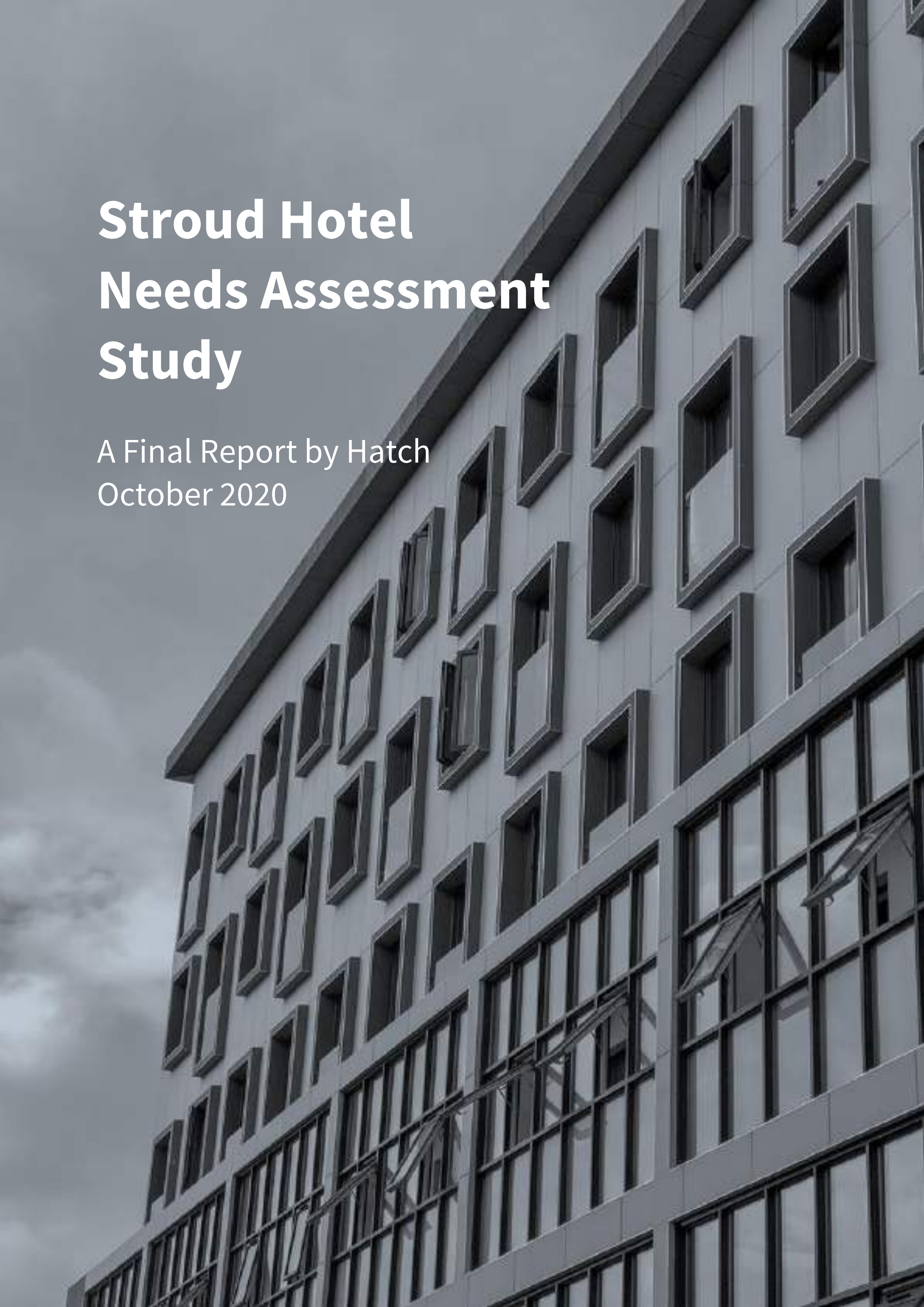

Stroud Hotel Needs Assessment Study

A Final Report by Hatch
October 2020

Ecotricity

Stroud Hotel Needs Assessment Study

October 2020

www.hatch.co.uk

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Appendix A - Hotel Database

1. Introduction

1.1 Ecotricity have been working with Stroud District Council to produce a wider masterplan for its site at Junction 13 of the M5. These proposals include a hotel to complement the business park and the new stadium to the north, which is being promoted as part of the emerging Local Plan.

1.2 Hatch has been commissioned by Ecotricity to provide evidence on the need and demand for a hotel at Junction 13 of the M5, identifying the current provision of hotels in and around Stroud and comparing this to the current and future demand for hotel beds.

Background Context

1.3 The Eco-Park site comprises approximately 16.5ha of mixed agricultural fields, situated on land between Junction 13 of the M5 and the A419. The A419 is one of the key roads connecting Stroud to the M5 and the West.

1.4 The site is allocated in the Stroud District Draft Plan under PS20 'M5 Junction 13'. This looks to deliver a 'strategic mixed-use development, including 10ha employment (the Green Technology cluster), sports stadium, sports pitches, canal and open space uses'. To the north of the A419, a new 5,000-capacity stadium will be developed (which received planning permission in August 2020), with employment uses around this stadium and to the south of the A419.

1.5 The drawing below provides an illustrative masterplan of the latest proposals for the Proposed Stadium and Green Technology cluster. Included in these proposals are a mix of employment uses, a care home and care village and plans for a 'Hotel and Fitness Centre'.

Illustrative Masterplan for the Eco-Park

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1.6 At this stage in the masterplan's development, the scale and type of the hotel has not yet been determined. This study will help to inform decisions on these issues and advise on whether there is demand for additional provision.

Scope of Assessment

1.7 To support ambitions for a Hotel to be built as part of the overall masterplan, this hotel needs assessment study includes analysis of the following:

- Current supply of hotel spaces, both in the Stroud district and a catchment area around the site.
- An assessment of the portfolio of hotel space around the proposed site.
- An understanding of demand for hotel space in the area and how this might evolve in the future through population, employment and visitor market trends.
- An indication of what size and quality of hotel would be appropriate given local provision.

2. Policy Context

Key Observations

- The SEP identifies the **tourism and visitor economy as being an important one for Gloucestershire**, with the latest figures (2016) showing that total visitor spend in the county is over £1.1 billion[1], employing over 26,000 people, which represents 8% of all employment.
- There are ambitions from the LEP to achieve **Tourism Zone status** as part of the Industrial Strategy Tourism Sector Deal. This would widen the county's appeal to all visitors, increase the value of the visitor economy and support issues of seasonality.
- The development of new tourism offerings, including **tourist accommodation, will be pro-actively encouraged and supported by Stroud District Council**. This will be important where this can assist with rural regeneration and the well-being of local communities.
- There are ambitions to **increase the size of the Cotswolds visitor economy by 5% per annum** and improve the area's performance as one of the UK's top tourism destinations.

2.1 This section provides an overview of the local strategic context that is relevant to the potential construction of a new hotel at the Eco-Park site. This includes relevant policies from Stroud District Council and Gloucestershire LEP, particularly those with a focus on:

- Economic development
- Planning policy
- Tourism strategy

Strategic Economic Plan for Gloucestershire 2.0

2.2 The "Strategic Economic Plan for Gloucestershire 2.0" (GFirst LEP, 2018) provides an updated position since the 2014 Strategic Economic Plan (SEP), following the completion of the major developments. The 2014 SEP outlined several ambitious targets to be achieved by 2021, including:

- 33,909 jobs;
- 3,200 new homes;
- 6,108 additional qualifications; and
- 5,421 apprenticeships.

2.3 The SEP identifies the tourism and visitor economy as being an important one for Gloucestershire, with the latest figures showing that total visitor spend in the county is over £1.1 billion[2], employing over 26,000 people, which represents 8% of all employment. The LEP recognises the importance of the sector as well as the importance to Gloucestershire's sense of 'place'.

[1] Great Britain Tourism Survey (GBTS), 2016

[2] Great Britain Tourism Survey (GBTS), 2016

Gloucestershire LEP Draft Local Industrial Strategy

2.4 The LEPs Draft Local Industrial Strategy (GFirst LEP, 2019) sets out ambitious aspirations for the local economy. Tourism has a particular focus within the LIS and is identified as one of the area's key local capabilities and assets.

2.5 Gloucestershire enjoys an abundance of natural beauty and heritage and a healthy tourism sector. The urban hearts of Cheltenham and Gloucester and the beautiful countryside, market towns and villages that surround them have a strong offer for tourists of all ages. The LEP is looking to better exploit these advantages to be a 'magnet county' whilst ensuring that all communities, including those experiencing high unemployment and deprivation, have the chance to make a positive contribution to society.

2.6 There are ambitions to achieve Tourism Zone status as part of the Industrial Strategy Tourism Sector Deal widening the county's appeal to all visitors, young and old, domestic and international, to increase the value of the visitor economy and support issues of seasonality.

Stroud District Draft Local Plan Review, 2019

2.7 Stroud's previous Local Plan was adopted in November 2015, which set out a vision for the development of Stroud District between now and 2031. Since 2017, the Council has started the process of reviewing this strategy, to ensure it can meet the growth and development needs of the area for the next 20 years.

2.8 In the updated Plan, the following relevant objectives are outlined:

- Supporting the provision of 2,300 – 6,300 net new jobs to 2040. This includes taking a more flexible approach towards encouraging tourism businesses including accommodation, subject to more appropriate locational and environmental criteria.
- Continue to develop the tourism potential of the area as a unique selling point for living, working, visiting and investing in the District.

2.9 Delivery Policy EI10 refers to the provision of new tourism opportunities within the District. Tourist built development, including attractions and tourist accommodation, will be encouraged and supported inside settlement development limits at Main Settlements, Local Service Centres and Settlements with Local Facilities.

2.10 Proposals must carefully consider the need to protect and enhance landscapes and environmentally sensitive sites, whilst aiming to provide adequate facilities, enhancing enjoyment and improving the financial viability of attractions. Tourism development may also be supported in lower tier settlements (Settlements with Basic Facilities) or countryside locations, where:

1) there is evidence that the facilities are in conjunction with a particular countryside attraction or it is demonstrated how the proposal could assist rural regeneration and the wellbeing of communities;

2) the proposals involve temporary structures such as tents, caravans or glamping pods, or built development on previously developed land or elsewhere where no suitable alternative existing buildings or sites exist which are available for re-use;

3) the scale, design and use of the proposal is compatible with its wider landscape setting and would not detract from any acknowledged biodiversity interest, character or

appearance of the landscape or settlement and would not be detrimental to the amenities of residential areas;

4) the site provides adequate access and infrastructure and opportunities, wherever possible, to make a location more sustainable – for example by enhancing local facilities or by improving access to local services by foot, by cycling or by public transport.

Destination Management Plan for the Cotswolds, 2014

2.11 Tourism in Gloucestershire is the responsibility of GFirst – the Local Enterprise Partnership for Gloucestershire. The LEP works in partnership with local authorities (including Stroud) to deliver Cotswold Tourism, which manages and promotes tourism in the Cotswolds.

Figure 2.1 Site Context relative to Cotswolds

Source: Hatch Regeneris

2.12 The future vision for tourism in the Cotswolds is: 'to ensure that the Cotswolds is a vibrant year-round destination where visitors enjoy high quality, authentic experiences and tourism makes an increasing contribution to the economic, social, environmental sustainability of the local economy'. There are ambitions to increase the size of the Cotswolds visitor economy by 5% per annum and improve the area's performance as one of the UK's top tourism destinations.

2.13 Key objectives set out within the Destination Management Plan that are of relevance to this study include:

- To work with businesses to achieve their business objectives e.g. increased footfall, revenue and profile
- To secure investment and improvements to the destination infrastructure, including public realm.
- To ensure all visitors receive high quality service, diversity and experience throughout their destination journey.
- To maximise visitor distribution across the whole Cotswolds area outside the traditional honeypot sites.

3. Local Context

Key Observations

- Stroud has a relatively buoyant visitor economy, with an estimated **2.8 million day visits to the District** and **782,000 visitor nights per year**. This currently **supports over 3,000 jobs** across the District in the tourism sector and its supply chain.
- Furthermore, tourism is worth a total of **£149.5 million per year** to the Stroud district.
- **Holidays and visiting friends/relatives** is the most common reason for staying in Gloucestershire. Holiday purposes account for 61% of nights stayed in Gloucestershire, compared to only 14% for business, 20% for visiting friends/relatives and 5% for other reasons.
- **International tourism is growing** in Gloucestershire. Between 2008 and 2018, the number of nights stayed in Gloucestershire by international tourists increased by **80%**.
- There are a number of **key visitor attractions** within a 30-minute drive of the proposed site, including Westonbirt (The National Arboretum) and WWT Slimbridge Wetlands Centre.
- There are currently **16 hotels offering 355 beds** within a five-mile radius of the proposed site and **47 hotels offering over 1,300 beds** within an eight-mile radius. There have been no new hotel completions in Stroud in the last five years.
- Our analysis shows that Stroud Dsitrict **only has 3 hotel beds per 1,000 population** compared to 11 in Cirencester, 9 in Cheltenham, 7 in Gloucester, 5 in Tewkesbury and 4 in Coleford.
- Stroud's recent Tourism Update[3], found that there is a **lack of 4 or 5 star hotels in the District** and that this type of development should be actively encouraged.

3.1 This section provides an overview of the local context, to identify some of the demand generators that exist locally for the tourism and visitor accommodation sectors and how they are currently performing in the local area. This includes a review of:

- The Local Economy – to understand the current economic and demographic factors which may influence demand for business-related hotel activity and demand from those visiting friends and family.
- The Visitor Economy – to understand the current performance of the local tourism sector and trends impacting on its performance.
- Current Hotel Supply – to understand the current stock and performance of hotels within the local area.

Local Economy

This study was written in September 2020, at a time of great economic uncertainty across the UK caused by the COVID-19 pandemic. This assessment has sought to provide as accurate an

[3] https://www.stroud.gov.uk/media/241565/tourism-update.pdf

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assessment as possible, however the situation is constantly changing, with economic performance likely to evolve on a regular basis depending on the length of the crisis.

3.2 The latest economic data for Stroud shows that the District has a mixed economic performance (with much of the data only showing the District's performance pre-COVID-19). There were around 52,000 jobs in Stroud District in 2018. The District has experienced employment growth over the last four years, growing by 3.0% since 2015, although this was slightly below the national rate of growth (3.5%).

3.3 The District already has a relatively strong tourism sector, reflecting the area's positioning within the Cotswold Area of Outstanding Natural Beauty (AONB). The accommodation and food sector within Stroud currently employs 4,750 people, accounting for 9% of all jobs in the District. This is a higher proportion of activity in the sector compared to nationally, with only 7% of jobs across England within the sector.

3.4 Stroud District is currently home to over 120,000 people in 2019, of which 60% were of working age population (16-64). Stroud has an ageing population, with 23% of its population currently aged 65 or over compared to 19% nationally. This has increased in recent years, with a significant increase in the number of retired people, increasing by around 5,000 people since 2010 (or +23%, compared with +19% nationally). These trends look set to continue into the future, with the latest 'ONS Population Projections' (2018-based) showing that the number of people aged over 65 in Stroud District could increase by a further 46% by 2040 (compared to 13% across the rest of the population).

Visitor Economy

3.5 Tourism plays an important role within Stroud's economy, both in its direct contribution towards generating income and employment, but also in helping to raise the district's profile. It helps to showcase local towns and villages, can lead to business creation through inward investment and enterprise, and contributes towards a sense of shared community.

3.6 The Economic Impact of Gloucestershire's Visitor Economy 2018 finds that tourism is worth a total of £149.5 million per year to Stroud District. There are an estimated 2.8 million day visits to the District and 782,000 visitor nights per year, which supports over 3,000 jobs across the District.

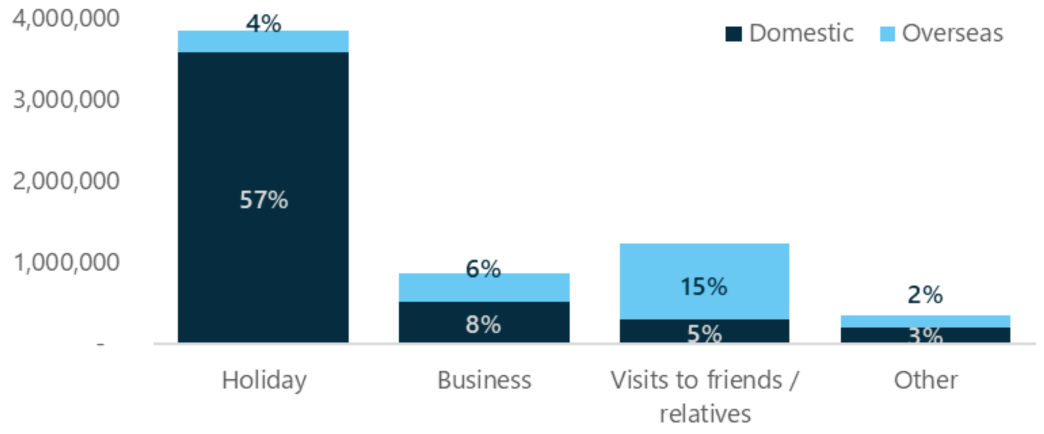
Table 3.1 Value of Tourism in Stroud District	
Staying Visitor Trips	253,200
Staying Visitor Nights	782,000
Staying Visitor Spend	£47,291,000
Day Visits	2,771,000
Day Visit Spend	£96,324,000
Direct Visitor Spend	£143,615,000
Other Related Spend	£5,872,000
Total Visitor Related Spend	**£149,487,000**
Total Business Turnover Supported	**£189,832,000**
Estimated Actual Employment	3,013
FTE Employment	2,236
Proportion of all Employment	5%

Source: The Economic Impact of Gloucestershire's Visitor Economy 2018

3.7 Research from VisitEngland[4] on the domestic visitor satisfaction and perception of the Cotswolds, found that the area's natural beauty meant that visitors to the area were more likely to put emphasis on quality accommodation. Nearly three-quarters of tourists surveyed, said that quality accommodation was an important perception of the Cotswolds (compared to 64% nationally), showing the importance of high-quality accommodation in attracting people into the area. Stroud's recent Tourism Update[5], found that despite there being some high-quality B&B and self-catering accommodation, there is a lack of 4 or 5 star hotels in the District. It is mentioned that it would be beneficial to attract property developers into the District to build 4 or 5 star hotels in the area, given the current lack of these hotels in the area (although there is no specific policy for this within the Local Plan, only an aspiration from the Tourism Team).

3.8 At the Gloucestershire level, data on staying visits by purpose, shows that the most common reason for staying in the area is for holiday and for visiting friends/relatives purposes. Holiday purposes account for 61% of nights stayed in Gloucestershire, compared to only 14% for business, 20% for visiting friends/relatives and 5% for other reasons.

Figure 3.1 Nights Stayed in Gloucestershire by Purpose



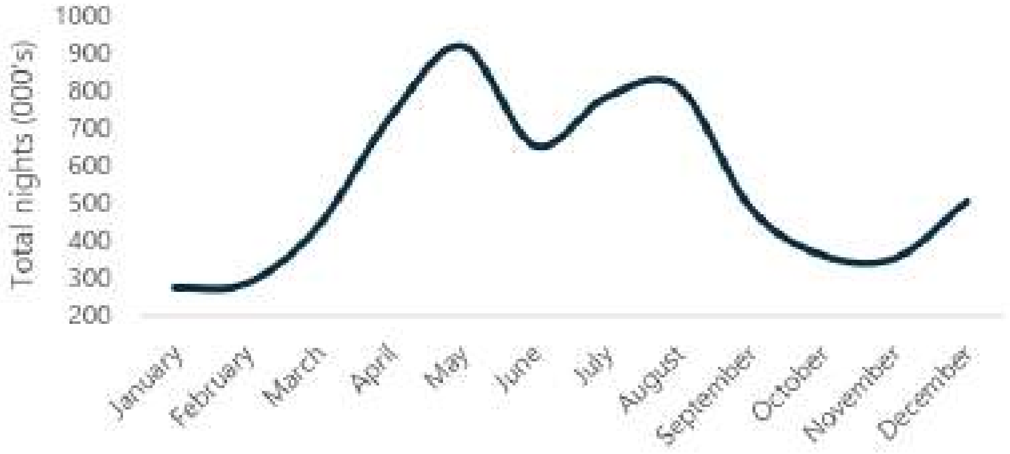
Source: The Economic Impact of Gloucestershire's Visitor Economy 2018

3.9 Overnight stays in Gloucestershire vary throughout the year depending on the season, with the area's dependence on holidays resulting in a highly season pattern of nights stayed. The peak month for overnight stays is May, with 920,800 nights across Gloucestershire, and with a further peak over the summer holidays, with 811,900 nights in August. The low season takes place in January and February, with 275,500 and 287,200 nights respectively.

[4] https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/England-documents/cotswolds.pdf

[5] https://www.stroud.gov.uk/media/241565/tourism-update.pdf

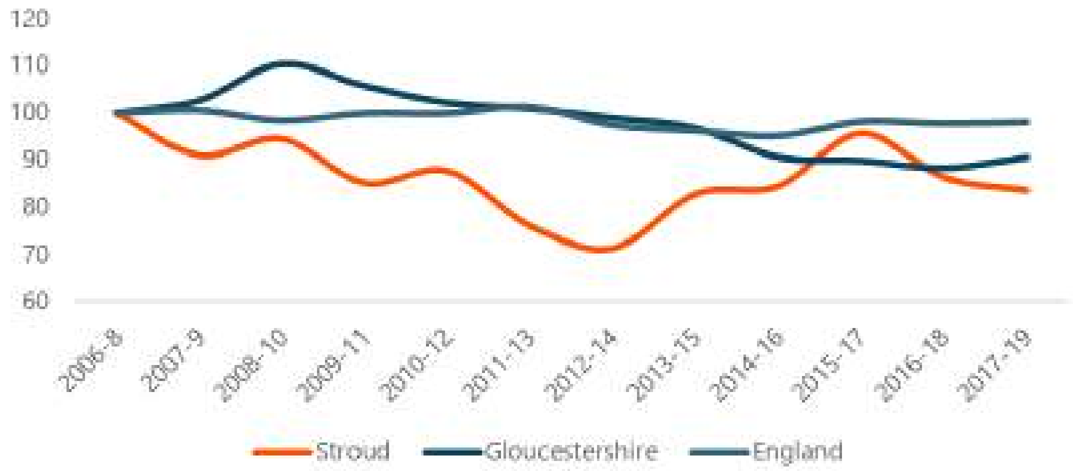
Figure 3.2 Nights Stayed in Gloucestershire by Month



Source: The Economic Impact of Gloucestershire's Visitor Economy 2018

3.10 Data relating to domestic tourism (i.e. tourists in the area originating from the UK) shows there has been a slight fall in the number of nights stayed in Stroud and Gloucestershire over the last ten years. In 2017-19, there were 560,000 domestic overnight trips recorded in Stroud, a decrease of 16% since 2006-08. However there has been strong growth since 2012-14, with the number of overnights increasing by 17% since 2012-14.

Figure 3.3 Domestic Nights Stayed, 2006-19



Source: Visit Britain Domestic Overnight Tourism (GBTS)

3.11 Data relating to international travel is only available at the regional level (Gloucestershire). The data shows that international travel into Gloucestershire has been steadily increasing over the last ten years, although the number of nights stayed saw a major reduction in 2019. Between 2008 and 2018, the number of nights stayed in Gloucestershire by international tourists increased by 80%.

Figure 3.4 International Nights Stayed and Spend in Gloucestershire, 2006-19

Source: Visit Britain Inbound nation, region & county data

3.12 There are a number of local demand generators, creating demand for hotels locally. These generators primarily cater for leisure travellers, with a large number of tourist attractions and the Cotswolds AONB located nearby. There is limited demand from corporate travellers in the Stroud area, given the limited number of businesses in the area relative to a larger town/city, although the site's location close to the M5 will generate demand from corporate travellers looking for a convenient stay within reach of major cities (e.g. Gloucester, Cheltenham and Bristol).

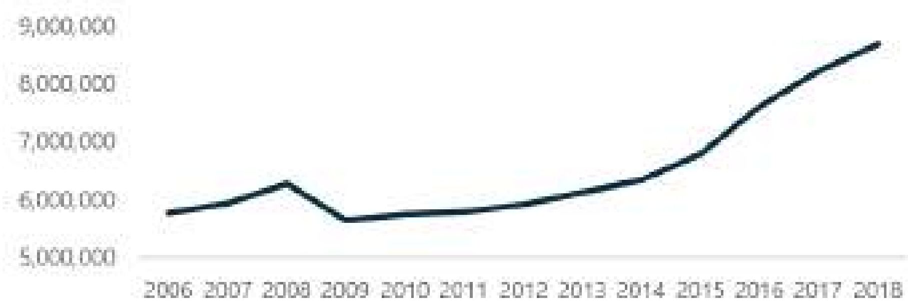
Table 3.2 Top Demand Generators in the Local/Region (within 30-minute drive)

Leisure Attractions in Stroud		
Attraction	**No of Visits (2018)**	**No of Mins Drive from Proposed Hotel**
Miserden Park Gardens	5,000	25
Gloucestershire Printmaking Co-op	2,000	10
Leisure Attractions in Gloucestershire		
Attraction	**No of Visits (2018)**	**No of Mins Drive from Proposed Hotel**
Cheltenham Racecourse	700,000	30
Westonbirt, The National Arboretum	550,000	30
WWT Slimbridge Wetlands Centre	270,000	15
New Brewery Arts	200,000	30
Tewkesbury Abbey	127,000	30
Cattle Country Adventure Park	110,000	15
Newark Park	56,000	25
Berkeley Castle	38,000	20
Nearest Large Urban Areas		
Urban Area	**Population**	**No of Mins Drive from Proposed Hotel**
Stroud	33,000	15
Gloucester	128,500	20
Cheltenham	115,300	25
Cirencester	19,000	35
Bristol	535,900	35

Source: Visit Britain Annual Survey of Visits to Visitor Attractions, 2019

3.13 Bristol Airport is the closest airport located to the proposed hotel site. It is approximately a 50 minute drive away on the M5 motorway. In 2018, it was ranked the ninth busiest airport in the United Kingdom, handling nearly 8.7 million passengers, a 5% increase compared with 2017. A passenger survey carried out in 2015 found that 9.6% of journeys using the airport started or ended in Gloucestershire.

Figure 3.5 Number of Passengers flying from Bristol Airport



Source: UK Civil Aviation Authority

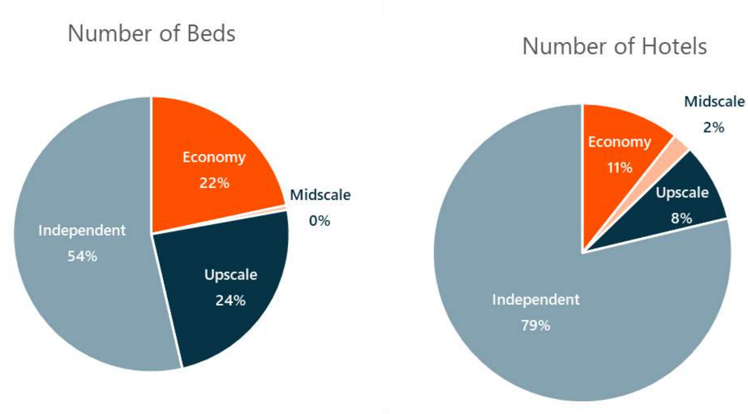
Hotels

Current Stock

3.14 There are currently 16 hotels within a five-mile radius of the proposed hotel site, accounting for 355 beds. The majority of these hotels are independent, with only four chain hotels currently having a presence within the immediate area of the proposed site (Travelodge, Premier Inn, Holiday Inn Express and Fullers). The high proportion of independent hotels in the area reflects the relatively rural nature of the District, with the Cotswolds being the main driver for demand.

3.15 Across a wider eight-mile radius (which incorporates Gloucester city centre), there are 47 hotels. Combined, these hotels have over 1,300 beds. More than half of the beds available within this area are within Independent hotels, which account for 79% of all hotels in the area. However, across this wider area, there is a greater presence of chain hotels, including two Premier Inns, two Travelodges, a Holiday Inn Express, a Best Western Signature, a Fullers Inn, a Greene King Inn and a Mercure.

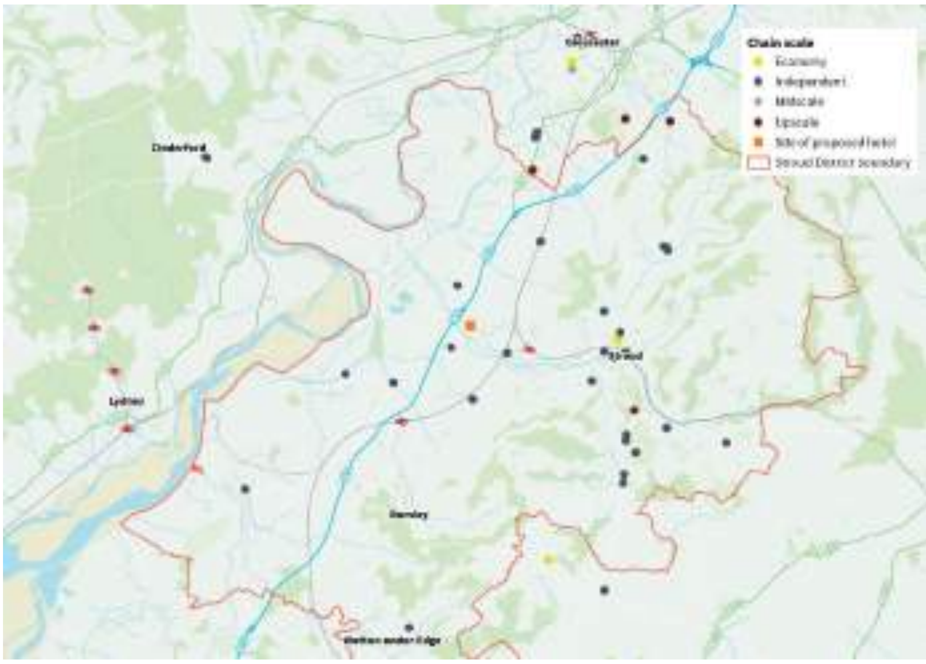
Figure 3.6 Typology of Local Hotels (within an eight-mile radius)



Source: STR & Hatch Analysis

3.16 The closest hotel to the proposed site is a 40-bed Travelodge located at the A419/Grove Lane/Spring Hill roundabout (less than 400 metres from the proposed site). The next closest hotel with more than ten beds, includes Stonehouse Court Hotel (an independent 36-bed 3-star hotel located 1.3 miles from the site), Premier Inn Stroud (an economy hotel with 32 beds located 4 miles from the site) and Holiday Inn Express Gloucester South (a mid-upscale hotel with 106 beds located 4.4 miles from the site). There are no luxury hotels located within a five-mile radius of the proposed site, or within Stroud District.

Figure 3.7 Closest Hotels to Proposed Site

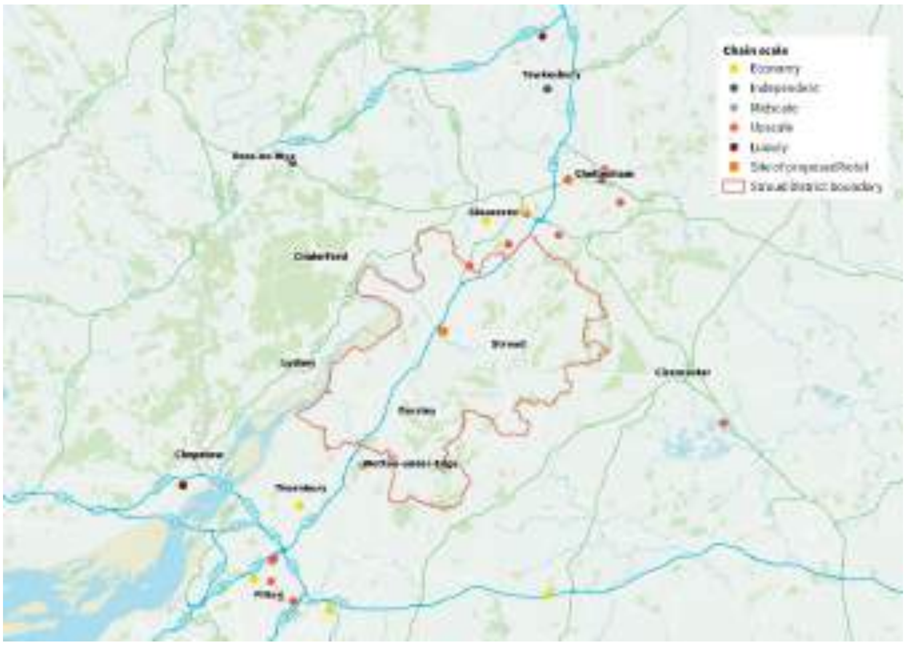


Source: STR & Hatch Analysis

3.17 Large hotels (containing more than 75 bedrooms) have also been identified through the research. There are currently no hotels of this size located in Stroud District. The nearest to the proposed site are located around Gloucester, with a 106-bedroom Holiday Inn Express and 95-bed Gloucester Best Western Signature Collection located on the outskirts of Gloucester.

3.18 There are only three luxury large hotels identified within a 20 mile radius of the proposed site, of which the closest is Queen Hotel Cheltenham, 14 miles from the proposed site.

Figure 3.8 Closest Large (<75 bed) Hotels to the Proposed Site



Source: STR & Hatch Analysis

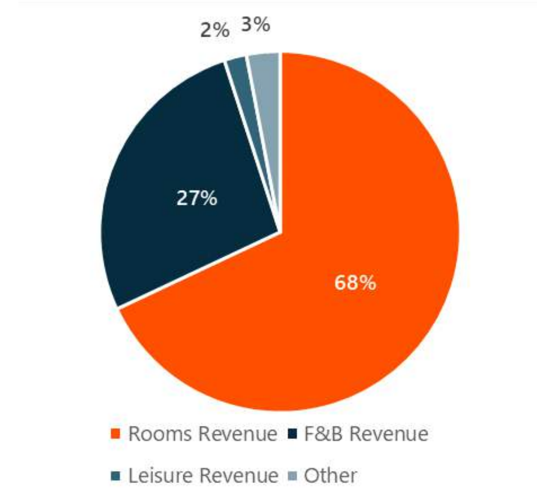
Performance

3.19 No hotel performance data is available for the Gloucestershire area, and so the nearest appropriate geography has been used for the purpose of this assessment (UK Regional: Secondary Towns/Cities[6]).

3.20 Based on this, the typical revenue mix for hotels is 68% room revenue and 27% food and beverage revenue, with the remaining revenue coming from leisure and other sources. The average daily rate over the last 12 months has been a rack rate of £75 per night, with discounts applied to other rates (£69 for corporate, £68 for leisure and £51 for tour groups).

3.21 Given the current COVID-19 crisis, occupancy levels in hotels nationally have fallen considerably, falling from 60% in June 2019 to 24% in June 2020, with room demand declining by 83% nationally compared to the same month the previous year. Occupancy rates by different location types and size of hotel have all experienced similar falls in demand during 2020.

Figure 3.9 Source of Revenue for Hotels in UK Regional: Secondary Towns/Cities



Source: UK Hotel Trading Performance Review, Knight Frank, 2019

[6] UK Regional : Secondary Towns/Cities includes towns and cities where HotStats reporting criteria were met, and includes 15 towns and cities across the country (outside of London).

3.22 Prior to the COVID-19 crisis (2019), occupancy rates for different hotel sizes did not have a significant variation, with 81% of rooms in hotels with 1-100 rooms occupied and 85% of rooms in hotels with more than 100 rooms. Hotels located in the Countryside had the lowest vacancy rate in 2019, with 77% of rooms occupied. Those in small towns (which is a comparable setting to the proposed site) had an occupancy rate of 82%, close to the national average of 83%.

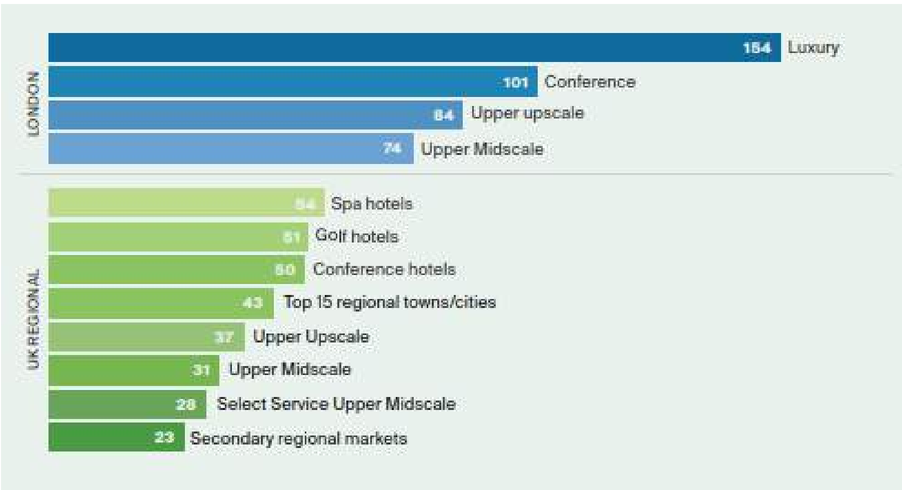
Table 3.3 Hotel Occupancy Indicators

Indicator	2018	2019	2020
Hotel Occupancy Indicators for South West England in June			
Room Occupancy	83%	83%	24%
Bedspace Occupancy	58%	58%	16%
ADR (Average Daily Rate)	£84	£83	£56
RevPAR (Room Revenue / Number of Available Rooms)	£69	£69	£13
Occupancy by Location Type (Nationally)			
City/Large Town	83%	84%	25%
Small Town	81%	82%	16%
Countryside	75%	77%	18%
Seaside	82%	82%	28%
Occupancy by Number of Rooms (Nationally)			
1 – 25 rooms	79%	81%	42%
26 – 50 rooms	80%	81%	28%
51 – 100 rooms	80%	81%	33%
101+ rooms	84%	85%	21%

Source: VisitEngland Occupancy Survey, 2020

3.23 In terms of profitability, the secondary regional market areas are currently among the most unprofitable hotels, with those having spa, golf or conference facilities tending to perform more strongly.

Figure 3.10 Gross Operating Profits (PAR) for different types of hotels



Source: UK Hotel Trading Performance Review, Knight Frank, 2019

Recent Completions

3.24 An analysis of the hotel market reveals there have been no recent completions of new hotels within Stroud District over the last five years. The most recent hotel completion close to the proposed site was a new Premier Inn in Gloucester Quayside (104-bed hotel) which opened in August 2018. This is located 8 miles from the proposed site adjacent to Gloucester city centre.

3.25 There are plans for a new hotel at Gloucester Service Station Southbound, which gained planning permission in November 2019. The proposals are for a 74-bedroom motorway service area hotel including a restaurant and conference facilities. This would be located 7 miles to the north of the proposed site on the M5. There are no other active planning permissions for hotels in Stroud District.

Comparison with neighbouring areas

3.26 It is important to consider the level of hotel provision in Stroud compared to other neighbouring areas to assess supply need.

3.27 The table below provides data on the number of hotel beds per 1,000 population within a 5 mile district of Stroud and six other neighbouring areas. District Centres in Gloucestershire have been selected for the comparison. The data shows that Stroud has one of the lowest levels of provision compared to neighbouring areas, with 3 hotel beds per 1,000 population. This falls significantly below other areas such as Cirencester (11 hotels beds per 1,000 population), Cheltenham (9 hotel beds per 1,000 population) and Gloucester (7 hotel beds per 1,000 population).

Table 3.4 Hotel Beds per 1,000 Population by District Area

District Centre	Number of Hotel Beds within a 5-mile radius of town centre	Population within a 5-mile radius of town centre	Number of hotel beds per 1,000 population (within a 5-mile radius of each district centre)
Cirencester	653	60,000	11
Cheltenham	1638	183,200	9
Gloucester	1458	209,400	7
Tewkesbury	445	96,900	5
Coleford	414	96,600	4
Stroud	**359**	**104,700**	**3**
Yate	306	150,400	2

Source: ONS, Mid-Year Population Estimates, 2019; STR, Custom Trend Reports, 2020

Note: Hotel properties that are temporary closed may not be included in the data above.

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4. Future Trends

Key Observations

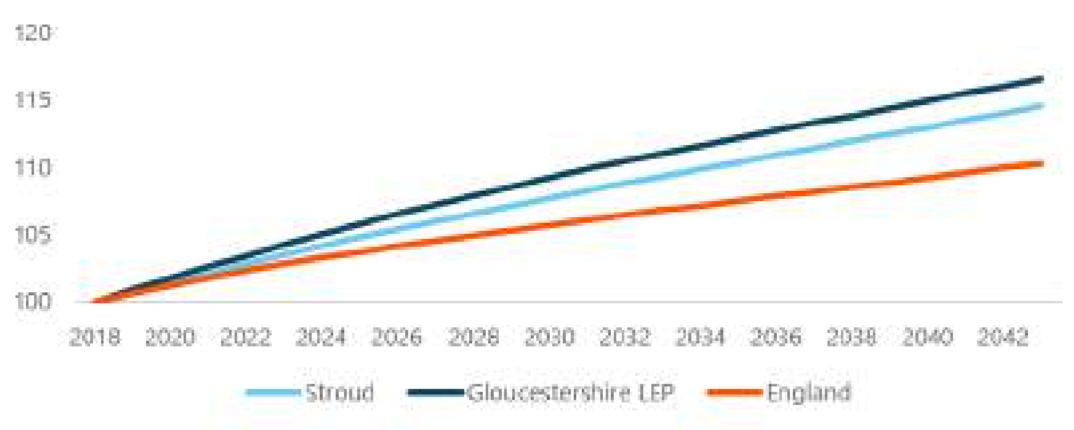
- Stroud's **population is expected to increase by 15% or 16,400 people by 2043**. This is a faster rate than national levels (10%). This growth is expected to positively impact on the visiting friends and relatives (VfR) market.
- Employment projections provided within Stroud's Local Plan expect that **employment** within the District is likely to grow by between **2,300 and 6,300 net additional jobs** between **2020 and 2040**.
- Furthermore, based on past trends, it is expected that employment within the **visitor accommodation sector** will continue to grow, with **27% growth between 2018 and 2024**.
- The visitor economy has been particularly **hard hit by the COVID-19 pandemic**, especially international tourism. However, there are **positive signs that domestic tourism will increase** during the pandemic as international travel is limited and that natural attractions (e.g. Cotswolds) are more attractive for domestic tourism at present than city breaks.
- The approved **5,000-capacity stadium and Green Technology cluster** adjacent to the proposed hotel site will **generate additional demand for hotel beds**, as evidenced by comparator schemes elsewhere.
- Estimates suggest the new site would **support over 4,000 FTE jobs** through the operation of the site and additional multiplier effects.

4.1 To understand the future performance of the Stroud area, both in terms of its demographic, economic and visitor economy, this report examines key projections relating to Stroud's future.

Population

4.2 Stroud's population is expected to continue increasing over the next 35 years, with population expected to grow from 120,000 people in 2019 to 136,400 people by 2043, an increase of 15%. This population growth rate is expected to be faster than the national level (10%), but not as fast as experienced elsewhere in Gloucestershire (17%).

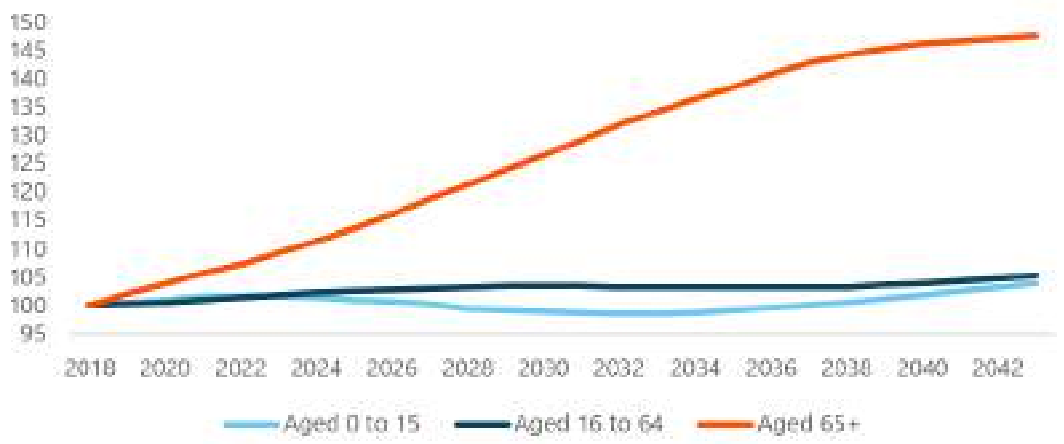
Figure 4.1 Population Projections (All Ages), 2018-43



Source: Sub-National Population Projections, ONS, 2019

4.3 When analysing which age groups are responsible for Stroud's future population growth, it is clear that the majority of population growth comes from a significant increase in the population aged over 65. Compared to 4% growth amongst those aged 0-15 and 5% growth amongst those aged 16 to 64, the population aged over 65 is expected to increase by 48% in Stroud between 2018 and 2043.

Figure 4.2 Population Projections (By Age Group), 2018-43



Source: Sub-National Population Projections, ONS, 2019

4.4 An increasing population has implications on local demand for hotel space, particularly in terms of attracting more people visiting friends and relatives (VFR).

Employment

4.5 Employment projections provided within Stroud's Local Plan expect that employment within the District is likely to grow by between 2,300 and 6,300 net additional jobs between 2020 and 2040. It is expected that much of the future new employment in the District will be located in the District's allocated employment land, including the south of Gloucester, M5/A38 corridor (in close proximity to the proposed hotel) and Stroud Valleys, in addition to new opportunities around Quedegely East, Stonehouse and Berkeley-Sharpness.

4.6 The approved new 5,000-capacity stadium and Green Technology Hub cluster adjacent to the proposed hotel site will generate additional demand for hotel beds, with both generating additional demand for leisure and business nights in the area. Estimates suggest the new site would support over 4,000 FTE jobs through the operation of the site and additional multiplier effects.

4.7 There are a number of examples of comparator schemes generating demand for hotel beds nationally:

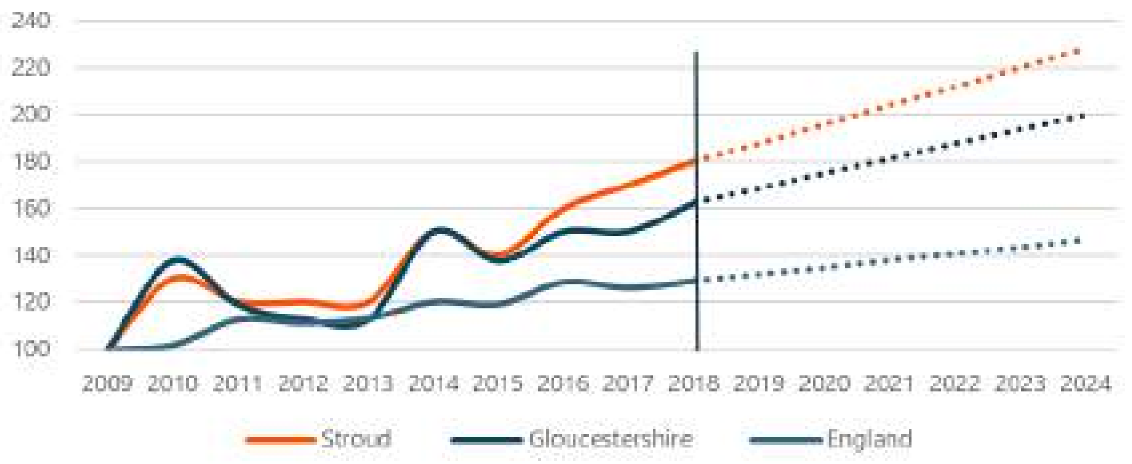
- Development of a new 106-bedroom Hilton Garden Inn at Adventure Parc Snowdonia following the development of Surf Snowdonia in the local area[7].
- Development of a new 154-bedroom Hilton Garden Inn at Doncaster Racecourse following new development.

[7] https://www.visitwales.com/info/travel-trade/news-and-updates/hilton-garden-inn-construction-update-adventure-parc-snowdonia

- Margate Football club developing a new 120 bed hotel with additional facilities with Holiday Inn Express, providing a facility for all teams and a sporting hub for the community[8].
- Plans for a new hotel adjacent to Mansfield Town FC, helping to make the football club more self-sufficient in its financial needs[9].

4.8 Based on past trends, Stroud's visitor accommodation sector has been growing strongly over the last decade, with 80% more employees in the sector compared to 2009. This growth rate has been stronger than experienced across Gloucestershire and England, showing demand for accommodation locally. Based on past trends, it is expected that employment within the visitor accommodation sector will continue to grow, with 27% growth between 2018 and 2024.

Figure 4.3 Previous Employment Trends within the Visitor Accommodation Sector



Source: BRES, ONS
Note: Based on the 'Accommodation' (55) SIC Code

Visitor Market

4.9 Predicting future trends within the visitor economy is challenging in the current context, given the significant impact that COVID-19 has had on the visitor economy, with the near-total shutdown in international tourism. However it is expected that by the time of the hotel's completion, that tourism will have returned to pre-COVID levels.

International Tourism

4.10 VisitBritain's initial forecasts for 2020 (released in December 2019) was for inbound visits to the UK to grow by 2.9% and for spending by inbound visitors to grow by 6.6%. This reflects consistent growth within the UK's international tourism over the last ten years. Since these forecasts were issued, COVID-19 has had a major impact on the UK visitor economy, with a near-total shutdown in international tourism to/from the UK.

4.11 Short-term forecasts relating to international tourism present a poor short-term outlook, with international tourism declining by 73% in 2020. However, assuming that restrictions on

[8] http://www.margate-fc.co.uk/news/01-jun-2020/Hartsdown-Park-Planning-Submitted

[9] https://www.insidermedia.com/news/midlands/hotel-plan-considered-for-football-stadium

international travel are lifted once treatments/vaccines are produced, it is expected that international tourism will quickly return to pre-COVID levels over the next year (2021), ahead of the hotel's potential construction.

Domestic Tourism

4.12 Domestic tourism has also taken an impact through COVID-19, although the re-opening of the hospitality sector in England from 4th July 2020 has helped to improve prospects for the sector. VisitBritain's central forecast for spend following COVID-19, shows domestic tourism spending and nights away down by 49% compared to 2019.

4.13 There are promising signs that a short-term reduction in international travel, may lead to an increase in domestic tourism, with tourists more likely to book domestic holidays compared to international holidays. More than a third of families[10] are now considering holidays in the UK for the foreseeable future, increasing demand for hotels serving the local tourism market, and particularly those in areas of natural beauty, which are currently more in-demand than those serving cities (given concerns over COVID-19 transmission).

4.14 Future revenue growth within the travel and tourism market is expected to rebound strongly in 2021, assuming that there is no further lockdown implemented. Although hotel revenues are down 43% based on modelling conducted by Statista, they are expected to grow by 35% in 2021 and 17% in 2022.

Figure 4.4 Revenue growth of the travel and tourism market in the United Kingdom (UK) from 2018 to 2023, by category

Source: Statista Forecasts for Travel and Tourism Revenue Growth

Local Demand Factors

4.15 There are not expected to be any significant new developments impacting on tourism demand locally, with the exception of the new 5,000-capacity stadium and Green Technology cluster proposed adjacent to the hotel site. The new stadium will generate additional demand for nights stayed locally, with teams and away fans likely to stay in close vicinity to the stadium, particularly for mid-week evening fixtures.

[10] https://www.statista.com/statistics/1123835/coronavirus-impact-on-holiday-planning-uk/

5. Conclusions and Recommendations

5.1 Our research has demonstrated that there are a number of positive drivers of hotel demand in Stroud:

- The area has a relatively **buoyant visitor economy**, with an estimated 2.8 million day visits to the District and 782,000 visitor nights per year. This currently supports over 3,000 jobs across the District in the tourism sector and its supply chain. The market seems to be dominated mainly by leisure travellers (not corporate guests), with continued growth in this area.
- There is a relatively **limited supply of hotel beds** within the immediate vicinity of the proposed site, with 16 hotels and 355 beds within a five-mile radius. Only when Gloucester city centre and its periphery are included, is there a substantial supply of hotel beds.
- Many national hotel chains already have a presence within the local area, however they are relatively **small in size**. The Travelodge adjacent to the proposed site has 40 beds and the Premier Inn in Stroud only has 32 beds.
- There have been **no recent completions of new hotels** within Stroud District over the last five years. The most recent hotel completion close to the proposed site was a new Premier Inn in Gloucester Quayside (104-bed hotel) which opened in August 2018. This is located 8 miles from the proposed site adjacent to Gloucester city centre.
- Our analysis shows that Stroud is **under-represented in terms of hotel bed spaces** compared to nearby district centres. Stroud only has 3 hotel beds per 1,000 population within a 5 mile radius, compared to 11 in Cirencester, 9 in Cheltenham, 7 in Gloucester, 5 in Tewkesbury and 4 in Coleford.
- There is currently a **lack of luxury hotels (4-5 star) in the local area**, with none located in Stroud District and the nearest one located 14 miles from the proposed site. This is recognised in Stroud's recent Tourism Update, which also suggests that there should be a focus on attracting developers to the local area who could deliver this type of provision.
- The site is an **attractive location** given proximity to the M5 Motorway and the Cotswolds. The site would be attractive for tourist visits and those travelling to other parts of the country (e.g. long distance journeys to Devon and Cornwall).
- The approved **5,000 capacity stadium and Green Technology Cluster** will also drive demand for hotels. The new stadium will generate additional demand for nights stayed locally, with teams and away fans likely to stay in close vicinity to the stadium.
- **There are aspirations** to increase the size of the Cotswold **visitor economy** by 5% per annum into the future, with high-quality accommodation recognised as one of the key attractors within the Cotswolds market.
- There is a **growing local market**, with Stroud's population expected to increase by 15% or 16,400 people by 2043. This is a faster rate than national levels (10%). This growth is expected to positively impact on the visiting friends and relatives (VfR) market.
- **Increasing employment** in the area could serve to boost corporate tourism. Employment projections provided within Stroud's Local Plan expect that employment within the District is likely to grow by between 2,300 and 6,300 net additional jobs between 2020 and 2040. Furthermore, based on past trends, it is expected that

employment within the visitor accommodation sector will continue to grow, with 27% growth between 2018 and 2024.

5.2 Nevertheless, there is a need to be cautious, with the visitor economy particularly hard hit by COVID-19. In the short-term, the visitor economy has been particularly affected, especially in terms of attracting international tourism to the UK. However, during the timeframes for the allocation in the Local Plan and development of the site, it is expected that demand for visitor accommodation will return to existing levels, with forecasted growth in the tourism sector set to continue.

5.3 In conclusion, our initial research suggests that there is a positive case for additional hotel provision at Junction 13 of the M5 and that:

- This should be of a medium to larger scale in terms of size compared to current provision
- Deliver a better quality offer compared to the current supply (a 3-4 star hotel could be considered)
- This should also consider the potential to provide a differentiated offer such as a spa or leisure hotel

Appendix A - Hotel Database

Table A.1 Hotels Closest to Proposed Site

Name	Miles from site	Number of Rooms	Chain Scale
Travelodge Stonehouse	0.1	40	Economy
Kings Head House	0.9	7	Independent
Whitminster Inn	1.1	6	Independent
Stonehouse Court Hotel	1.3	36	Independent
Frocester George	2	10	Independent
Bell Inn	2.3	4	Independent
George Inn	2.6	1	Independent
Beacon Inn & Hotel	2.9	5	Independent
The Star Inn	3.6	3	Independent
Five Valleys Aparthotel	3.6	15	Independent
The Tudor Arms	3.7	16	Independent
The Clothiers Arms	3.9	7	Independent
Premier Inn Stroud	4	32	Economy
The Imperial	4.2	21	Independent
Holiday Inn Express Gloucester South	4.4	106	Upscale
The Bear of Rodborough Hotel (Fullers)	5	46	Upscale
Amberley Inn	5.2	13	Independent
The Little Thatch Hotel	5.3	23	Independent

Table A.2 Closest Large Hotels (<75 beds) to Proposed Site

Name	Miles from site	Number of Rooms	Chain Scale
Holiday Inn Express Gloucester South	4.4	106	Upscale
Gloucester BW Signature Collection	6.9	95	Upscale
Travelodge Gloucester	7.6	96	Economy
Premier Inn Gloucester Quayside	7.7	104	Economy
ibis Gloucester	8.8	127	Midscale
Holiday Inn Gloucester Cheltenham	9.2	125	Upscale
Premier Inn Gloucester Barnwood	9.3	83	Economy
Delta Hotel Cheltenham Chase	9.5	122	Upscale
De Vere Tortworth Court	10.2	201	Upscale
Travelodge Cheltenham Hotel	12.5	106	Economy
Jurys Inn Cheltenham	12.5	122	Upscale
DoubleTree by Hilton Hotel Cheltenham	13.9	148	Upscale
Queens Hotel Cheltenham-MGallery by Sofitel	14	84	Luxury
Penyard House	14.4	80	Independent
Premier Inn Cheltenham Town Centre	14.4	104	Economy
Premier Inn Bristol Alveston	14.5	75	Economy
Holiday Inn Express Cheltenham Town Centre	14.5	132	Upscale
Tewkesbury Park Hotel	16.6	92	Independent

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