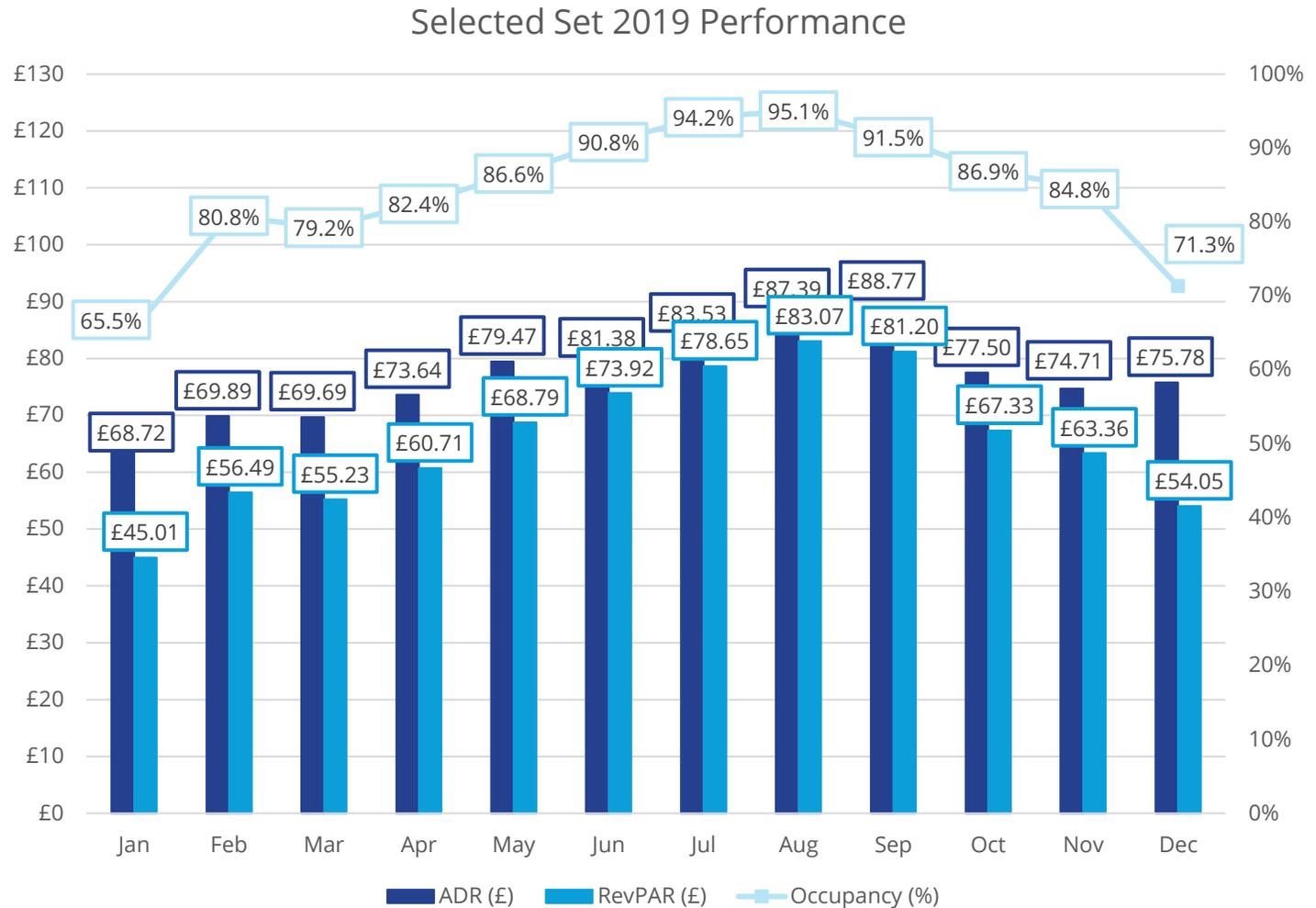
- The very high and consistently high levels of occupancy show an undersupplied market at the market positioning point of the 'upper markets' selected set.

ADR

- ADR for the selected set in 2019 was on average 16% above the Plymouth all market performance.
- This premium was greater in winter months (21% higher in Jan, 24% in Dec) than summer months (11% in August). The extremely high occupancy in the summer suggests the ADR could have been pushed higher in the selected hotels.

RevPAR

- RevPAR for the set showed less seasonal variation than for the wider Plymouth market, with stronger shoulder and winter seasons. Summer RevPAR was perhaps more limited than it needed to be.



Hotel Performance – Selected upper markets only

Performance by Month (2022)

Occupancy

- 2022 occupancy in the selected set was not as extreme as in 2019.
- Sept YTD occupancy was 5.6% lower than 2019 on average during the 9 months.

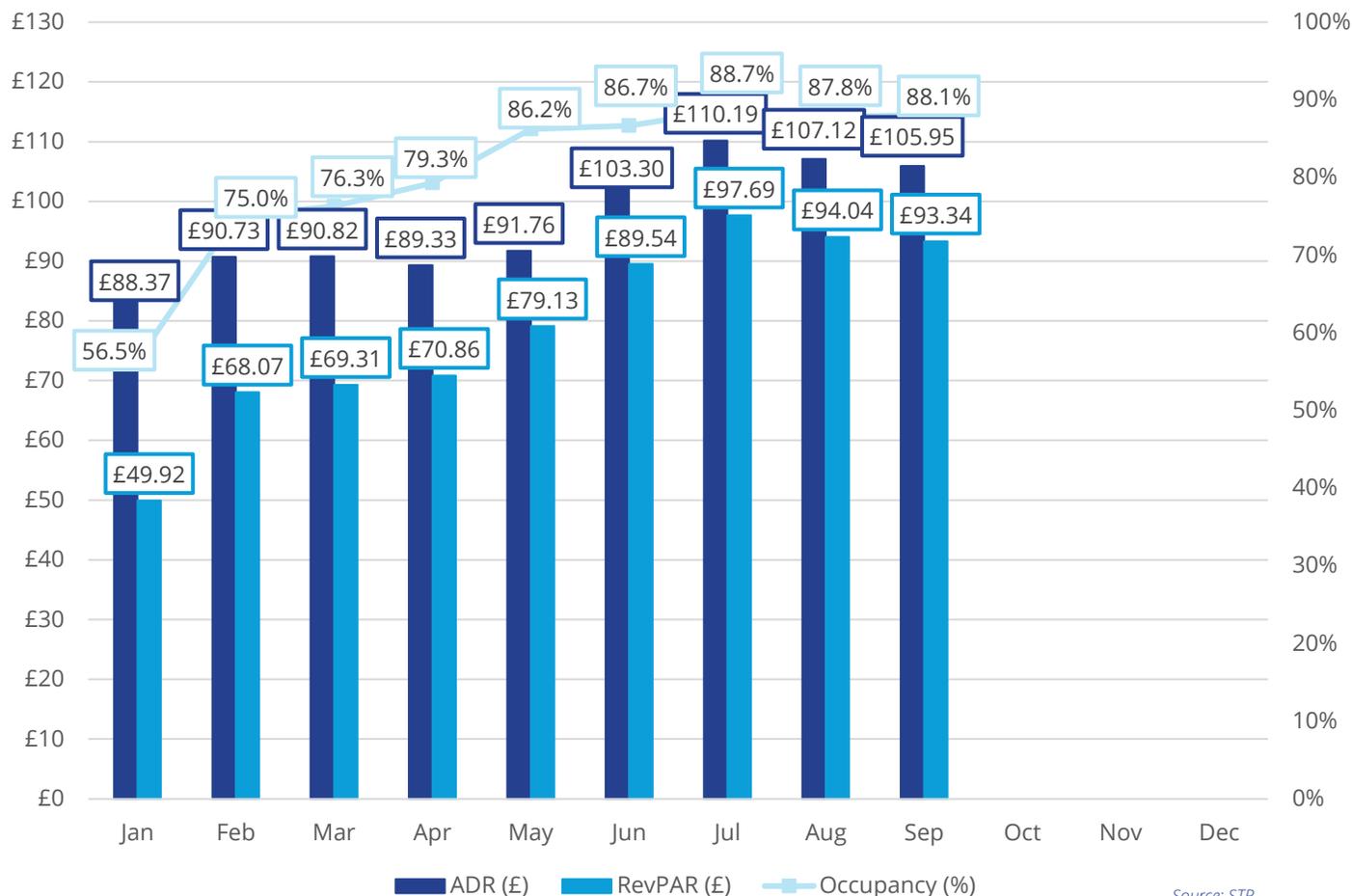
ADR

- ADR however was on average 25% higher than 2019 for the 9 months.
- There was also a greater premium of the selected upper markets set above the Plymouth-wide hotels in 2022 compared to 2019.

RevPAR

- RevPAR was on average 18% higher than 2019 for the 9 months. The greatest growth was in Feb, Mar and July. 15% growth in RevPAR was still achieved in September 2022 over that of September 2019.
- Further, RevPAR for the selected upper markets set was on average 20% higher for Jan-Sept 2022 than for the wider Plymouth all markets figure. The difference was greatest in January (27%) and least in August (16%).

Selected Set - 2022 Performance



Source: STR

Hotel Performance – Selected upper markets only

Selected Market – by Day of the Week

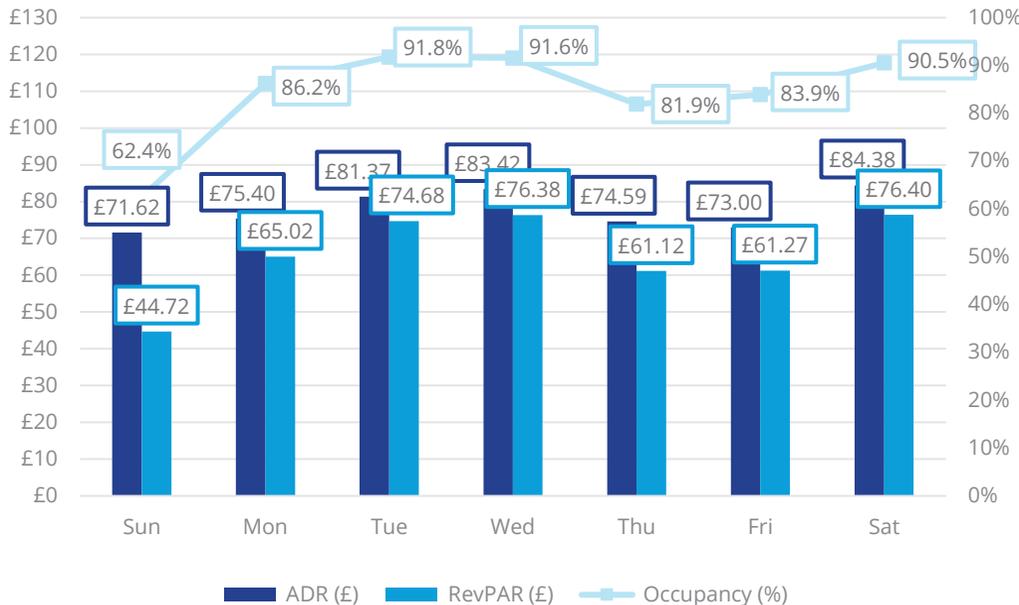
Leisure and business demand

- Day of the week performance figures show the balance between leisure demand (typically strongest on Saturday nights) and business demand (typically strongest on Tuesday and Wednesday nights).
- For Plymouth both leisure and business demand is evident. This trend is shown in the high occupancy and RevPAR for the selected set. In the 12 months to Sept 2022, occupancy was over 80% on Tues, Weds, Fri and Saturdays. Only Sundays showed a low occupancy (58%).

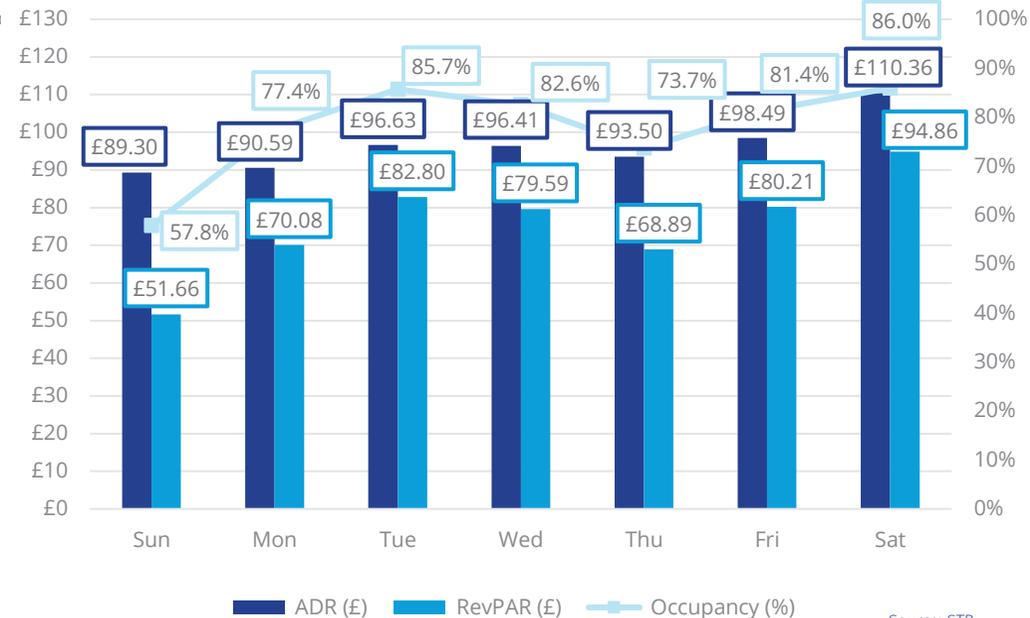
Similar trends 2022 to 2019

- The pattern between 2022 and 2019 is very similar. Relatively across the week in terms of occupancy, Friday and Saturday nights improved slightly and Mondays and Thursdays worsened slightly. This may be related to changed office work patterns post pandemic. Quieter Sundays were similar in both years and are typical to most locations.

Selected set – 2019 (12 months)



Selected set – Oct 21-Sept 22 (12 months)



Hotel Performance

Performance Summary

Positive trends

- The long-term trend of hotel performance in Plymouth is positive.
- RevPAR in 2019 was the strongest since 2012 and occupancy was nearly 82%.
- There has been a step change in ADR between 2019 and 2022 which is significantly beyond inflation.
- Staycations benefitted the market in 2020 and 2021 when they were possible and helped Plymouth hotels achieve a quick recovery from pandemic impacts and indeed in 2021 surpass all previous RevPAR due to particularly high ADRs.
- Some staycation benefit may have continued into 2022 however we do not expect ADRs to fall substantially given the particularly high occupancy profile in the market.
- RevPAR performance in 2022 has demonstrated a step change above 2019.
- The future challenge however is profitability. With operational costs rising, especially staff costs and energy, the benefit from the RevPAR premium is being eaten away.

Upper markets segment stronger than previously

- The RevPAR performance premium of upscale / upper midscale hotels above midscale / economy hotels is greater than prior to 2018 and was particularly strong in 2019.
- For a selected 'upper markets' set of hotels, performance in 2018, 2019 and Sept YTD 2022 was higher in occupancy, ADR and RevPAR than the Plymouth all-markets data.
- The selected hotels have also in 2022 outperformed previous years in ADR and by significantly more than inflation.
- Day of the week analysis shows a good business and leisure demand balance, although changed work patterns may be influencing Monday and Thursday demand in 2022 in comparison to 2019. Occupancy was above 73% on all but Sunday nights however.
- Overall, RevPAR for 2022 for the upper markets segment shows a step change up on previous years, and an increasing positive performance gap above midscale/economy hotels.

Plymouth Hotel Supply



Introduction

- This section considers the existing and pipeline supply of hotels in Plymouth.
- The analysis particularly looks at the supply of larger hotels.
- Provision is also considered in relation to different class bands. These are the bands used by STR rather than star ratings. These bandings are primarily governed by ADR performance.
 - Luxury – InterContinental, Ritz-Carlton, Conrad, indicatively 5 star
 - Upper upscale – Hilton, Hotel Indigo, Hotel du Vin, indicatively 4/5 star
 - Upscale – Crowne Plaza, Novotel, Radisson, indicatively 4 star
 - Upper midscale – Copthorne, Jurys Inn, Moxy, Aparthotel Adagio, indicatively 3 star
 - Midscale – ibis, ibis Styles, Aparthotel Adagio Access
 - Economy – Travelodge, Premier Inn, ibis Budget

Hotel Supply Room Stock

Current supply is focused on economy hotels

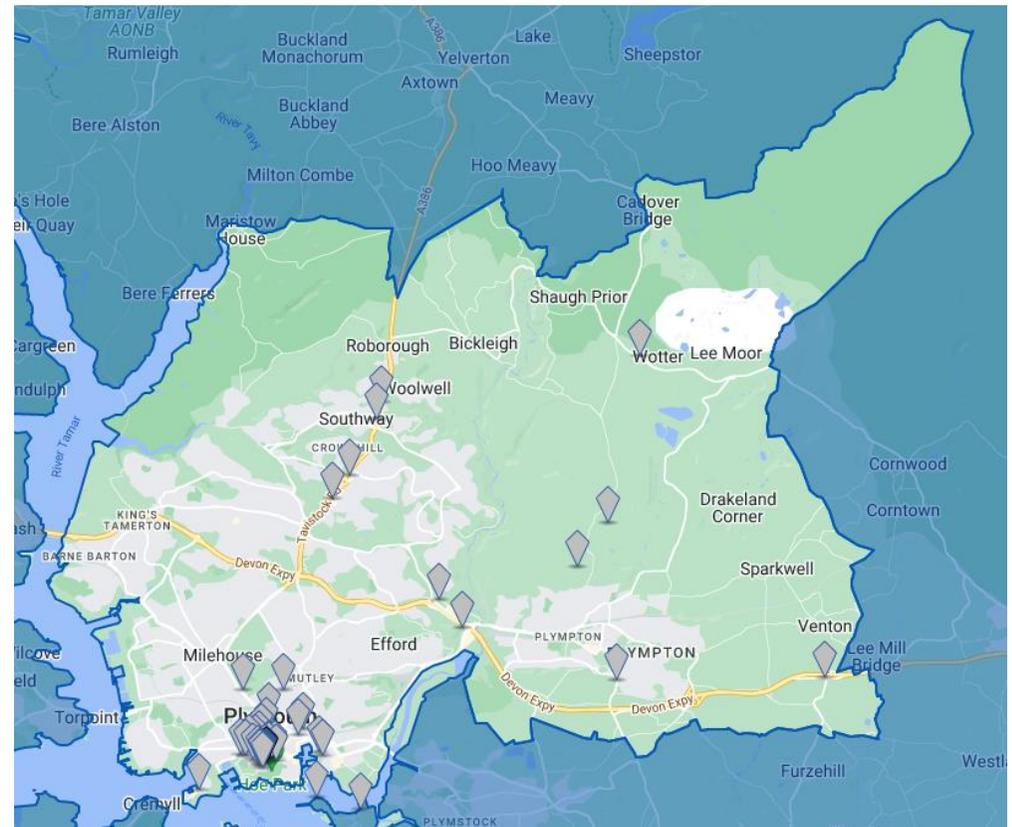
- Hotel and serviced apartment room stock in Plymouth at present is focused at the economy scale (47%) and upper midscale (27%).
- 60% of room stock is in the midscale and economy class. This is notably higher than comparators.
- 38% is in the upscale and upper midscale class
- 2.4% is luxury or upper upscale
- The current inventory for the Plymouth 'submarket' as defined by STR Global is 1,988 rooms across 35 buildings.
- With additional stock under construction added (200-room upper midscale Moxy), this reaches 2,188 rooms.

Positioning	Number of buildings	Rooms Inventory Sept 2022	Share of existing rooms	Under construction rooms
Luxury	2	43	2%	
Upper Upscale	1	8	0.4%	
Upscale	1	211	11%	
Upper Midscale	9	543	27%	200
Midscale	7	253	13%	
Economy	15	930	47%	
Total	35	1,988	100%	2,188

This stock does not include non-serviced apartments and private rental.

Source: CoStar / STR, Colliers

Plymouth hospitality submarket area



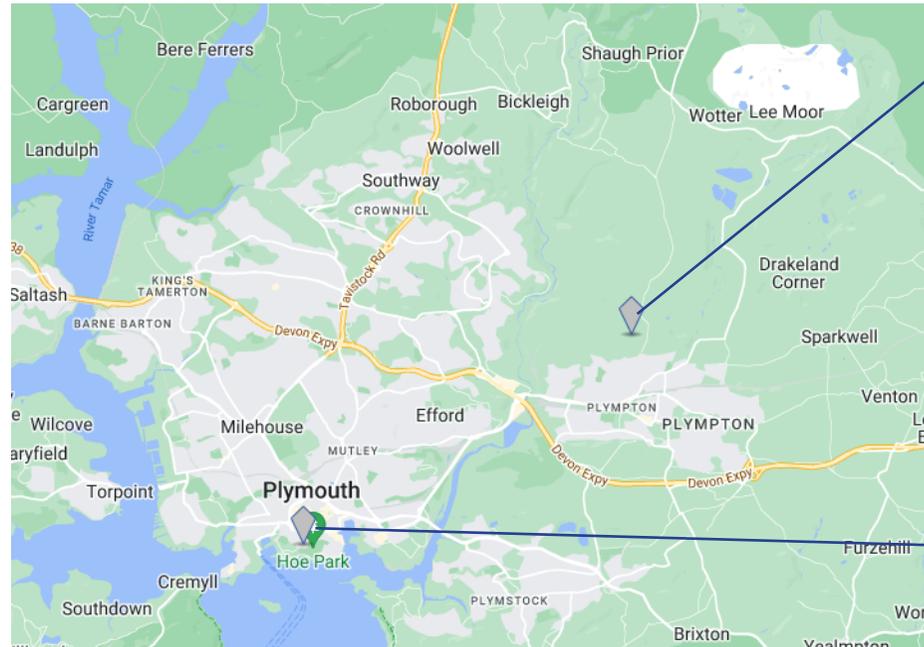
Source: CoStar / STR

Hotel Supply

Luxury & Upper Upscale Supply

Luxury supply is out of the city

- Central Plymouth has an extremely limited supply of luxury or upper upscale accommodation. This is limited to 8 serviced apartments.
- The upper upscale Elliot Terrace apartments have an excellent location with views over the Hoe.
- The luxury offer in the wider Plymouth submarket area is Boringdon Hall, which is 15 minutes drive outside of the central area



Source: CoStar / STR

Boringdon Hall Hotel & Spa
Luxury Hotel
40 rooms
Independent

Proposed: Additional 14 wellness rooms



Elliot Terrace Apts
Upper Upscale Serviced Apts
8 rooms
Independent

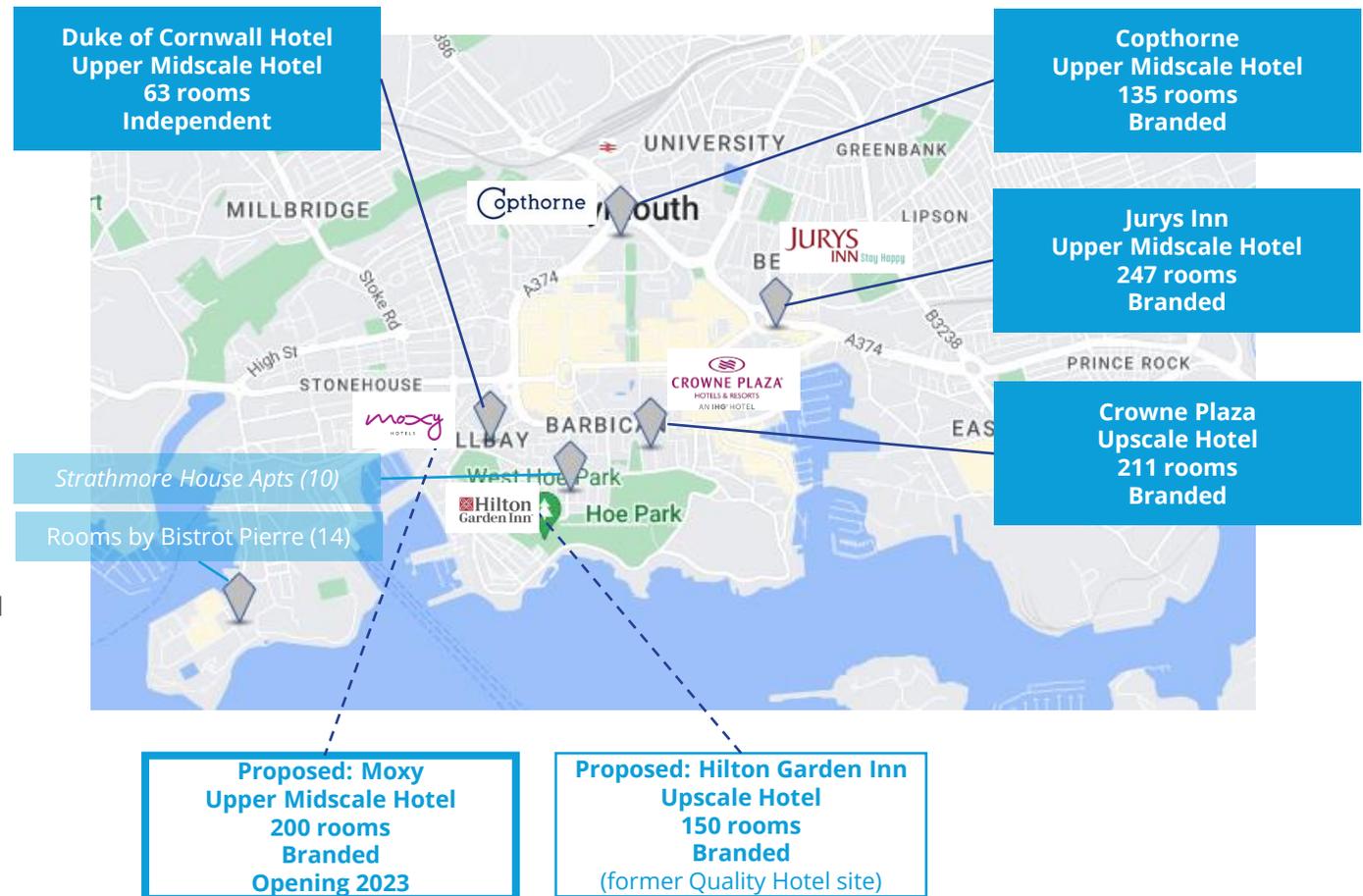


Hotel Supply

Upscale & Upper Midscale Supply

Modest supply of central large size hotels, but growing

- The map shows upscale and upper midscale supply in the central Plymouth area and the most promising large scale pipeline.
- Existing branded supply at this positioning is limited in Plymouth (593 rooms). The Crowne Plaza is the only upscale offer, and Jurys Inn and Copthorne are upper midscale.
- Upper midscale supply will grow however with the Moxy opening.
- Other supply of size near the centre of Plymouth is the Duke of Cornwall (63 rooms), and the Elfordleigh Hotel (36 rooms) in a rural setting north of Plympton.
- The city lacks quality hotel supply on the waterfront or key tourist areas.
- The proposed development of the Hilton Garden Inn would help with supply of rooms with a view to Plymouth Sound however, albeit set back behind the Hoe.

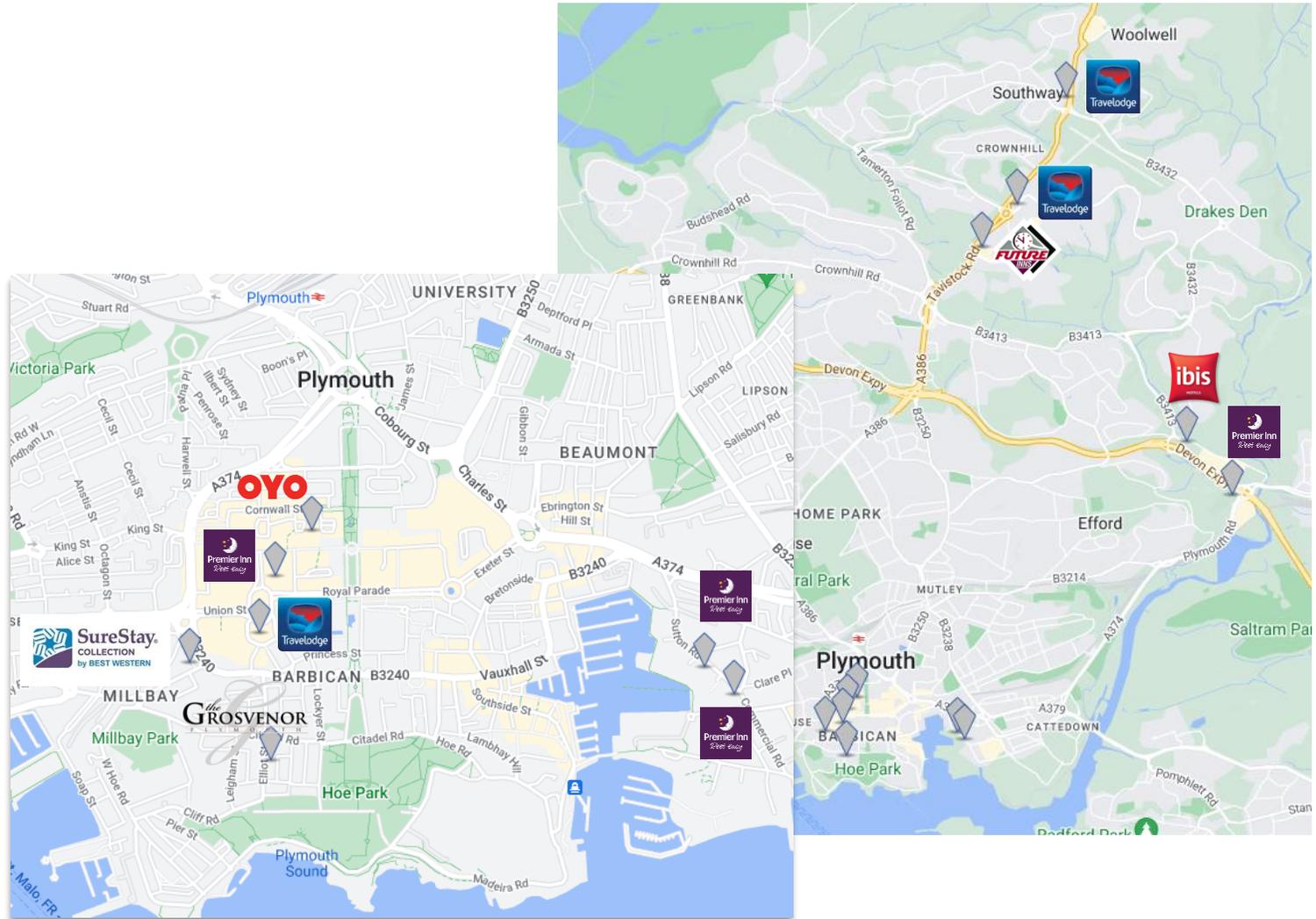


Hotel Supply

Midscale & Economy Supply

Branded economy hotels dominate

- The maps show existing midscale and economy supply of hotels that are above 40 rooms.
- Supply is dominated by Premier Inn and Travelodge, with only one independent at this size (The Grosvenor).
- There is a good volume of existing supply. The hotels shown represent 1,023 rooms.



Hotel Supply

Supply of Hotels

Limited supply of large hotels

- There are 17 hotels in the Plymouth submarket area with 40 rooms or more (shown in black in the table).
- This includes 6 with 100 rooms or more (shown in bold).

Brand focus is on economy hotels

- There are 787 branded hotel rooms in the economy class (40%). These include 382 in Premier Inn properties and 211 in Travelodge properties.
- Branded midscale only accounts for 3% of room supply and branded upper midscale is 19%, (Although this will rise to 27% of the new total when the Moxy opens).
- Branded upscale (Crowne Plaza) only accounts for 11% of current room stock and there are no branded properties in upscale or luxury.
- The independent sector accounts for 556 rooms (28%), These 21 hotels average 26 rooms each. The largest is the Future Inn (143) followed by the Duke of Cornwall (63).

Hotel Name	Room Count	Class	Grade	Brand
Boringdon Hall Hotel & Spa	40	Luxury	5 Star	Independent
Drakes Wharf	3	Luxury	Apts	Independent
Elliot Terrace Apartments	8	Upper Upscale	Apts	Independent
Crowne Plaza Plymouth	211	Upscale	4 Star	Crowne Plaza
Copthorne Plymouth	135	Upper Midscale	3 Star	Copthorne
Jurys Inn Plymouth	247	Upper Midscale	3 Star	Jurys Inn
Duke Of Cornwall Hotel	63	Upper Midscale	3 Star	Independent
Elfordleigh Hotel & Golf	36	Upper Midscale	3 Star	Independent
St Elizabeths Hotel	15	Upper Midscale	4 Star	Independent
Rooms by Bistrot Pierre	14	Upper Midscale	3 Star	Independent
Welbeck Manor	14	Upper Midscale	3 Star	Independent
Strathmore House Apartments	10	Upper Midscale	Apts	Independent
Millstones Country Hotel	9	Upper Midscale	3 Star	Independent
Future Inn Plymouth	143	Midscale	3 Star	Independent
ibis Plymouth	52	Midscale	Budget	ibis
Kynance House Hotel	26	Midscale	3 Star	Independent
Drake Hotel	16	Midscale	2 Star	Independent
Jewells Guest House	11	Midscale	4 Star	Independent
Pub On The Hoe	3	Midscale	2 Star	Independent
The Beaumont Apartments	2	Midscale	Apts	Independent
Premier Inn Plymouth City Centre (Derry's Cross)	110	Economy	Budget	Premier Inn
Premier Inn Plymouth City Centre Sutton Harbour	107	Economy	Budget	Premier Inn
New Continental Hotel Sure Hotel Collection by Best Western	99	Economy	3 Star	SureStay Collection
Travelodge Plymouth Hotel	96	Economy	Budget	Travelodge UK
OYO Plymouth Central	95	Economy	2 Star	OYO
Premier Inn Plymouth City Centre Lockyers Quay	84	Economy	Budget	Premier Inn
Premier Inn Plymouth East	81	Economy	Budget	Premier Inn
Travelodge Plymouth Derriford Hotel	75	Economy	Budget	Travelodge UK
The Grosvenor Hotel	41	Economy	3 Star	Independent
Travelodge Plymouth Roborough	40	Economy	Budget	Travelodge UK
The Smithaleigh	25	Economy	3 Star	Independent
The Invicta Hotel	23	Economy	3 Star	Independent
Imperial Hotel Plymouth	20	Economy	3 Star	Independent
The Moorland Hotel	18	Economy	3 Star	Independent
Home Park Homestay	16	Economy	3 Star	Independent

Hotel Supply

Brands and gaps

Opportunity for further brands

- Branded supply accounts for 72% of the current room stock.
 - Premier Inn and Travelodge account for 30% of overall room stock.
- There is no current hotel offer in Plymouth from the major chains of Hilton, Marriott, Radisson and Hyatt.
 - Marriott will shortly open Moxy however and a Hilton Garden Inn is proposed.
 - A Radisson Blu was suggested for a site under consideration, but this project is now not progressing as a hotel site.
- This lack of supply by major hotel chains limits the benefit that Plymouth can gain from major distribution systems.
- We highlight some of the gaps in the shown graphic of current branded supply.
- There is also a lack of branded aparthotel options.

Hotel Group	No. hotels	No. rooms	Brand in Plymouth	% of existing rooms
Whitbread	4	382	Premier Inn	19%
Leonardo Hotels Group	1	247	Jurys Inn	12%
Travelodge	3	211	Travelodge	11%
IHG	1	211	Crowne Plaza	11%
Millennium & Copthorne	1	135	Copthorne	7%
Best Western	1	99	Sure Stay Collection	5%
OYO Rooms	1	95	OYO	5%
Accor	1	52	ibis	3%
Hilton	0	0	<i>(Hilton Garden Inn proposed)</i>	0%
Marriott	0	0	<i>(Moxy opening)</i>	0%
Radisson	0	0		0%
Hyatt	0	0		0%
		1432		72%

Source: CoStar / STR, Colliers



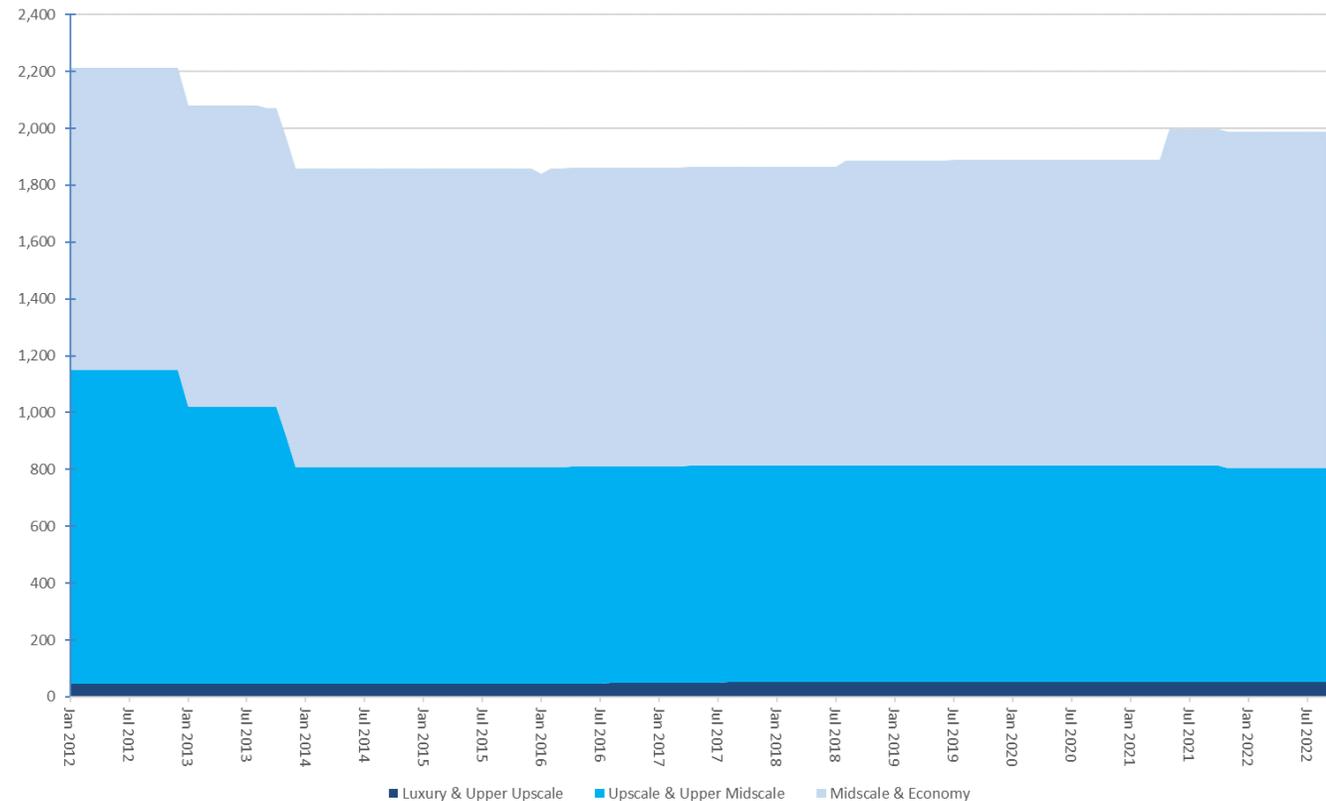
Hotel Supply

Room Stock History

Getting back to 2012 levels

- Plymouth room stock contracted in 2012-2014 with closures including the Quality Inn (111 rooms), Legacy (100 rooms), and Cranbourne Hotel (41 rooms).
- Only a marginal change was seen between 2014 to 2020.
- At the end of **2020 the 95-room Oyo** (economy) was completed on New George street at the former Woolworths site. Covid challenges lead to a phased opening on room stock.
- For summer **2021 the 110-room Premier Inn** (economy) opened at the former Derry's department store on Derrys Cross.
- The next opening will be the **200-room Moxy** (upper midscale) at Millbay Boulevard, planned for **May 2023**.
- These recent and planned openings will take room stock to 2,188 rooms. This is close to the 2,212 stock of 2012 but does not show growth above hotel room stock of a decade ago.

Total room stock over time



Source: CoStar / STR

Hotel Supply

Pipeline Supply

Limited new supply imminent

- The table shows the indicative status of potential hotel projects.
- Only the Moxy at Millbay is confirmed. It is due to open in 2023.
- A Hilton Garden Inn on the Hoe is the next most likely major project.
- Fruition of other proposed hotels are further downstream or stalled.

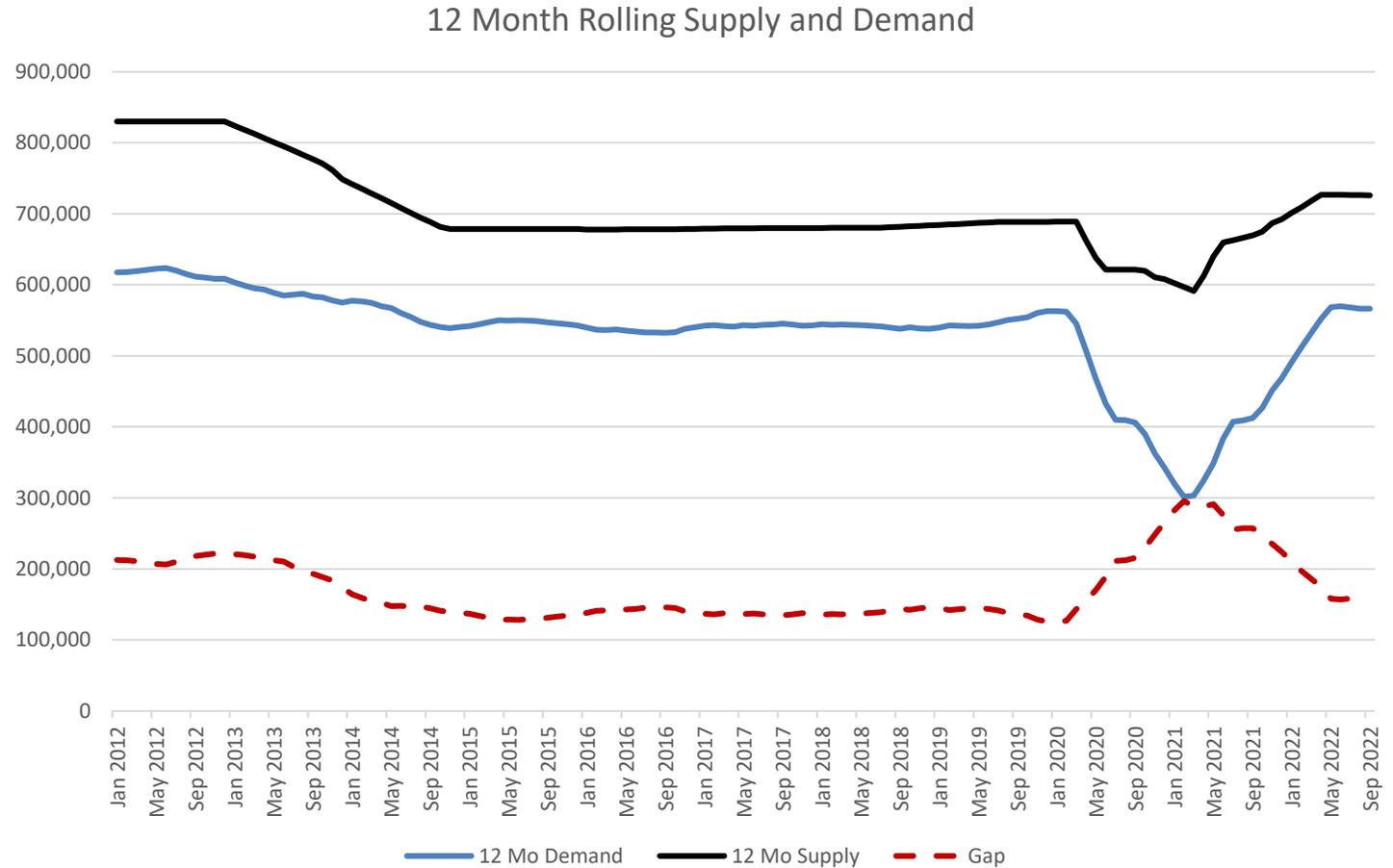
Hotel	Class	Room count	Brand	Site Note	Note	Indicative Status
Moxy Plymouth	Upper Midscale	200	MOXY	Millbay Boulevard, fronting Bath Street	Vastint Hospitality developer. Construction started June 2021.	Expected completion May 2023
Boringdon Hall Hotel & Spa	Luxury	Extend by 14	Independent	Existing rural hotel, north of Plympton	14 wellness rooms/suites application to add to hotel stock. Spa extension awaiting decision.	Rooms application approved.
Hilton Garden Inn Plymouth	Upscale	150	Hilton Garden Inn	Former Quality Hotel on the Hoe	Propiteer Hotels developer. Pre-application discussions underway, planning application expected by July 2023. Site also to include 142 residential apartments.	Awaiting planning submission
Plymouth Railway Station Site	Upper Midscale	228		Railway station / Brunel Plaza	Hotel is in a later phase of the masterplan. Site cannot be released until new multi-storey car park has been built and existing multi-storey car park demolished.	Not expected until 2030
67 New George Street (aparthotel)		42		Above former Waterstones shop	Planning application for conversion and extension submitted Aug 2022 for 42-bedroom aparthotel.	Awaiting decision
238 Union Street (boutique hotel)		21		West Plymouth, towards Stonehouse Bridge near Aldi	Mixed use development application submitted 2021. Includes 47 affordable dwellings, 3 live-work units, 21-room hotel, commercial, community and event space.	Awaiting decision
Old Treasury Building 10 Catherine Street		48		Adjacent to east end of Plymouth Guildhall	Pre-app for conversion and change of use to hotel. No principle objection raised April 2022.	Awaiting any further submission
Millbay Docks Hotel	Economy	126	Premier Inn	Millbay Plot C1	Stalled due to financial viability.	Stalled
Embankment Lane	Economy	80	Travelodge	East Plymouth, towards Laura Bridge	Stalled due to financial viability.	Stalled
Former Western National Bus Depot The Crescent		88		East Plymouth, towards Laura Bridge	Approval granted Summer 2022 for a hotel, retail units, and restaurant/café with drive through.	Unknown
		150		21 Derry's Cross, Oceanique site	Outline planning permission granted Dec 2020 for 150-bedroom hotel, 90 residential units, car parking and commercial units. The project has stalled due to restricted covenants and challenges scheme delivery. Permission will expire.	Stalled
Moneycentre Site	Upper Midscale	105		Site of an office block on Drake Circus, close to the university	Previous use change permission from office to residential use. Earlier 2017 approved scheme for residential, commercial and 105-bedroom hotel although now expired.	Unknown
House of Fraser Site				Former House of Fraser site. Central: Armada Way / Royal	Site being sold. No current known plans for a hotel.	Not expected
Home Park Devon Stadium Site				Home Park, north of Plymouth, by Argyle FC and Plymouth Life	Was proposed to be a 156-bedroom Holiday Inn Express. Development proposed by Akkeron. Planning permission for hotel, restaurant, gym and vet surgery expired June 2022.	Not expected
Mayflower House				Armada Way, opposite Copthorne Hotel	Site has consent for student accommodation and new owner has advised he intends to build that out. A previous application had included a hotel	Not expected
Drake's Island				Island site in Plymouth Sound	Previous proposals for a 43-bedroom hotel but the site has subsequently sold and a hotel element is not a priority.	Not expected
1 Brest Road / Morlaix House				By Derriford hospital	Outline application including office and hotel accommodation use granted June 2022 subject to S106. The proposal is for NHS office space and accommodation on a temporary basis for NHS workers and medical specialists.	Not intended as hotel for wider public use
Stonehouse Barracks				South west Plymouth, towards Royal William Yard	PLY32. Allocation is for mixed use development, with reference to a high quality hotel. Residential-led scheme with 400 homes suggested in 2019 JLP.	Proposals yet to be put forward
Plymouth Fruit Sales Site				Sutton Road, Sutton Harbourn	PLY23. Allocation is for mixed use development, with reference to a potential hotel use. Provision is made for in the order of 200 homes.	Proposals yet to be put forward

Other JLP sites with reference to hotel use are not currently expected for hotel use.

Hotel Supply

Supply-demand gap

- The supply-demand gap in Plymouth reduced notably 2012-2014 with stock reducing. It has then been relatively stable until 2020. It was very slightly narrowing between 2017 and 2019.
- The pandemic inevitably disrupted the data but in 2022 a new leveling is showing in the data. This is similar to pre-pandemic but, with new openings and some pandemic demand disruption still showing in the 12 month rolling figures, the gap has slightly widened.
- Market demand will need to have settled for a year before the 12 month rolling data can show the true new gap in demand and supply.



Source: CoStar / STR, Colliers

Hotel Supply

Supply Summary

Supply mix is focused on economy

- There are 1,988 rooms listed as hotels and serviced accommodation and of these 60% are in the economy / midscale category.
- These are predominantly economy hotels (47% of total room stock), and primarily Premier Inn and Travelodge (30% of total room stock).
- In the upper upscale / luxury category in central Plymouth there are only 8 serviced apartments and no hotel rooms. The only rooms in this category are 15-minutes drive outside of Plymouth.

New hotels have opened but just a start

- After a long time of no major new hotels, Plymouth saw the opening of two in 2020-2021, namely Oyo and a Premier Inn.
- A Moxy is also in construction for opening May 2023.
- There are future pipeline projects but several steps need to be successfully completed for these and so there is limited new supply currently imminent beyond the Moxy opening.
- Prior to this the most recent hotel opening had been the Jury's Inn which opened in 2007 – so more than 13 years of demand growth with no new hotel supply.
- The best hotel in town is probably the Crowne Plaza which is basically a re-furbished Holiday Inn which opened 50 years ago (1972) to a design which doesn't respond well to the demands of modern travellers

There are gaps in supply

- The performance analysis showed a market opportunity for more supply at the upper markets positioning.
- Even for the wider market and with new hotels opened, YTD September 2022 performance data shows an occupancy of 80%, which suggests undersupply. The impact of the 200-room Moxy (upper midscale) on the wider market is yet to be seen when it opens.
- Even with the proposed upscale Hilton Garden Inn on the Hoe, the city lacks supply of quality hotels on the waterfront to benefit from Plymouth's major distinctive feature of the Plymouth Sound.
- Supply gaps for branded hotels we identify as midscale with some service, upscale limited service, and upper upscale with some or full service.
- There is no current hotel offer in Plymouth from the major chains of Radisson and Hyatt, nor Hilton and Marriott.
 - Plymouth is the largest city in the UK which has no Hilton Hotel.
 - Until the Moxy hotel opens there are also no Marriott system hotels in Plymouth – the largest hotel company in the world.
 - The most westerly full service Hilton property is in Bristol and the nearest to Plymouth is in Bournemouth (this excludes Hampton hotels in Exeter and Torquay).
 - The same was true for Marriott until the very recent opening of the Marriott Courtyard at Exeter Chiefs rugby club.
 - The above mean that Plymouth misses out on two of the world's most powerful hotel booking engines.

City Comparisons

Introduction

- In this section we briefly explore supply of hotels in Plymouth in relation to six other markets, namely:
 - Brighton
 - Portsmouth
 - Chester
 - Exeter
 - Swansea
 - Hull
- We consider RevPAR performance, the volume of supply and the balance of stock between different market positionings.
- Torquay RevPAR data is not available at a town level however we consider hotel supply volumes.



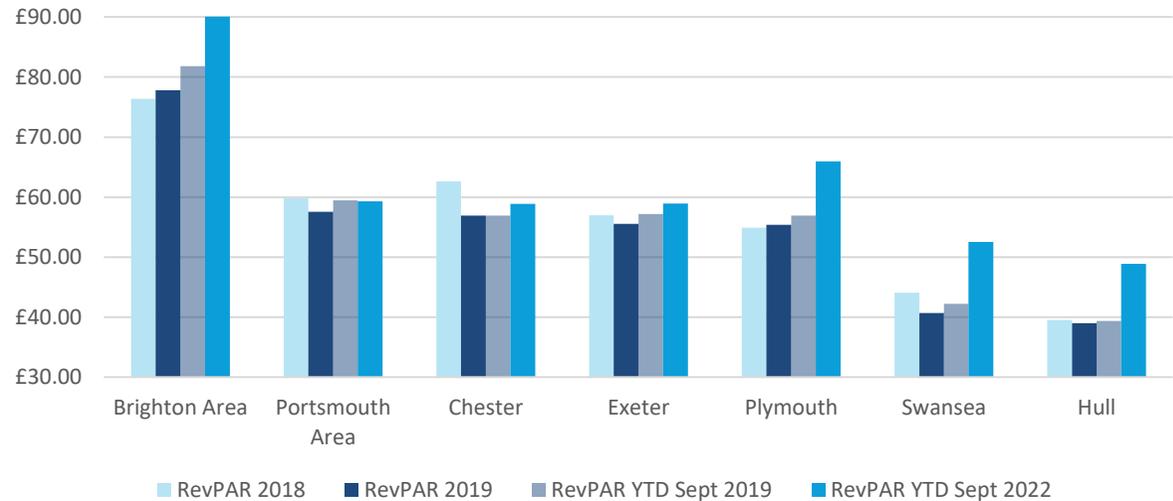
Comparisons

RevPAR and stock

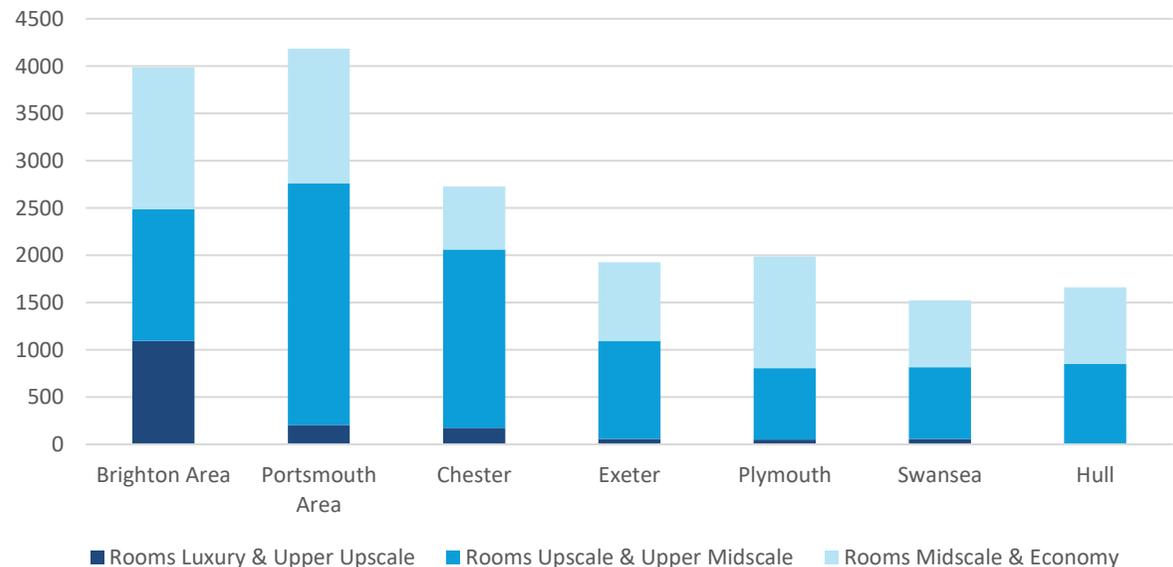
Plymouth performance good for stock available

- The graphs show a sample of comparator cities ordered according to their 2019 RevPAR. Room stock volumes are also shown by class.
- RevPAR in 2019 for Plymouth was the same as Exeter, and only very slightly below Portsmouth and Chester. Plymouth substantially outperformed Swansea and Hull.
- YTD Sept 2022 performance stands out in Plymouth, as it has in Brighton, Swansea and Hull, but not notably in Portsmouth, Chester or Exeter.
- With regard to room stock, Plymouth has a similar stock volume to Exeter but with a notably lower portion of upper midscale and above rooms (40% versus 57%), and yet performs in similar way. Chester and Portsmouth even more so have greater shares of stock at this level yet but not dissimilar performance.
- This shows both the strength of the economy / midscale performance in Plymouth and a potential opportunity for more upper midscale and above stock. The graph overleaf shows clearly the different proportions of stock.

City RevPAR comparison
(ordered by 2019 RevPAR)



Proportion of room stock by class



Comparisons

Market positioning of room stock

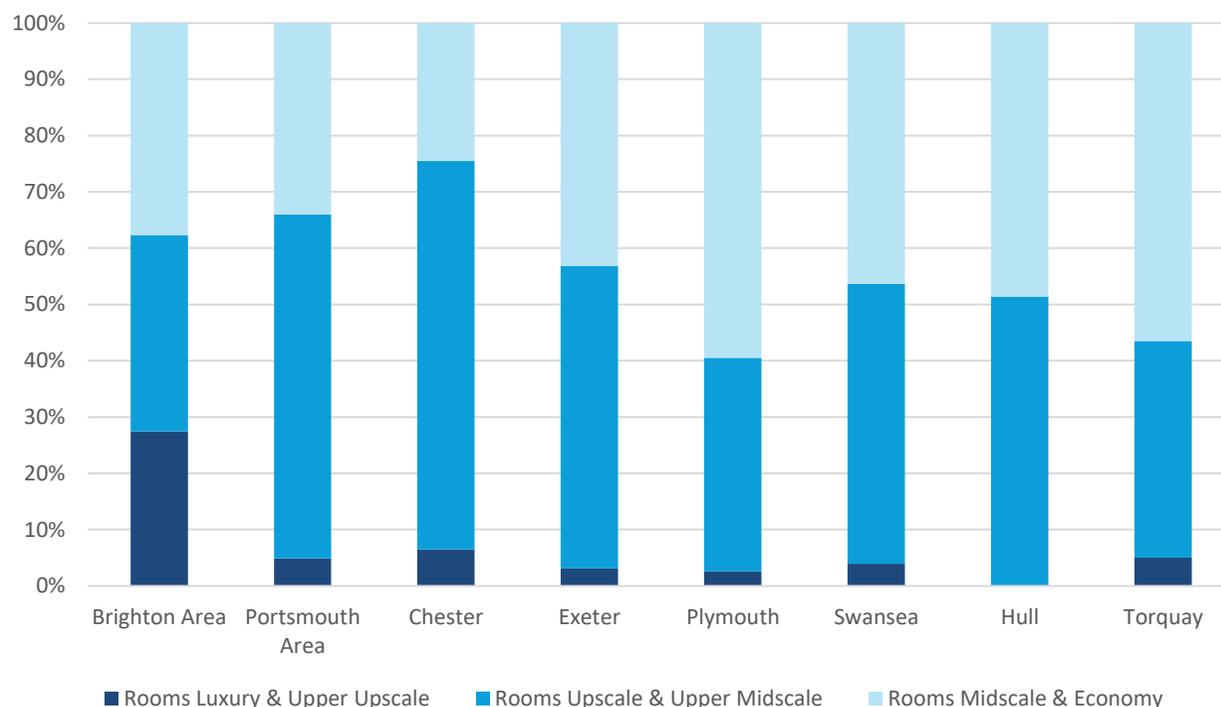
Luxury / upper upscale stock low and midscale / economy high

- Plymouth has the lowest proportion of room stock at upper midscale and above of all the comparators.
- Apart from Hull, it also has the lowest share of Luxury / Upper Upscale.

Torquay better placed at the upper end

- Torquay has 3,810 rooms, which is 92% more than Plymouth, and only just slightly fewer than Brighton. (The wider Torbay area has nearly 5,000.)
- The balance of stock in Torquay is, similarly to Plymouth, dominant with midscale and economy (56%), and has the same proportion at upscale / upper midscale (38%).
- Only 14% of all stock is branded however, versus Plymouth's 72%.
- The luxury / upscale portion is twice the size in Torquay however, at 5%, versus 2.6%, and includes the 152-room Imperial Hotel with its cliff top position, sea views and location near the centre.
- 'In construction' projects in Torquay include the 248-room Palace Hotel (upscale) by Lyme Bay, a 5-minutes drive from Torquay centre, the 152-bedroom development at Corbyn Head, and an 120-room Premier Inn Harbour View (economy).
- Torquay is more of a resort town than Plymouth. Several Torquay hotel sites also enjoy sea views and the upper end hotels are relatively central.

Proportion of room stock by class



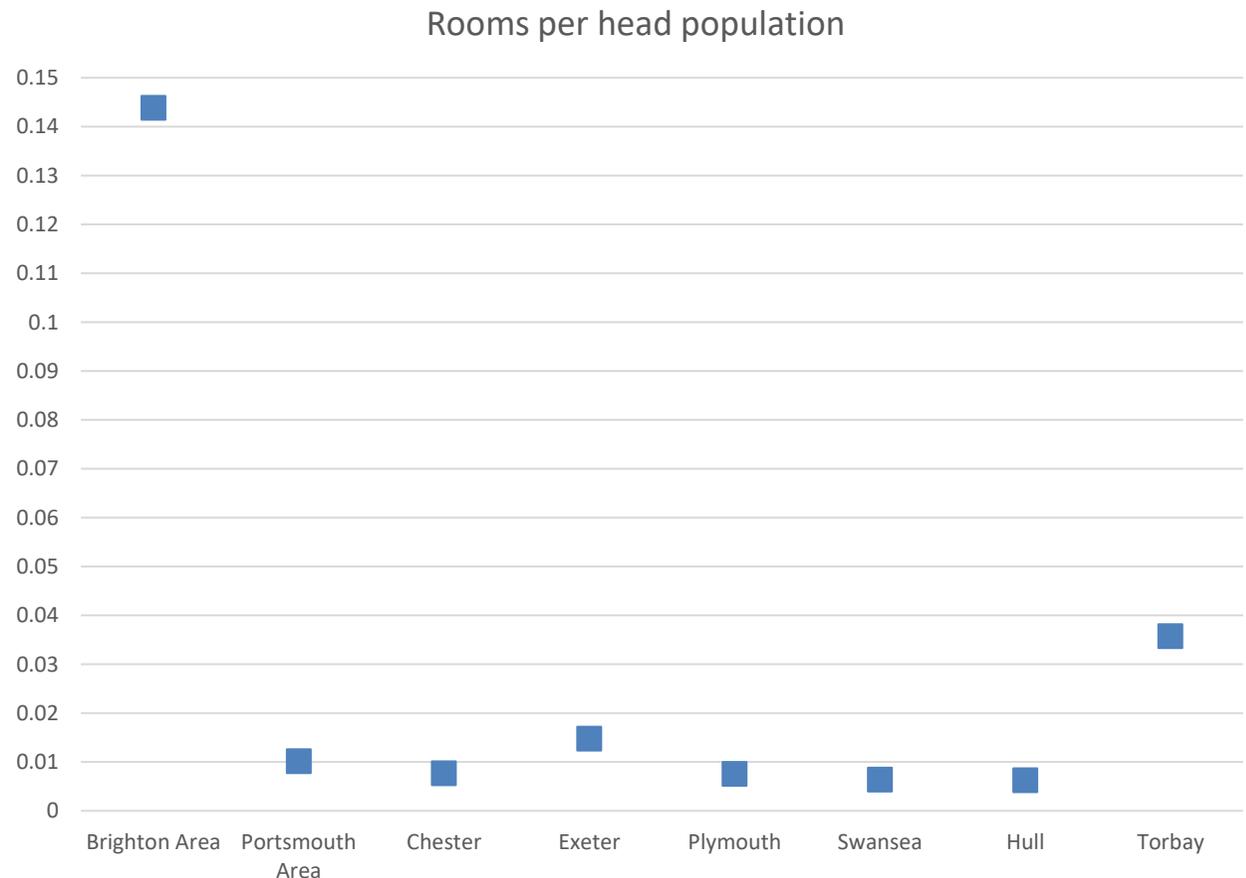
Source: CoStar / STR, Colliers

Comparisons

Rooms per head of population

Plymouth is on a par with comparators but traditional resort towns stand out

- The graph shows hotel room stock per head of population. This is an interesting metric but it should be noted it is vulnerable to the different defined geographical boundaries of population versus hotel 'submarkets'.
- It indicates however the relatively enormous dominance of hotels in Brighton compared to its resident population – this is unsurprising as a resort and conference city in close proximity to London.
- Torbay also stands out, due largely to its resort area appeal.
- Plymouth sits in a similar position to Portsmouth, Chester, Swansea and Hull. It does not stand out as falling short.
- Exeter shows a slightly greater supply of stock compared to population. Indeed Exeter's proposition as a hotel location is a challenge to Plymouth, especially with its slightly closer geographical position to source markets and desirable image.



Source: CoStar / STR, Office for National Statistics - Census 2021, Colliers

Comparisons

Summary

- Plymouth is performing comparatively well with the stock available.
- The city stock is dominated by the midscale / economy hotel sector however and more than any of the comparators.
- With one exception, Plymouth also has the lowest proportion of luxury / upper upscale rooms in its stock compared to the other towns / cities considered.
- In relation to Torquay, Plymouth's stock is similar in proportion within the economy to upscale sectors but is lacking at the upper upscale / luxury positioning. This will become even more evident when the new 248-room Palace Hotel in Torquay opens.
- Plymouth also lacks hotels that embrace the waterfront / sea views in comparison to the likes of Torquay. As a city, Plymouth is less of a resort location and current land use in Plymouth, especially residential (which enjoys good values) and MOD land, limits embracing the waterfront for hotels unfortunately.
- Several comparator locations also benefit from major conference centres.
- Plymouth's hotel room stock per head of population is similar to several comparators but falls slightly behind Exeter and notably less than the resort area of Torbay, and highly popular Brighton.
- **The key take-away is that Plymouth is an under-supplied market and this is particularly acute at the Upscale level. This creates an interesting opportunity for investors.**



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