D2N2
VISITOR ACCOMMODATION STRATEGY

Report of Key Findings

Prepared for:
D2N2 Visitor Economy Advisory Group

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hotel solutions
the hotel development consultancy

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1. INTRODUCTION

1.1 Background to the Study

1.1.1. The visitor economy plays a key role in the D2N2 economy, employing over 65,000 people and supporting hundreds of businesses. The Visitor Economy Review and Investment Study completed for D2N2 LEP in May 2014 identified a need for investment to increase and improve visitor accommodation provision across Derbyshire and Nottinghamshire as a key requirement for realising the growth potential of the D2N2 visitor economy. In order to encourage and support such investment, the D2N2 Visitor Economy Advisory Group (VEAG) has commissioned Hotel Solutions to produce a Visitor Accommodation Strategy for the D2N2 area.

1.2 Study Objectives

1.2.1. The study has two objectives:

a) To provide a robust, evidence-based assessment of the future requirements and opportunities for investment in visitor accommodation provision across Derbyshire and Nottinghamshire in the short, medium and long-term, in terms of both improvements to existing accommodation businesses and new accommodation.

b) To formulate a clear strategy and action plan for public sector intervention to support and accelerate visitor accommodation development across the two counties.

1.2.2. Specific requirements set out in the brief include:

- A review of current visitor accommodation provision across the D2N2 area;
- An assessment of current accommodation business performance and market demand, including the inter-relationship between urban and rural locations;
- An assessment of business that is currently being lost due to accommodation shortages;
- An assessment of the potential for visitor accommodation development across the two counties;
- Identification of key sites for accommodation development;
- A strategy and action plan for public sector intervention to secure the necessary accommodation improvement and development.

1.3 Study Coverage

1.3.1. In terms of types of accommodation, the study covers the following:

- Hotels;
- Pub accommodation;
- Restaurants with rooms;
- Guest houses/B&Bs;
- Holiday cottages;
- Holiday lodges and holiday lodge parks;
- Touring caravan and camping sites;
- Camping pods;
- Glamping;
- Holiday parks;
- Holiday villages;
- Group and youth accommodation, including hostels, outdoor education centres, bunkhouse accommodation and camping barns;
- Children's activity holiday centres;
- Wedding venues with accommodation.

1.3.2. A glossary of visitor accommodation definitions is provided at Appendix 1.

1.3.3. In terms of geography, the study covers all parts of Derbyshire and Nottinghamshire. Where possible findings are reported for more specific geographic locations in terms of Nottingham, Derby and key towns as locations for hotel development; the Peak District and Sherwood Forest, as key destinations for leisure visits; and the National Forest, as a developing leisure destination.

1.4 Methodology

1.4.1. This study has involved gathering information from a variety of sources, plus detailed analysis, to deliver the required outputs. The work programme has involved the following modules of work:

- A review of national hotel and visitor accommodation development trends of relevance to Derbyshire and Nottinghamshire.

- A review of the current supply of all forms of visitor accommodation in Derbyshire and Nottinghamshire in order to:
    - Assess the extent to which national hotel and visitor accommodation development trends are being picked up in the D2N2 area;
    - Identify any obvious product gaps and shortages;
    - Assess whether that are any significant quality issues with the area's existing accommodation stock;
    - Identify exemplar accommodation businesses in the two counties.

- Identification of changes in visitor accommodation supply in the last 5 years, in terms of new openings; the extension, upgrading, development or re-branding of existing establishments; and closures.

- A review of current accommodation development proposals and follow up work to assess the current status of major schemes and their likelihood of going ahead.

- An assessment of current visitor accommodation performance and market demand through:
  - The purchase of hotel performance data for Derby and Nottingham from STR Global;
  - Face-to-face and telephone interviews with a good cross-section of larger hotels and visitor accommodation businesses (holiday cottage letting agencies, touring caravan and camping sites, holiday lodge parks, outdoor education centres, youth hotels). A total of XX accommodation businesses were interviewed (listed at Appendix 2);
  - A CATI (computer assisted telephone interviews) survey of a sample of 164 smaller, good quality visitor accommodation businesses across the two counties.

- A review of relevant policy and strategy documents to establish the policy framework and strategic context for hotel and visitor accommodation development across the D2N2 area.

- Consultation meetings with Visit Peak District & Derbyshire, Experience Nottinghamshire, the Peak District National Park Authority, Nottingham City Council, Derby City Council and Newark & Sherwood District Council.

- Email and telephone consultations with all of the other local authorities across Derbyshire and Nottinghamshire and other relevant bodies including The National Forest Company and Derwent Valley Mills World Heritage Site team.

- An audit of potentially available sites and building conversion opportunities for hotels and major visitor accommodation development schemes, with more detailed work on 30 key sites to assess the likelihood of schemes being progressed, any live developer interest, and requirements for public sector support for projects to be taken forward.

- A survey of hotel and visitor accommodation developers, operators and investors to gauge their interest in investing in new hotels and visitor accommodation schemes in the D2N2 area.

1.4.2. The above modules of research and analysis have been drawn together to identify the potential opportunities for visitor accommodation development across the D2N2 area, by accommodation type, drawing out where possible specific locational opportunities.

1.5 Reporting Structure

1.5.1. This document presents the key findings of our research in a succinct report that synthesises the key messages from the many strands of detailed research set out above, culminating in our conclusions regarding the requirements and opportunities for visitor accommodation development across the D2N2 area, and our recommendations for forward public sector action to support and accelerate accommodation development across the area.

1.5.2. The detailed results of the various surveys undertaken that form the evidence base for these recommendations have been combined into a Technical Appendices document for separate reference where more detailed insight is required.

1.5.2. Our recommendations for public sector intervention have been formulated into a separate D2N2 Visitor Accommodation Development Acceleration Plan.

2. THE CURRENT VISITOR ACCOMMODATION OFFER

2.1 The Current Visitor Accommodation Supply

2.1.1 Our assessment of the current visitor accommodation supply in the D2N2 is provided at Appendix 3. It shows a sizeable accommodation industry across Derbyshire and Nottinghamshire, with over 2,000 accommodation businesses providing more than 70,000 letting bedspaces. This equates to an industry that is capable of providing accommodation for almost 26 million overnight stays per year. In addition there are over 600 people across the two counties that are offering places to stay on a more informal basis through the airbnb site.

D2N2 VISITOR ACCOMMODATION SUPPLY
DECEMBER 2016

Type of Accommodation	Total Establishments	%	Total Bedspaces	%
Derbyshire				
Hotels	97	5.4	9027	21.3
Inns	98	5.5	1299	3.1
Guest Houses/ B&Bs	283	15.7	2143	5.1
Self-Catering	1094	60.8	8298	19.6
Caravan & Camping Sites	163	9.1	18264	43.1
Glamping Sites	22	1.2	236	0.5
Group & Youth Accommodation	42	2.3	3074	7.3
TOTAL DERBYSHIRE	**1799**	**100**	**42341**	**100**
Nottinghamshire				
Hotels	86	25.6	10722	37.9
Inns	45	13.4	650	2.3
Guest Houses/ B&Bs	89	26.5	769	2.7
Self-Catering	65	19.3	5713	20.2
Caravan & Camping Sites	34	10.1	6024	21.3
Glamping Sites	5	1.5	63	0.2
Group & Youth Accommodation	12	3.6	4339	15.4
TOTAL NOTTINGHAMSHIRE	**336**	**100**	**28280**	**100**
D2N2				
Hotels	183	8.6	19749	28.0
Inns	143	6.7	1949	2.8
Guest Houses/ B&Bs	372	17.4	2912	4.1
Self-Catering	1159	54.3	14011	19.8
Caravan & Camping Sites	197	9.2	24288	34.4
Glamping Sites	27	1.3	299	0.4

Group & Youth Accommodation	54	2.5	7413	10.5
TOTAL D2N2	**2135**	**100**	**70621**	**100**

2.1.2. Derbyshire has a greater accommodation supply that Nottinghamshire, particularly in terms of touring caravanning and camping provision, and self-catering accommodation. It also has a more significant stock of inns, B&Bs/guest houses and glamping. Nottinghamshire has a higher bedspace capacity in hotel accommodation, concentrated in and around Nottingham, and has the single largest accommodation establishment in the D2N2 area in the Center Parcs Sherwood Forest holiday village.

2.1.3. The Derbyshire Peak District accounts for the largest proportion of the D2N2 area's current visitor accommodation supply. It has a significant stock of self-catering holiday cottages and touring caravan and camping sites and accounts for the highest percentage of inn and B&B accommodation, but a lower proportion of the D2N2 hotel stock. It also has a good supply of group and youth accommodation in terms of outdoor education centres, youth hostels, camping barns and bunkhouses, and a small but growing supply of glamping sites.

2.1.4. In other parts of Derbyshire, the accommodation supply is predominantly in hotels. Amber Valley has a good stock of self-catering accommodation and touring caravanning and camping provision, two high quality wedding venues with accommodation and two residential conference centres. Derby Conference Centre is a further residential conference centre in the county. The National Forest (South Derbyshire) has a number of holiday lodge sites, touring caravan and camping sites, and some glamping provision.

2.1.5. The D2N2 hotel supply is concentrated in Nottingham and its suburbs, and to a lesser extent Derby. The Nottingham and Derby hotel supplies comprise predominantly large branded hotels, with some, mainly smaller, independent hotels. Budget and 3 star hotels dominate in both cities. Nottingham city centre has three 4 star hotels and four small, independent boutique hotels. Derby has just one city centre 4 star hotel and an independent boutique hotel. Beyond Nottingham and Derby there is a concentration of large branded 3 and 4 star hotels with conference facilities in the M1 corridor between junctions 25 and 26. The hotel supply in the Derbyshire Peak District comprises predominantly small and medium-sized independent 3 and 4 star hotels. Until the opening of the Buxton and Matlock Premier Inns in 2016, the Ashbourne and Glossop

Travelodges were the only branded hotels in the Derbyshire Peak District. Chesterfield has a stock of budget hotels, the 4 star Casa Hotel and the 3 star Ringwood Hall Hotel. Other towns (Worksop, Retford, Newark, Southwell, Bingham, Ripley and Alfreton) are typically served by one or two independent 3 star hotels and in some cases a Premier Inn or a Travelodge budget hotel. The D2N2 area has only one large golf hotel – the Breadsall Priory Marriott Hotel & Country Club. In Nottinghamshire, Warner Leisure Hotels operates the Thoresby Hall Hotel & Spa as a 4 star adults only country house hotel.

2.1.6. Non-serviced accommodation in Nottinghamshire is concentrated in Sherwood Forest. This is the location of the Center Parcs holiday village. There are also a number of holiday lodge parks and a good supply of touring caravanning and camping provision here, but very little in terms of holiday cottages and glamping. Newark & Sherwood and Bassetlaw account for the largest proportion of inn and B&B accommodation in Nottinghamshire. In other parts of the county accommodation provision is primarily in hotels. Rushcliffe has two large touring caravan and camping sites, and there is a Camping and Caravanning Club site at Teversal in Ashfield. Nottinghamshire also has a number of wedding venues with accommodation. The University of Nottingham and Nottingham Trent University's Brackenhurst campus provide a significant stock of campus accommodation for conferences. The county has very little in terms of other forms of group and youth accommodation – just the Sherwood Forest YHA hostel, three small independent hostels in Nottingham and the Walesby Forest Outdoor Activity Centre, near Newark.

D2N2 VISITOR ACCOMMODATION SUPPLY – DECEMBER 2016
ANALYSIS BY DISTRICT & COUNTY - ESTABLISHMENTS

District/County	Hotels		Inns		Guest Houses/B&Bs		Self-Catering[1]		Caravan & Camp Sites		Glamping Sites		Group & Youth Accom[4]		TOTAL	
	Estabs	%	Estabs	%	Estabs	%	Estabs	%	Estabs	%	Estabs	%	Estabs	%	Estabs	%
Derbyshire																
Amber Valley	9	4.9	9	6.3	18	4.8	82	7.1	19	9.7	1	3.7	3	5.6	141	6.6
Bolsover	6	3.3	4	2.8	5	1.3	5	0.4	2	1.0	1	3.7			23	1.1
Chesterfield	9	4.9	2	1.4	10	2.7	26	2.2	3	1.5	1	3.7	2	3.7	53	2.5
Derby	26	14.2	2	1.4	12	3.2	12[2]	1.0	1	0.5					53	2.5
Derbyshire Dales	24	13.1	34	23.8	132	35.5	621	53.6	79	40.1	12	44.4	18	33.3	920	43.1
Erewash	4	2.2			3	0.8	1	0.1	1	0.5					9	0.4
High Peak	11	6.0	34	23.8	81	21.7	279	24.1	42	21.3	5	18.5	18	33.3	470	22.0
North East Derbys	4	2.2	4	2.8	9	2.4	38	3.3	10	5.1			1	1.9	66	3.1
South Derbyshire	4	2.2	9	6.2	13	3.5	30	2.6	6	3.0	2	7.5			64	3.0
Total Derbys	**97**	**53.0**	**98**	**68.5**	**283**	**76.1**	**1094**	**94.4**	**163**	**82.7**	**22**	**81.5**	**42**	**77.8**	**1799**	**84.3**
Nottinghamshire																
Ashfield	4	2.2	3	2.1	2	0.5	5	0.4	1	0.5	1	3.7			16	0.7
Bassetlaw	8	4.4	17	11.9	13	3.5	11	0.9	14	7.1	1	3.7	2	3.7	66	3.1
Broxtowe	9	4.9	4	2.8	3	0.8									16	0.7
Gedling	3	1.6	1	0.7	2	0.5									6	0.3
Mansfield	6	3.3			4	1.4	2	0.2	1	0.5					12	0.6
Newark & Sherwood	11	6.0	20	14.0	46	12.4	24[3]	2.1	11	5.6	3	11.1	4	7.4	119	5.6
Nottingham	36	19.7			10	2.7	13[2]	1.1	1	0.5			4	7.4	64	3.0
Rushcliffe	9	4.9			9	2.4	10[2]	0.9	6	3.1			2	3.7	36	1.7
Total Notts	**86**	**47.0**	**45**	**31.5**	**89**	**23.9**	**65**	**5.6**	**34**	**17.3**	**5**	**18.5**	**12**	**22.2**	**335**	**15.7**
D2N2 TOTAL	**183**	**100**	**143**	**100**	**372**	**100**	**1159**	**100**	**197**	**100**	**27**	**100**	**54**	**100**	**2135**	**100**

Notes:
1. Source for Derbyshire self-catering supply: VisitEngland 2016 Census of Non-Serviced Accommodation Stock, supplemented by Hotel Solutions research
2. Including serviced apartments
3. Includes Center Parcs holiday village (900 holiday villas)
4. Includes campus accommodation, residential conference centres, wedding venues with accommodation, hostels, outdoor education centres, camping barns and bunkhouses

D2N2 VISITOR ACCOMMODATION SUPPLY – DECEMBER 2016
ANALYSIS BY DISTRICT & COUNTY - BEDSPACES

District/County	Hotels		Inns		Guest Houses/B&Bs		Self-Catering[1]		Caravan & Camp Sites		Glamping Sites		Group & Youth Accom[5]		TOTAL	
	Beds	%	Beds	%	Beds	%	Beds	%	Beds[4]	%	Beds	%	Beds	%	Beds	%
Derbyshire																
Amber Valley	574	2.9	118	6.0	123	4.2	476	3.4	2111	8.7	6	2.0	483	6.5	3891	5.5
Bolsover	929	4.7	56	2.9	43	1.5	31	0.2	25	0.1	4	1.3			1088	1.5
Chesterfield	962	4.9	46	2.4	115	3.9	197	1.4	288	1.2	2	0.7			1610	2.3
Derby	3728	18.9	56	2.9	176	6.1	176[2]	1.3	45	0.2			196	2.7	4377	6.2
Derbyshire Dales	1071	5.4	428	22.0	840	28.9	4531	32.3	9906	40.8	146	48.8	922	12.4	17844	25.3
Erewash	383	1.9			18	0.6	5	0.1	15	0.1					421	0.6
High Peak	893	4.5	434	22.3	673	23.1	2157	15.4	4953	20.4	62	17.4	1343	18.1	10505	14.9
North East Derbys	185	0.9	41	2.1	56	1.9	212	1.5	225	0.9			130	1.8	849	1.2
South Derbyshire	302	1.6	120	6.1	99	3.4	513	3.6	696	2.8	26	8.7			1756	2.5
Total Derbys	**9027**	**45.7**	**1299**	**66.7**	**2143**	**73.6**	**8298**	**59.2**	**18264**	**75.2**	**236**	**78.9**	**3074**	**41.5**	**41489**	**60.0**
Nottinghamshire																
Ashfield	524	2.6	53	2.7	25	0.9	29	0.2	504	2.0	8	2.7	40	0.5	1183	1.7
Bassetlaw	798	4.0	233	12.0	122	4.2	125	0.9	2811	11.6	25	8.4			4114	5.8
Broxtowe	1220	6.2	90	4.6	45	1.6									1355	1.9
Gedling	230	1.2	8	0.4	10	0.3									248	0.4
Mansfield	170	0.8			61	2.1	44	0.3	111	0.4					386	0.5
Newark & Sherwood	942	4.8	266	13.6	322	11.1	4420[3]	31.6	1518	6.3	30	10.0	519	7.0	8017	11.3
Nottingham	6272	31.8			112	3.8	924[2]	6.6	15	0.1			3752	50.6	11075	15.7
Rushcliffe	566	2.9			72	2.4	171[2]	1.2	1065	4.4			28	0.4	1902	2.7
Total Notts	**10722**	**54.3**	**650**	**33.3**	**769**	**26.4**	**5713**	**40.8**	**6024**	**24.8**	**63**	**21.1**	**4339**	**58.5**	**28280**	**40.0**
D2N2 TOTAL	**19749**	**100**	**1949**	**100**	**2912**	**100**	**14011**	**100**	**24288**	**100**	**299**	**100**	**7413**	**100**	**70621**	**100**

Notes:

1. Source for Derbyshire self-catering supply: VisitEngland 2016 Census of Non-Serviced Accommodation Stock, supplemented by Hotel Solutions research
2. Including serviced apartments
3. Includes Center Parcs holiday village (900 holiday villas)
4. Calculated on the basis of an average of 3 bedspaces per pitch
5. Includes campus accommodation, residential conference centres, wedding venues with accommodation, hostels, outdoor education centres, camping barns and bunkhouses

2.2 Quality Issues & Gaps in Supply

2.2.1 Our assessment of the current D2N2 visitor accommodation offer highlights the following issues with the quality of existing accommodation businesses and gaps in current provision;

- There are clearly quality issues with a number of hotels across the D2N2 area that are consistently receiving comments on TripAdvisor about their bedrooms and public areas being tired and dated. This includes a number of hotels in Nottingham and Derby, including some 4 star hotels; some of the hotels in Buxton; and a few hotels in other parts of Derbyshire and Nottinghamshire, again including some 4 star hotels.
- While it has a number of 4 star and boutique hotels, Nottingham city centre has no luxury hotel.
- 4 star and boutique hotel provision is limited in Derby city centre.
- There is a relatively limited supply of hotels in the Derbyshire Peak District. The supply here comprises mainly small, high quality country house and boutique hotels, a concentration of hotels in Buxton, and a few budget hotels, including new Premier Inns that have opened in Matlock and Buxton in 2016.
- Chesterfield has a good supply of hotels that are achieving high ratings on TripAdvisor.
- There are very few market town boutique hotels in Derbyshire, and none beyond the Peak District.
- None of Nottinghamshire's market towns have boutique hotels.
- Mansfield stands out as a large town with very little hotel provision.
- Other sizeable towns with little or no hotel provision are Belper, Ilkeston and Swadlincote.
- There is very little provision in the D2N2 area in terms of golf hotels, particularly in Nottinghamshire. The Breadsall Priory Marriott Hotel & Country Club is the area's only large golf hotel.
- Nottinghamshire and other parts of Derbyshire beyond the Peak District have very little provision in terms of high quality country house hotels.

- The quality of inns and pub accommodation across the D2N2 area is highly variable. The Derbyshire Peak District has a stock of good quality inns that appear to be catering primarily for the tourist market and walkers, including a number of boutique and 5 star inns that offer contemporary accommodation and good food. Elsewhere in Derbyshire, and generally across Nottinghamshire, pub accommodation appears to be more focused on catering for contractors, and offers a more basic standard of accommodation that is less suitable for tourist markets. There are very few boutique and 5 star inns in these locations.
- The quality of B&B accommodation across the D2N2 area appears to be good. Tripadvisor reviews for B&Bs are generally very positive. There are a number of 5 star and boutique B&Bs across Derbyshire and Nottinghamshire. Newark and Belper stand out as locations with concentrations of boutique and 5 star B&Bs.
- The Derbyshire Peak District has several 5 star holiday cottages. Other parts of Derbyshire have very little self-catering accommodation of this standard.
- Nottinghamshire has a limited supply of holiday cottages.
- There are very few contemporary/ boutique holiday cottages across the D2N2 area.
- There are a number of 5 star holiday lodge parks on the edge of the Peak District National Park and in the National Forest and Sherwood Forest, but none in the National Park itself as the Park Authority's current planning policies do not allow the development of holiday lodge parks.
- The Derbyshire Peak District has a good supply of large 'super' cottages that cater for family and friend get togethers and celebrations. Other parts of Derbyshire and Nottinghamshire have few self-catering properties of this type.
- There is very little self-catering accommodation across the D2N2 area that has been adapted for wheelchair users.
- The D2N2 area has a good supply of touring caravan and camping sites at all levels in the market.
- There is very little glamping provision currently, especially in Nottinghamshire.

- The Derbyshire Peak District has a good supply of hostels, outdoor education centres, camping barns and bunkhouse accommodation. These types of accommodation are much more limited in other parts of Derbyshire and Nottinghamshire however.

- Nottingham has two small luxury hostels and a more basic hostel.

2.3. Recent Changes in Accommodation Supply

2.3.1. Appendix 4 lists recent changes in visitor accommodation supply in the D2N2 area in terms of new openings, the refurbishment and repositioning of accommodation businesses and closures. Our surveys of small accommodation businesses in Derbyshire and Nottinghamshire (Appendices 5 and 6) also provide an insight into recent changes in small accommodation provision in the D2N2 area. Key changes in accommodation supply have been as follows:

- There has been very little recent activity in terms of new hotel development, other than in terms of the new Premier Inn budget hotels that have opened in 2016 in Derby, Buxton and Matlock, and the opening of The Residence boutique hotel at The Nottinghamshire Golf & Country Club in Cotgrave. The last new hotel to open in Nottingham was the De Vere Orchard Hotel at the East Midlands Conference Centre in 2012. In terms of other hotel development, Derby saw the opening of two new hotels in 2010 (the Holiday Inn Derby Riverlights and the Hampton by Hilton, which was re-branded as the Premier Inn Derby City Centre Riverlights in 2016); the 4 star Casa Hotel opened in Chesterfield in 2010; the boutique Peak Edge Hotel opened at Ashover in 20122; and the Glossop Travelodge opened in 2012.

- There has been a lot of activity recently in Derby in terms of the rebranding hotels, including newly rebranded Premier Inn and Travelodge budget hotels, and the repositioning of the former Ramada Encore budget hotel to the German Pentahotel lifestyle hotel brand.

- There have also been a number of rebrandings in Nottingham, which have seen the introduction of the Mercure, Ramada and Roomzzz aparthotel brands into the city centre, and the repositioning of the Holiday Inn Express to a Premier Inn. There has also been activity in Nottingham in terms of boutique hotel development, with the refurbishment and reopening of the Lace Market Hotel; the upgrading of the former Rutland Square Hotel to the boutique St James Hotel; the refurbishment of the Walton Hotel as a boutique hotel; and the reopening of the former George Hotel as the Mercure Nottingham City Centre boutique hotel.

- A number of 3 and 4 star hotels in other parts of Derbyshire and Nottinghamshire have undergone major refurbishment programmes. Some key examples include the reopening of the New Bath Hotel & Spa in Matlock Bath in September 2016 as a boutique hotel; the opening of the first phase of boutique bedrooms at the refurbished Kedleston Country House; and multi-million-pound refurbishment programmes at the Crowne Plaza Nottingham and the Novotel Nottingham Derby at Long East. Many 3/4 star hotels remain in need of investment however.

- Most of the independent hotels in West Bridgford and a number of independent hotels in other Nottingham suburbs and Derby have closed in recent years. These appear to have been low quality hotels that were unable to compete with the new city centre budget hotels that have opened in Nottingham and Derby.

- A number of independent hotels have also closed in other parts of Derbyshire and Nottinghamshire. The most significant of these have been the Chesterfield Hotel in Chesterfield (although there is a chance that this hotel may reopen under new owners) and the Best Western Leicester North on the A46 at Upper Broughton in Rushcliffe.

- A number of new inns and pub accommodation establishments have opened across the D2N2 area and a few pub accommodation operations have been refurbished and reopened as boutique inns. Some low quality pub accommodation has closed.

- The supply of B&B and guest house accommodation appears to have reduced with the closure of a number of establishments and very few new ones having opened. This sector of the accommodation industry is characterised by a churn in businesses as people enter the sector often pre-retirement and operate for a number of years before retiring. The growth of airbnb seems to be a factor that is deterring people from setting up more formal B&B and guest house businesses.

- There appears to have been a steady increase in holiday cottage supply in Derbyshire.

- The last 5 years have seen a number of holiday lodge developments in the Derbyshire Peak District, Sherwood Forest and The National Forest, with the expansion of Darwin Forest Country Park, the opening and subsequent expansion of the Forest Holidays Sherwood Forest site, the expansion of the Sherwood Hideaway holiday lodge development; the opening of Ashby Woulds Luxury Lodges at Overseal; and the addition of further holiday lodges at Mercia Marina at Wilmington in South Derbyshire.

- Many of the area's caravan and camping sites have expanded and/or improved their facilities in terms of:

    - Opening additional pitches;
    - Installing electric hook ups;
    - Upgrading toilet and shower blocks;
    - Developing more hard standings;
    - Adding camping pods;
    - Developing fully serviced pitches;
    - Adding caravan holiday homes.

- The Elvaston Castle Country Park Caravan Club Site is the only major caravan and camping site that has closed in the D2N2 area. The current masterplan for the Country Park envisages the redevelopment and reopening of the site however.

- The Mount Cook Adventure Centre is a major new outdoor education centre that opened in Middleton-by-Wirksworth in 2016.

- In terms of youth hostels, YHA opened the Castleton Losehill Hall hostel in 2012 following its acquisition of the property from the Peak District National Park Authority. The YHA has also invested in upgrading a number of its hotels in the Derbyshire Peak District, but has closed two smaller hostels in Crowden and Bretton as part of its national hostel rationalisation programme. The Crowden hostel continues to be operated by Rotherham Borough Council as an outdoor education centre.

- The Igloo Hybrid luxury hostel opened in Nottingham in 2015.

3. NATIONAL VISITOR ACCOMMODATION DEVELOPMENT TRENDS

3.1. National Trends That Have Been Picked Up in the D2N2 Area

3.1.1. Appendix 11 provides a review of national trends in hotel development and rural accommodation provision. Trends that can be seen in the D2N2 area are as follows:

- The development of Premier Inn and Travelodge budget hotels, with new openings for one or both of these hotel brands in 2016 in Derby, Matlock and Buxton, and new hotels being progressed in Chesterfield, Bakewell and Newark;
- Accor is represented with Ibis or Ibis Budget hotels in Nottingham, Derby (Willington), and Chesterfield. The company has not so far opened any Ibis Styles budget boutique hotels in the D2N2 area however;
- The loss of upper-tier budget hotels in terms of the Holiday Inn Express in Nottingham (rebranded as a Premier Inn), the Hampton by Hilton in Derby (now a Premier Inn), and the Derby Ramada Encore (now the Pentahotel lifestyle hotel);
- The development of independent boutique hotels in Nottingham, Derby and parts of the Derbyshire Peak District (Matlock Bath, Ashover, Hope and Grindleford);
- The development of a 5 star spa hotel in The Crescent Hotel & Thermal Spa in Buxton;
- The opening of spa complexes at a number of hotels (Ye Olde Bell at Barnby Moor, New Bath Hotel & Spa at Matlock Bath, Clumber Park Hotel at Worksop);

- The development of serviced apartments in Derby and Nottingham, including some branded serviced apartment operations (SACO Derby and Premier Suites Nottingham), a number of purpose-built serviced apartment complexes (e.g. Luxe Serviced Apartments in Derby) and the establishment of a number of local serviced apartment letting agencies. Nottingham has also seen the opening of a Roomzzz aparthotel. Other aparthotel brands such as Staybridge Suites and Adagio that have opened in other UK cities have not so far opened in Nottingham or Derby, and are not currently looking at either of the two cities, as they generally need a stronger 4 star hotel market to be viable;

- A few boutique inns have opened across Derbyshire and Nottinghamshire;

- Some of the national pub companies that are building up their hotel portfolios have hotels in the D2N2 area e.g. JD Wetherspoon operates The Portland Hotel in Chesterfield, Marston's Inns operates the King's Highway in Derby and has plans to open a lodge next to its Lock Keeper pub restaurant in Worksop, and Mitchells & Butlers operates the Castleton Innkeeper's Lodge;

- A few restaurants with rooms have opened in Derbyshire and Nottinghamshire;

- The two counties have a number of wedding venues with accommodation;

- A number of boutique B&Bs have opened in different parts of the D2N2 area;

- There continues to be steady growth holiday cottage supply in Derbyshire through barn conversions and the letting of residential properties;

- Derbyshire has a good stock of large 'super' cottages that can cater for family and friend get togethers and celebration weekends;

- There has been some development in terms of 'Access Exceptional' self-catering accommodation, but the supply of such accommodation remains limited. Hoe Grange Holidays at Brassington and the Rosliston Forestry Centre Lodges in South Derbyshire stand out as excellent examples of such self-catering provision;

- A number of holiday lodge parks have opened in the Derbyshire Peak District, Sherwood Forest and The National Forest;

- The Center Parcs Sherwood Forest holiday village and Forest Holidays Sherwood Forest site have added treehouses to their accommodation offer.

- There has been quite a lot of activity in terms of investment in caravan and camping sites across Derbyshire and Nottinghamshire, focused particularly on extending the season for sites through the development of hard standing pitches, upgrading of toilet and shower blocks, and introduction of camping pods;

- The development of glamping across the D2N2 area has been very slow;

- Two new hostels and outdoor education centres have opened in the Derbyshire Peak District and a number of existing hostels and centres have been upgraded;

- A new luxury hostel has opened in Nottingham.

3.2. Trends That Have Not So Far Developed in the D2N2 Area

3.2.1. Accommodation development trends that have not so far developed in the D2N2 area are as follows:

- The opening of budget boutique hotels;

- The development of branded boutique hotels e.g. Hotel Indigo, Hotel du Vin, Malmaison;

- The opening of lifestyle hotels, other than the Pentahotel in Derby;

- 5 star hotel development – although there are few destinations outside London, other than major cities and leading heritage cities that can support hotels at this level in the market;

- The development of luxury country house hotels, boutique country house hotels, and private house hotels;

- Luxury family hotels;

- The opening of market town boutique hotels;

- The development of regional boutique hotel chains;
- The development of golf resorts, hotels on golf courses (other than The Residence boutique hotel that opened at The Nottinghamshire Golf & Country Club in 2016), and golf lodge developments;
- The establishment of regional boutique inn companies;
- Boutique self-catering;
- Fishing lodge development;
- Eco lodge developments;
- The development of boutique holiday parks with luxury contemporary caravan holiday homes.
- Watersports holiday parks;
- Eco camping;
- Branded children's activity holiday centres run by national operators such as PGL and Kingswood;
- The development of wellness retreats – Church Spa at East Markham is the only example in the D2N2 area.

4. CURRENT ACCOMMODATION PERFORMANCE & MARKETS

4.1 Current Visitor Accommodation Performance

4.1.1 Information on current visitor accommodation performance and markets was gathered through telephone surveys of 164 small visitor accommodation businesses across Derbyshire and Nottinghamshire, and face-to-face and telephone interviews with 80 hotels, holiday cottage complexes, holiday lodge parks, large touring caravan and camping sites, youth hostels and outdoor education centres. The full results of these surveys can be found at Appendices 5,6 and 7. Key findings are summarised in the following paragraphs.

Hotels

4.1.2 Our survey of D2N2 hotels provides the following insight into hotel performance by location:

- **Derby** city centre 3/4 star hotels reported high room occupancies in 2016, but achieved room rates[1] and revpar[2] figures are substantially below national averages. Midweek demand is strong, particularly on Tuesday and Wednesday nights, when city centre hotels frequently fill and turn business away. Corporate rates are low in the city however, due to stiff price competition between hotels and the dominance of a few very large companies that command low room rates from the city's hotels. The weekend market is much more challenging and low-rated. Occupancies have been boosted in 2016 by an increase in project-related business from Rolls Royce and the closure of the Hampton by Hilton and Days Hotel in the first part of the year for conversion to the Premier Inn Derby Riverlights and Travelodge Derby Cricket Ground. These factors will not be repeated in 2017, so hotel occupancies may drop back in Derby next year.

[1] The amount of rooms revenue that a hotel achieves **per occupied room** net of VAT, breakfast (if included in the room rate), discounts and commission charges.
[2] The amount of rooms revenue that a hotel achieves **per available room** net of VAT, breakfast (if included in the room rate), discounts and commission charges.

- Occupancies are very strong for outer Derby budget hotels, but lower for city centre budget hotels, where the market is still adjusting to the opening of the Premier Inn Derby Riverlights and Travelodge Derby Cricket Ground.

- **Chesterfield** budget hotels have achieved very high levels of room occupancy in 2016. The town's budget hotels are consistently filling and turning business away from Monday to Saturday. Denials are very high on Tuesday, Wednesday and Saturday nights.

- The 3/4 star hotel market does not appear to be as strong in Chesterfield. 3/4-star hotel occupancies are much lower than for budget hotels and achieved room rates appear to be well below the national average.

- The hotel market in the **Derbyshire Peak District** is largely leisure driven and more seasonal than in other parts of the D2N2 area. 3/4 star and country house hotels achieve high occupancies and room rates between April and October, and consistently fill and turn business away during these months, especially at weekends. Winter occupancies are lower, particularly during the week, and winter demand is more price driven. Hotels that are closer to Chesterfield and Sheffield achieve higher occupancies because of their ability to also attract corporate business from these locations.

- Budget hotels in Matlock and Ashbourne are trading strongly.

- **Buxton** 3/4 star hotels are generally achieving high occupancies and room rates. Hotel performance is stronger here than in other parts of the Derbyshire Peak District due to the corporate demand that there is for hotel accommodation in Buxton. The town's hotels also attract strong leisure demand. They are usually fully booked at high room rates and consistently turn business away at weekends. Weekend demand is more rate-driven in the winter.

- The new Premier Inn that opened in Buxton in March 2016 has quickly established itself in the marketplace. It is already achieving high occupancies and consistently filling and turning business away.

- Room occupancies are currently strong for **Nottingham city centre** 3/4 star hotels. Achieved room rates and revpar figures are significantly below national averages however. Midweek occupancies are strong. Most 3/4 star hotels consistently fill and turn business away on Tuesday and Wednesday nights, and some also decline business on Monday nights. Similar to in Derby, corporate rates are low however, due to fierce price competition between hotels and the dominance of a small number of very large companies that are able to command very low room rates from the city's hotels. The quality of some hotels is also an issue that is holding back their achieved room rate performance. Saturday occupancies and room rates are high, but Friday and Sunday business is tougher and much more price-driven.

- Occupancies are not particularly strong for Nottingham city centre budget hotels. They achieve high Friday and Saturday occupancies but midweek occupancies and room rates are not as high.

- Some suburban Nottingham budget hotels achieve very high occupancies. They consistently trade at high levels of occupancies from Monday to Saturday and regularly turn away significant levels of business, particularly on Tuesday, Wednesday and Saturday nights.

- In overall terms, the 3/4 star hotels in the **J25-27 M1 Corridor** are trading at relatively low occupancies and achieved room rates, although performance varies according to hotel brand and the quality of hotels. Some hotels are in need of investment and not trading as strongly as they could with a better product. Midweek occupancies are generally strong, particularly on Tuesday and Wednesday nights but weekend demand is more of a challenge and generally low-rated.

- Hotels in the **Mansfield/Ashfield A38 Corridor** are currently achieving very high occupancies from Monday to Saturday and consistently fill and turn away significant business throughout the week and at weekends.

- 3/4 star and budget hotels in **North Nottinghamshire** (Worksop/Retford) are trading strongly during the week. They are generally filling and turning business away on Tuesday and Wednesday nights and often also on Monday nights. Weekend demand is not as strong however, particularly on Friday and Sunday nights.

- There is strong demand for budget hotel accommodation in **Newark** and evidence of frequent shortages of this type of hotel accommodation in the town. 3 star hotels do not appear to be performing as well however.

- Hotels in **Southwell, Ruddington and Rushcliffe** are catering for local corporate demand during the week and wedding parties and people visiting friends and relatives at the weekend.

- **Golf hotels** in the D2N2 area are currently trading well, particularly in terms of achieved room rates, which are more in line with the national 3/4 star chain hotel average and higher than the rates being achieved by many D2N2 3/4 star hotels. Weekend occupancies are strong. Midweek occupancies are not as high as for city centre hotels however.

- **Warner Leisure Hotels' Thoresby Hall Hotel** is likely to be trading in line with the company's reported average annual room occupancy of 95%. The company has been highly successful in terms of catering for the over 50s adults only leisure breaks market.

B&Bs and Guest Houses

4.1.3. Good quality B&Bs and guest houses in Derbyshire are trading strongly and generally ahead of the national average annual room occupancy levels. Our survey of Derbyshire B&B and guest house owners showed clear evidence of frequent shortages of this type of accommodation in Derbyshire at weekends (Friday and Saturday nights) between April and October, and during the week in the peak summer months. A third of the B&B and guest house owners interviewed also reported that they are frequently fully booked at weekends during the winter (from October to March).

4.1.4. Occupancy performance for Nottinghamshire B&Bs and guest houses is not as strong as in Derbyshire, and is more variable. Our survey of Nottinghamshire B&B and guest house owners showed similar, but not quite such as widespread shortages of B&B and guest house accommodation at weekends between April and October, and during the week in the peak summer months. A third of the B&B and guest house owners interviewed also reported that they are frequently fully booked at weekends during the winter.

Inns & Pub Accommodation

4.1.5. Our survey of inns and pub accommodation businesses in Derbyshire showed very high demand for this type of accommodation. Pub accommodation businesses reported the strongest growth in occupancies of all of the categories of small accommodation business that we interviewed, and were frequently trading at full capacity throughout the year, especially during the summer, both during the week and at weekends.

4.1.6. Occupancies achieved by inns and pub accommodation establishments in Nottinghamshire are well below the levels achieved in Derbyshire, and are much more variable. Many inns and pub accommodation businesses in Nottinghamshire are however also frequently fully booked and turning business away during the summer (both at weekends and during the week), and to some extent also in the winter, more commonly during the week.

Holiday Cottages

4.1.7. Our survey of small holiday cottage businesses in Derbyshire shows strong demand for this type of accommodation. Existing holiday cottages are achieving high occupancies. Many holiday cottages are trading effectively at their realistic maximum occupancy and are consistently fully booked and having to turn bookings down during the summer. Winter denials are much less common however. A few holiday cottage owners reported a drop in occupancy however, that they put down to increased competition.

4.1.8. Holiday cottage performance is not as strong in Nottinghamshire and is more variable, but there is evidence of frequent shortages of holiday cottage accommodation in Nottinghamshire during the summer months.

4.1.9. Holiday cottage complexes in the Derbyshire Peak District are trading strongly at weekends throughout the year, during the week between April and September, and over the Christmas and New Year period. They are consistently fully booked and frequently turn business away at these times. Midweek demand and prices are lower in the shoulder season and winter however.

Holiday Lodge Parks

4.1.10. There is strong demand for holiday lodges in the Derbyshire Peak District and Sherwood Forest, both for rental and ownership, and a smaller but growing market for holiday lodges in The National Forest. Existing holiday lodge parks are achieving high levels of occupancy (75-92%) for rental lodges. They are frequently fully booked and turn business away at weekends and during school holiday periods. Holiday lodge sales are also strong for sites that are selling holiday lodge ownership. The strongest demand is for lodges with hot tubs (which are particularly popular out of season and in the winter) and high-end lodges.

Center Parcs Sherwood Forest Holiday Village

4.1.11. Center Parcs' Annual Review 2015/16 reports that the company's holiday villages achieved an annual occupancy of 97.7% and an average daily rate of £167.31 in 2015/16.

Caravan & Camping Sites

4.1.12. Demand for caravanning and camping in the D2N2 area is strong but highly seasonal. Caravan and camping sites across Derbyshire and Nottinghamshire trade strongly during the summer. Sites are generally full and turn business away at weekends between June and September and consistently fill and deny business during school holiday periods. Midweek pitch occupancies are lower (typically around 40-50%) and more variable however. Weekend demand remains strong in the shoulder season months, when sites can also fill and turn business away if the weather is good. Midweek pitch occupancies are lower in the shoulder season however. There is still some weekend demand from caravanners and motorhomers in the winter for hard standing pitches, but midweek demand is minimal. Some sites attract strong demand over the Christmas and New Year period.

4.1.13. Demand for camping is much more seasonal and restricted primarily to the summer months.

Camping Pods

4.1.14. All of the holiday parks and caravan and camping sites that we spoke to that have camping pods reported very strong weekend and summer demand for this type of accommodation. Their pods consistently sell out at weekends throughout the year, and achieve high midweek occupancies in the summer.

Youth Hostels and Outdoor Education Centres

4.1.15. Youth hostels and outdoor education centres in the Derbyshire Peak District are generally fully booked during the week with school groups between March and mid-July and in September and October. They also attract strong weekend demand throughout the year from a variety of different groups. Most hostels and centres are fully booked at weekends between April and October, and attract strong weekend demand throughout the winter from October to March. Midweek periods during the winter are much quieter however. Many youth hostels and outdoor education centres in the Derbyshire Peak District have seen improvements in their occupancy levels as a result of better marketing and investment delivering improved guest satisfaction.

4.2 Markets

4.2.1. The markets for visitor accommodation businesses in the D2N2 area vary by location and type of accommodation. The hotel market in the Derbyshire Peak District is primarily leisure driven, while hotels in other parts of Derbyshire and across Nottinghamshire are more focused on business demand in the week and wedding parties, people visiting friends and relatives and event visitors at weekends. B&Bs, guest houses and inns mainly focus on leisure markets, but also attract business and contractor demand during the week. All types of non-serviced accommodation focus almost entirely on leisure demand.

4.2.2. Leisure break stays are the key market for **hotels in the Derbyshire Peak District**, both at weekends and during the week. Some hotels also attract weekend, and increasingly midweek weddings business. A number of hotels concentrate on this market, while others are more focused on leisure break business. Family celebrations are a further weekend market. Events at Chatsworth and other events such as the Eroica Britannia cycling festival, Bakewell Show and Buxton Festival generate strong demand for hotel accommodation. Hotels in Buxton and closer to Chesterfield and Sheffield attract some midweek corporate demand. Coach breaks are a key market for The Palace Hotel in Buxton. Overseas tourists are a further market for hotels in the Derbyshire Peak District. Demand is growing from Chinese visitors coming to see Chatsworth.

4.2.3. Corporate demand is the key midweek market for **3/4 star hotels in Derby and Nottingham.** Volumes of corporate business are high in the two cities but corporate rates are low. The corporate hotel markets of both cities are highly competitive, with hotels all competing primarily on price for a share of the business. In both cities a small number of very large companies are able to command low room rates from hotels because of the volumes of business they are placing with them. Residential conferences are a minor market for most Derby and Nottingham 3/4 star hotels. Budget hotels in the two cities attract a mix of corporate and contractor demand during the week.

4.2.4. The key **weekend markets for Derby hotels** are people attending weddings and family parties in the city and people visiting friends and relatives for the weekend. Derby 3/4 star hotels attract some rate-driven weekend break stays, primarily from families visiting Alton Towers and to a lesser extent older couples visiting Chatsworth or the Peak District. These are not particularly strong markets for Derby hotels however, and Alton Towers business has reduced significantly following the Smiler crash in 2015. Derby's hotels do not currently attract city break business. Group tours are a further weekend market for some hotels. This is low rated business that hotels take because of the lack of demand from other higher paying markets. The Download Festival and World and British Superbike Championships at Donington Park are the only events that currently generate strong demand for hotel accommodation in Derby. Events in the city do not appear to be generating much bedroom business for the city's hotels.

4.2.5. **Weekend demand in Nottingham** is primarily single night stays from event visitors coming to the city for concerts, theatre shows and sporting events (cricket, rowing, football, tennis, archery, ice hockey and triathlon). People staying over after a night out in the city and stag and hen parties are key weekend markets for 3 star and budget hotels. 3/4 star hotels attract some weekend city break stays, with people coming primarily for shopping and the city's nightlife. Nottingham's heritage attractions are also a draw, but city break visitors tend not to visit Sherwood Forest and other parts of Nottinghamshire. A number of city centre hotels also attract weekend weddings business and coach breaks are a key weekend market for some 3 star hotels.

4.2.6. 3/4 star hotels in **other parts of Derbyshire and Nottinghamshire** primarily cater for local corporate business during the week. Budget hotels generally cater for a mix of corporate and contractor business in the week. Weekend markets are people attending weddings and other family parties, visiting friends and relatives or coming for events and festivals. Most hotels in other parts of Derbyshire and Nottinghamshire do not appear to be attracting much in terms of short break business.

4.2.7. Some of the large branded hotels in the **J25-27 M1 Corridor** that have good conference facilities attract residential conference business. This is the main source of business for one hotel. Residential conference demand is a mix of business from local companies and footloose business that is attracted because of the central location of hotels and their ease of access from the M1. This is a stronger market for hotels here than it is for most 3/4 star hotels in Derby and Nottingham city centres. Some of these hotels also cater for group tours at the weekend, and offer-driven weekend breaks, primarily staying to visit Alton Towers, the Peak District and Nottingham. Overspill business from Nottingham events and the Download Festival at Donington Park, weddings business, and Park & Fly demand related to East Midlands Airport are further markets for these hotels.

4.2.8. **Golf hotels** attract strong weekend demand for weddings and golf breaks. They achieve high Sunday night occupancies through discounted golf break packages and golf group business. Golf hotels pick up some local corporate business during the week, and larger golf hotels with good conference facilities can trade well in the residential conference market. Golf hotels also attract some midweek golf break and golf group business and some midweek weddings.

4.2.9. **Warner Leisure Hotels' Thoresby Hall Hotel** achieves very high occupancies by focusing on the over 50s adults only leisure breaks market.

4.2.10. The key markets for **B&Bs, guest houses and inns** are short break stays, event visitors and wedding parties. They also attract some midweek business from business visitors and contractors.

4.2.11. Short breaks are the key market for **holiday cottages, holiday lodge parks, the Center Parcs Sherwood Forest holiday village, caravan and camping sites and camping pods**. The D2N2 area is within reach of sizeable catchment populations for short breaks. Demand from this market has grown strongly for all of these types of accommodation.

Weekend demand for caravan and camping sites and camping pods is very local, coming predominantly from Nottingham, Derby, Sheffield, Doncaster, Lincoln and Stoke-on-Trent, and their surrounding areas. Many caravan and camping sites have regular guests that visit them on several occasions throughout the year. Holiday cottages, holiday lodge parks and caravan and camping sites attract some demand for full week stays during school holiday periods. Larger 'super' cottages, holiday cottage complexes, holiday lodge parks and caravan and camping sites attract good demand for family and friend get togethers and celebration weekends. The D2N2 area's central location in the country is a real strength for attracting this market. Holiday cottage complexes and some holiday parks that have function space and meeting rooms have started to attract weddings and corporate events. Overseas tourists are a further market for holiday cottages, holiday lodge parks and caravan and camping sites.

4.2.12. From talking to these types of accommodation operator in the D2N2 area, the appeal of a holiday cottage, holiday lodge, caravan or camping holiday in the area appears to be largely about getting away from it all to spend a relaxing break in the countryside. Customers are typically interested in outdoor activities such as walking, cycling, mountain biking and fishing. They will also visit local attractions, events and market towns, but are less inclined to go into nearby cities. Many customers are dog owners. Some families staying in these types of accommodation in the Derbyshire Peak District come mainly for Alton Towers. This market has reduced in 2015 and 2016 following the Smiler crash in 2015.

4.2.13. **Youth hostels and outdoor education centres** in the Derbyshire Peak District attract strong midweek demand from primary and secondary schools between March and mid-July and in September and October. At weekends, they attract demand from a variety of different types of group including youth groups, scout and guide groups, National Citizen Service (NCS) groups, family and friend get togethers and celebrations (a strong market for exclusive hire), walking groups, cycling groups, fell runners, stag and hen parties and weddings. They also attract weekend demand from individual families, couples and singles. Hostels and outdoor education centres attract some midweek demand from youth groups in the winter. Some better quality hostels have also attracted midweek corporate groups.

5. POTENTIAL FUTURE GROWTH IN ACCOMMODATION DEMAND

5.1. The Strategic Context

D2N2 Strategic Economic Plan

5.1.1 The Growth Strategy for D2N2 plans to deliver over £550m of investment to accelerate growth across the two cities and counties. The Strategic Economic Plan sets out a vision and approach to achieve 55,000 new jobs by 2023 alongside the delivery of 77,000 new homes through supporting innovation, research, housing investment, the rural economy, the visitor economy and the promotion of high business activity sites in the Nottingham and Derby Enterprise Zone. Four key areas are being targeted to drive forward the delivery of the SEP:

- Innovation-led economic growth
- Accelerating commercial and residential development
- A D2N2 skills deal
- H2 and East Midlands connectivity.

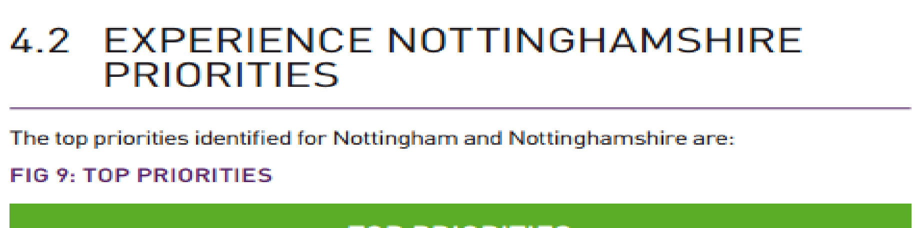
5.1.2 Over £190m was been secured from the Government's Local Growth Fund 1 and 2 to help deliver key projects around these priorities, some of which have happened, others being underway. The bid for Local Growth Fund 3 seeks to secure a further £100m+ to deliver £426m of further investment building on the previous LGF infrastructure, transport and skills projects to aid further economic growth. 23 initiatives have been identified for funding in this round covering the period 2016-2021. We list some of these key projects in section 5.2 below. These projects and this funding is critically important to making things happen, acting as a catalyst to accelerate development and the economic benefits this can bring. However, it is important in terms of analysing the implications for the visitor accommodation sector to understand how these projects fit into wider destination development strategies and the big picture vision and plan of action for developing the visitor economy across D2N2, which we look at below.

D2N2 Visitor Economy Review and Investment Study

5.1.3 Colliers International produced a report in January 2014 that identified overarching priorities for the development of the visitor economy in the D2N2 area, with a view to informing the LEP of the role it might play, as well as informing the development of detailed destination management plans for the two DMOs, Visit Peak District and Derbyshire and Experience Nottinghamshire. Region-wide priorities include:

- **Access** – filling gaps in transport connectivity for tourists, developing a plan to address the specific transport needs of the visitor economy, and consideration of introducing tourist bus services; also developing plans to exploit the potential of HS2;
- **Accommodation** – development of a hotel investment strategy for the LEP area (this study) to address issues of quality, gaps in provision and identify potential sites as well as potential developers;
- **Attractions** – support for the development of a small number of major anchor attractions, with a toolkit to assess impact as a basis for support;
- **Conferences & Exhibitions** – a conference centre feasibility study to identify whether there is demand for a dedicated venue in the D2N2 area;
- **Destinations & Hubs** – a focus of investment in tired visitor hubs (Nottingham, Southwell, Worksop, Mansfield, W Bridgford, Derby, Chesterfield, Ashbourne, Bakewell, Buxton, Castleton, Matlock, Matlock Bath); also SME support for clusters of small scale visitor economy businesses, and funding for visitor surveys to improve actionable intelligence;
- **Entertainment & The Arts** – support for strategies for sustainable approached to managing cultural and heritage venues including plans for commercial income development;
- **Retail** – support within market towns to welcome visitors and deliver a vibrant offer through a scheme to promote and improve the region's markets as a visitor attractor as well as supporting independent retailers to develop their offer;
- **Food & Drink** – a support programme aimed at independent pubs and microbreweries, to promote, sustain and avoid pressure for change of use;
- **Broadband & Mobile Connectivity** – a plan to identify and address connectivity black-spots.

5.1.4 The two DMOs identified their own top priorities as below:


4.2 EXPERIENCE NOTTINGHAMSHIRE PRIORITIES

The top priorities identified for Nottingham and Nottinghamshire are:

FIG 9: TOP PRIORITIES

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4.3 VISIT PEAK DISTRICT AND DERBYSHIRE PRIORITIES

The top priorities identified for Derby and Derbyshire are:

FIG 10: TOP PRIORITIES

STRATEGIC AIM 1: Maximise the impact of the visitor economy in key destinations and hubs	STRATEGIC AIM 2: Capital investment to improve the visitor offer	STRATEGIC AIM 3: Create a leading festivals and events destination
STRATEGIC AIM 4: Maximise the potential for growth through tactical marketing campaigns	STRATEGIC AIM 5: Develop a successful thriving tourism industry	STRATEGIC AIM 6: Develop a consistent brand for the peak district

Source: Visit Peak District Growth Plan

5.1.5 These priorities are shaping future strategy and action for the development of the visitor economy across the two counties, and forming the basis for funding bids, both in terms of accessing resources from Local Growth Fund and also other sources. Visit Peak

District and Derbyshire have successfully bid to EDRF, for example, which includes the following strands:

- **Pedal Peak Business Initiative** – to grow the visitor economy and supply chains linked to the cycling market. This includes developing cycle-friendly businesses and facilities (including accommodation), cycling events, route development and marketing materials, also linking to associated initiatives including Peak Resort and cluster development arouns the Hope Valley, Bakewell-Rowsley-Matlock and the Monsal Trail, Ashbourne-Hartington-and the Tissington Trail, and Wirksworth – Carsington and the High Peak Trail.
- **Inspired by the Peak District** – is all about expanding capacity through supporting small SMEs and individuals with a string brand, advice and showcase events for local products, to exploit new and emerging consumer markets eg international visitors, the disabled market, and raise their profile.
- **Promoting Derbyshire Products** – particularly high quality food and drink producers service deliverers such as pubs and restaurants, and their supply chains – an important part of the visitor offer – through business support, events and marketing including online and social media virtual marketing.
- **Supporting Market Towns** – and their vibrancy as hubs for visitors and businesses by improving the visitor experience, unlocking funding opportunities, changing their culture to attract greater numbers of visitors, developing a calendar of events around festivals, markets and food, and creating short break itineraries with clusters of businesses.
- **Business support to boost competitiveness in new and emerging consumer markets** – specifically in relation to international visitor markets, accessibility, marketing, networking opportunities, and green business practices.
- **Links with the Growth Hub** – to enable visitor economy businesses to access the right support across a wide range of needs in order to accelerate growth potential, particularly the opportunity to work in clusters and develop packages, network, gain access to grants and support the supply chain.

Implications of the Strategy Framework

5.1.6 The above review of some of the key strategic plans sets out a direction and some key themes for the future development of the D2N2 economic area, particularly as a visitor destination. It will be important that the D2N2 area has the right accommodation offer to support these strategies and actions, both in terms of profile of visitor and motivation to visit – whether on a business visit, attending a conference, going to an event, taking a short break for shopping, spa treatments or to participate in activities such as cycling. Success requires the right amount of visitor accommodation of the right standard and in the right location to underpin the wider visitor offer. To better understand this, below we drill down below these headlines to identify some of the projects that have the ability to be key drivers of demand for hotels and other forms of visitor accommodation going forward.

5.2. Key Drivers of Growth in Accommodation Demand

5.2.1 Any analysis of future market prospects for the hotel and visitor accommodation sector needs to be based upon an assessment of the business and leisure drivers that have the ability to drive growth in demand. Business tourism is closely allied to trends in the local and national economy, so growth in employment and the development of offices and business parks particularly in sectors that are productive for hotel demand - national and international headquarters, financial services, creative industries, pharmaceutical companies - are good indicators of potential business demand. Lots of new building will also generate demand from construction teams, both contractors and professionals. Leisure demand is important for weekend and holiday periods and for locations that are less business-orientated, and are the key market for other forms of visitor accommodation. Evidence of the development of new and enhanced attractions, events that are unique, large or high profile enough to draw from a wider area, the development or products that can tap into new and emerging leisure markets and national trends, and growth in population/housing development are all positive indicators for potential growth in leisure demand.

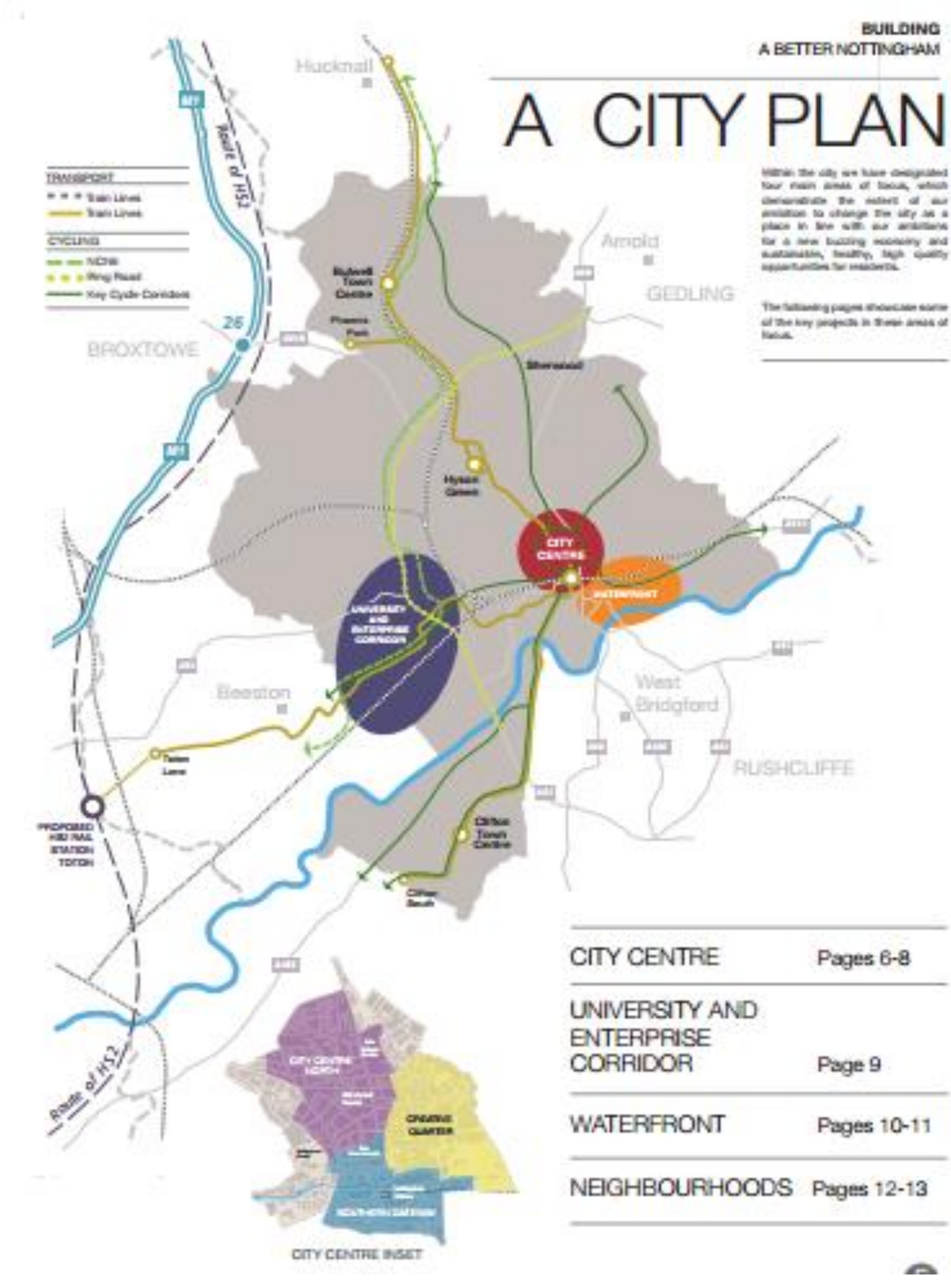
Nottingham

5.2.2 The Nottingham Growth Plan – launched in July 2012 – sets out a 10 year economic strategy for Nottingham that builds on the city's competitive advantage in the life sciences, digital content and cleantech sectors. The strategy has three key strands (fostering enterprise, supporting a high quality workforce, and developing 21st century infrastructure) and, within these strands, 12 programme areas and 42 individual projects. The Plan is underpinned by a £60 million City Deal, designed to transform Nottingham's economy and create wealth right across its communities. It sets out a series of measures for driving the city's economy forward, utilising Nottingham's strengths, including its world-renowned universities, central and cost-effective location, good transport and quality of life.

5.2.3 Four main areas of focus for regeneration have been identified within the City, each with key schemes that will make major contributions to delivering this growth (see figure overleaf). These include:

- **City Centre North** – an established area with civic, university and shopping uses; significant recent investment in Nottingham Trent University student union, student flats, event space and offices; and a £40m up-grade of the Victoria Centre. Key projects include:
    - A £110m scheme to redevelop the Guildhall as a luxury hotel and surrounding areas for grade A office space and student accommodation;
    - The Royal Transformation Project, a £3m investment in the Royal Theatre and Concert Hall to extend its opening and uses;
- **Southern Gateway** – transformation of the southern approach to the city, to deliver a thriving retail, leisure and education destination underpinned by a new business district and excellent transport links, including the creation of a £60m world class transport hub at the station. Key projects include:
    - The £150m redevelopment of the Broadmarsh Shopping Centre to greatly expand Nottingham's retail offer and assist the development of the visitor economy;
    - A major £24m refurbishment and improvement programme at Nottingham Castle to create a world class tourism attraction, part funded by HLF;

  - A landmark mixed use development scheme at Unity Square, with 30,000 sqm of Grade A office space and plans for a hotel in the heart of the emerging business district, in a prime gateway position facing the station entrance.
- **Creative Quarter** - this has been the flagship Nottingham City Deal project, supporting D2N2's priority sectors of creative industries and life sciences and driving the new Nottingham economy with dynamic businesses, creative outlets for music and art, and a variety of cafes and restaurants. Significant recent investment includes the establishment of the Antenna Media Centre, the £2.5m National Videogame Arcade and research hub, and BioCity. Key projects include:
  - The proposed 1500 capacity convention centre that builds on the success and linkage to the Nottingham Ice Centre that is an established sports and concert destination. The scheme involves the development of a 7 acre site adjacent to the Ice Centre to provide a world class venue for national and international events and conferences, incorporating a 5 star hotel, apartments and associated car parking;
  - The expansion of Bio-City, the UK's largest bio-science innovation and incubation cluster, with a new 50,000 sqft building for bio-science companies.
- **The Waterfront** – one of the largest development areas in the city, split between a southern area for housing, a central area for @energy City', and a northern mixed use area linking to the Creative Quarter.
  - The key project of interest to creating demand for hotels here is the development of the Island site, a 10ha strategic development site close to the city centre, previously occupied by Boots. A mixed use development is proposed here, including bio-science expansion, offices and residential.



5.2.4 Beyond the City Centre, key developments include:

- **The University and Enterprise Corridor** – Nottingham's centre for life sciences and innovative industries, tied in with the University of Nottingham and Queens Medical Centre as well as Walgreens Boots Alliance. This area will be boosted by improved connectivity via tram, and in time High Speed Rail. The development of four key sites within the Enterprise Zone is identified as vital to support technology-intensive companies that will define D2N2's international reputation; support will open up these sites for development, and also make a case for the extension of the existing D2N2 Enterprise Zone focused around Nottingham University into Infinity Park. Key projects include:
    - **MediCity** on the Boots Campus, refurbishing the Boots building as a health and beauty innovation centre; new advanced technology centre for Nottingham Trent at the Boots site for global healthcare product development ; Confetti Digital and Creative Training Centre.
    - **Nottingham Science Park**, providing 35,000 sqm of business accommodation, initial occupiers specializing in University based industries with an emphasis on clean technologies. Commercial space for life science businesses and bio-med sectors is also available here.
    - **Imperial Tobacco** – a 45ha site vacant in 2017 with potential to expand the Boots Campus.
    - **University of Nottingham Innovation Park**, a major extension to the University of Nottingham campus, with state of the art buildings providing space for cutting edge businesses and research.
- Further development at **NG2**, an established modern business park served by the expanding tram network, where key businesses such as Experian and Speedo are already based. The final phase of development here is proposed to include further offices and a hotel.
- **Beeston Town Centre** – there are proposals for Phase 2 of the Beeston Town Centre redevelopment, following the completion of the tram works which connects Beeston to the city and provides access to serve the neighbouring University campus and the Boots headquarters. The vision is for a mixed use cinema-led night-time economy development, which could include a hotel.
- **HS2 Rail Station at Toton** – Toton has been confirmed as the proposed location for the East Midlands Hub, which will serve both high speed rail services and local/regional rail services, and be connected to the tram system. The site is

located close to junction 25 of the M1, between Nottingham and Derby. A 5 year construction programme is proposed, with services expected to run from 2032.

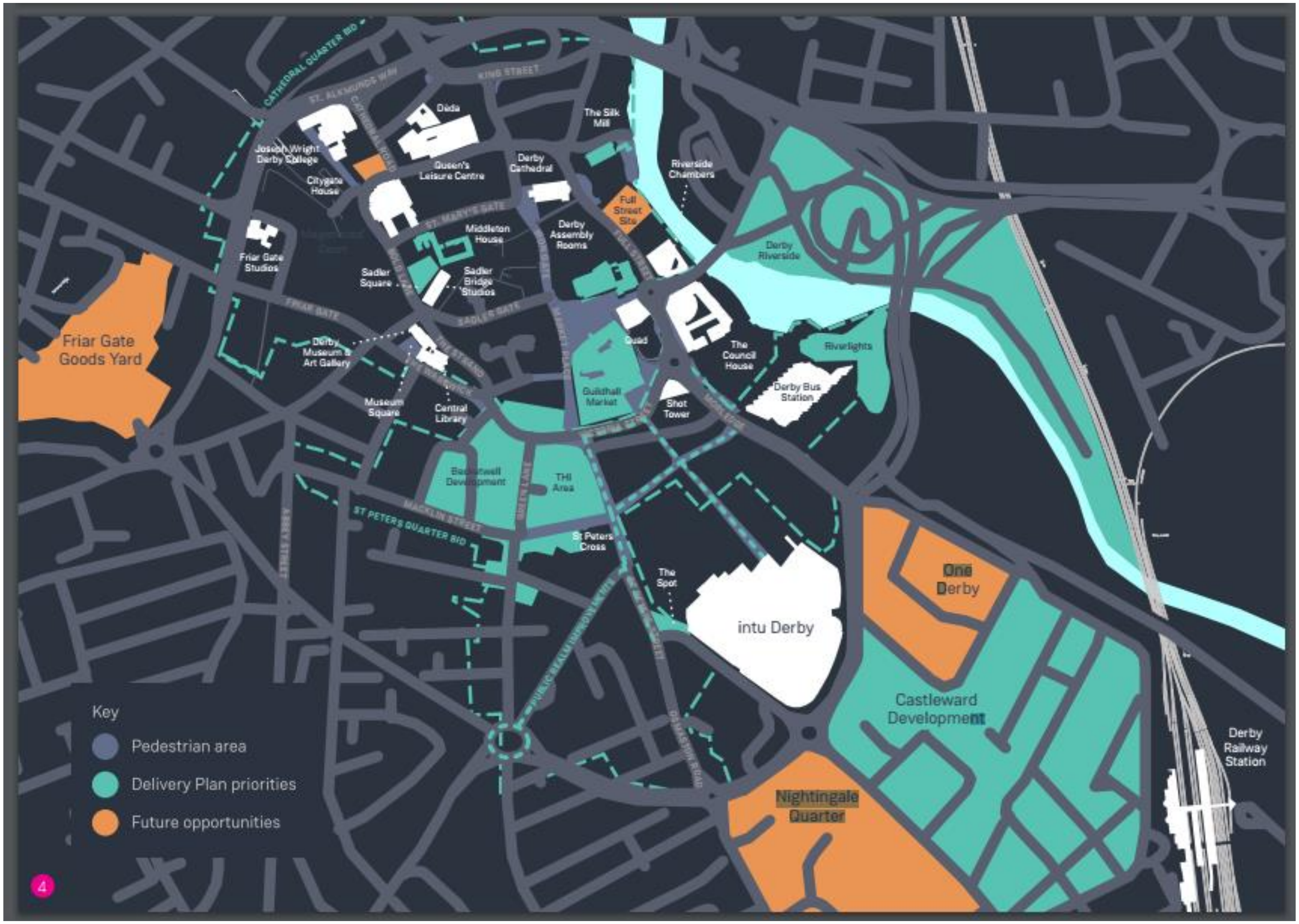
- **East Midlands Gateway** – this is a proposed Strategic Rail Freight Interchange next to East Midlands Airport that will accommodate up to 6 million sqft of new distribution and storage buildings. The rail freight terminal will have a direct connection with the National Freight Network.

Derby

5.2.5 Derby's 15 year Masterplan, launched in July 2016, looks to create 1900 new homes, 4000 jobs and attract £3.5bn of investment by 2030. It positions Derby as the UK's number 1 hi-tech city, at the heart of the country's aerospace, rail and automotive sectors, operating in global markets, with an expanding network of advanced technology businesses and professional services and an emerging creative sector. In terms of leisure appeal, its offer centres around the Derwent Valley Mills World Heritage Site and an active cultural and events programme. The Masterplan sets out a vision and ambitions for the city centre – to create a cultural, retail and leisure destination with a successful central business district and a thriving market for city centre living – with key regeneration opportunity identified, and priority projects for delivery within the next 5 years.

5.2.6 Below we detail some of these key schemes, with particular focus on those that have the ability to drive business and leisure tourism demand for hotels and other forms of visitor accommodation in and around the city. The plan overleaf shows the location of the main sites.

DERBY CITY CENTRE MASTERPLAN – KEY SITES



- **Assembly Rooms Performance Venue** - the key focus of the Delivery Plan for the next 5 years is the 3000 capacity performance and events venue in the city centre, on the site of the Assembly Rooms that were destroyed by fire. This will capitalize on the identified growth opportunity for the evening and night time economy. The venue will lead the economic regeneration of the City and is seen as the catalyst for further investment in the retail, leisure and office sectors. Initial feasibility work and business case preparation is underway, the options being a concert and comedy venue costing £20m, or a theatre and musical venue, at a cost of £50m. The value of the total scheme is £115m. An up-scale hotel is being considered as an option for the wider site.
- Other key city centre schemes likely to come forward in the early stages of the Masterplan delivery include **Becketwell** and **Riverlights Two**, both for retail, leisure and residential, plus the next phase of **Castleward**, a 38 acre site close to the station that will create an urban village that will on completion have 800 homes, a school and retail.
- **World Heritage Site regeneration** is also up for early delivery, including the renovation of the Silk Mill to create a new national museum and visitor attraction, the Museum of Making, and small start up workshops. The scheme has secured funding from Heritage Lottery, Arts Council and Local Growth Fund.
- **Cultural and Events Programme** – an active events programme has been key to the growth of Derby's cultural offer. As part of the Delivery Plan, Derby Live will lead a partnership initiative to grow a sustainable, diverse and vibrant programme of events to bring increasing numbers of visitors to the city.

5.2.7 Outside the city centre, business park development is planned which will also have the potential to drive additional corporate demand.

- **Infinity Park, Derby** - a flagship scheme, building on Derby's position as one of the UK's key centres of advanced manufacturing, with a focus on automotive, rail and aerospace industries and their supply chains. Infrastructure works being supported through the Local Growth Fund will accelerate delivery and open up Phase 2 of the Innovation Hub to provide world class innovation employment space, IT, business and technology support to attract suppliers to key businesses such as Rolls Royce, Bambardier and Toyota, and securing £196m of investment in Infinity Park. Hotel uses are planned in as part of the overall scheme.
- **Derby Triangle** – a 50 acre extension of Pride Park being developed by St Modwen that will deliver over 750,000 sq ft of business accommodation in office, warehouse, industrial and leisure space being proposed. It is anticipated 3000 jobs will be created on completion. A start on site is scheduled for Spring 2017.

Derby & Nottingham Metropolitan Strategy 2030

5.2.8 There is an ambition for Derby and Nottingham to work more closely together, recognizing the potential strength of the combined population and resources of the two cities, to establish national presence and international reputation. The shape this closer co-operation might take is still being sketched out, but an initial Metropolitan Strategy Action Plan covering the period 2016-2019 has been produced to begin putting a framework in place. The Metro Strategy ambitions include to promote Derby and Nottingham world-wide to attract new investment, support businesses to innovate, diversify and find new markets, increase productivity and strengthen supply chains, as well as develop talent and improve accessibility.

Elsewhere in D2N2

5.2.9 Other significant proposals that could potentially drive demand for hotel and visitor accommodation in other parts of the D2N2 area include:

Nottinghamshire

Business tourism demand drivers:

- **Vesuvius, Worksop** - the development of the 55 acre Vesuvius site by Commercial Estates Group for mixed use, employment, retail and leisure uses.
- **Thoresby Colliery** – to be developed by Harworth, with current Masterplanning including a 350 acre country park, a 25 acre business park (250,000 sq ft of employment space), a retirement village and residential development (800 dwellings).
- **Symmetry Park, A1 J34** - db symmetry are to develop a major distribution park on this 48 acre site, which has consent for 721,000 sq ft of employment space.
- **Mansfield and Ashfield Business Parks –** there are a number of business parks around Mansfield and Ashfield and served by the MARR that are the focus of major development, albeit they are at different stages. These include Ransom Wood Business Park (70 acre office park), Berry Hill (urban extension and hi-tech innovation park), Summit Park (45 acre industrial and logistics park) and Castlewood Business Park (B1, B2, B8 with 820,000 sq ft already built out). A number of these could accommodate a hotel.
- **Newark urban extension and employment site** - the new southern link road being supported through the Local growth Fund will open up 39ha of land to the south of the town for development for employment and residential uses.
- A series of major **infrastructure works and transport improvements** to un-lock key sites for both business development and major urban extensions, that will also generate contractor demand, including:
    - Newark Southern Link Road
    - Harworth access road
    - A57/A60 junction Worksop
    - A46 corridor projects, Rushcliffe
    - Mansfield urban extension/Sherwood Growth Corridor highway improvements

Leisure tourism demand drivers:

- **A new visitor centre for Sherwood Forest**, to be developed by an RSPB-led consortium that will design and build the new centre and manage it and Sherwood Forest Country Park and National Nature Reserve from 2018. The consortium also includes the Sherwood Forest Trust, Continuum Attractions and Thoresby Estate. The new visitor centre will represent an investment of £5.3m, and will include welcome and orientation spaces, a café, retail outlet, recreational space and cycling hub;
- **Pilgrim Fathers 2020** – the 400th anniversary of the sailing of the Mayflower presents an opportunity to promote the area around Scrooby, Babworth and Sturton –le-Steeple to attract visitors to commemorate the event, which will also be celebrated in the USA and the Netherlands, and raise the profile of this part of Nottinghamshire. Whilst this is a niche offer, it will provide an impetus to develop a wider Christian heritage offer and work with partners to increase capacity and further develop the product.
- **Wedding venue development** – the development of new wedding venues, which generally don't have associated overnight accommodation, presents an opportunity for hotels and other forms of visitor accommodation in the surrounding area to accommodate this demand, which can be significant and complement weekday business demand. An example is Hazel Gap Wedding Barn at Budby, near Newark.

Derbyshire

Business tourism demand drivers:

- **Chesterfield regeneration schemes** – Chesterfield is the focus of a number of major developments that could drive new demand for visitor accommodation. These include Chesterfield Waterside, a high quality mixed use development on 16ha on the edge of the town centre and adjacent to the river and canal. This £340m regeneration scheme will commence with the £75m development of Basin Square, a 55,000 sqm development delivering 310 apartments, 3000 sqm of offices, an 84 bedroom hotel with restaurants uses and associated parking. A second site at Elder Way will involve the redevelopment of the former Co-op site in the town centre, to deliver a Premier Inn, new restaurant and gym as part of a leisure and eating quarter. Work will start on site in 2017.
- **Riverside Business Park, Bakewell** – this is a 3 acre brownfield site being developed by Litton Properties for a mixed commercial development incorporating a hotel, to be operated by Premier Inn, with restaurant and leisure. Access and infrastructure works to enable the development are being supported by the Local Growth Fund. The scheme will create 300 jobs.
- **Th**e regeneration/remediation of the **Coalite site at Bolsover** for commercial business park and housing development, creating 1500 jobs, supported by £7m of funding from Derbyshire County Council and the D2N2 LEP.
- **Infrastructure programmes** include:
    - New access routes to facilitiate development at Ashbourne, Bakewell Riverside, Fairfield Link Buxton
    - Link road/regeneration route, Markham Vale Enterprise Zone
    - Access works, Rolls Royce business and residential development, Hucknall
    - Swadlincote regeneration route - New A511 link route between Swadlincote and Woodville to unlock land at Tollgate Park for commercial and residential development
    - A52 Derby Pride Park junction improvement
    - A61 Chesterfield junction improvement
    - Strategic Flood Defence Scheme along the Derwent.

Leisure tourism demand drivers:

- **Peak Resort**[1] – this is a £400m integrated year round leisure, health, sport and education resort to be developed on the Birchall Estate at Unstone outside Chesterfield. The proposal includes a mixture of accommodation and facilities – a luxury hotel to be developed with US company Grand Heritage, 250 woodland lodges and 'hobbit homes', 600 apartments, a Medi-Spa, a University campus for hospitality, wellness and sport, indoor water sports, adventure and other leisure facilities, 300 acres of parkland with walking and cycling trails. Work is due to start on site in 2017, and on completion should deliver 1300 new jobs.
- **Buxton Crescent and Thermal Spa** – the £50m redevelopment and restoration of the Crescent and Thermal Spa at Buxton marks a step change for the town and a real opportunity to change its market positioning and put the town back on the national and international map as a leading spa town. The project will create in excess of 140 permanent jobs, 350 construction related jobs and many more permanent jobs indirectly through new spa-related businesses resulting in a boost the local economy by over £4.5 million. The Crescent and Thermal Spa heritage experience and development of the Pump Room will also provide new indoor attraction for visitors, schools, tour groups and tourists. The 80 bedroom 5 star hotel will take up most of the Crescent and will incorporate the Assembly Rooms and a thermal natural mineral water spa in the Natural Baths. The project will also feature 6 retail units in the front ground floor. The project has been supported by HLF (£23.8m) and D2N2 (£2m).
- **Peak cycling initiatives** – cycling is an important attractor for the Peak District, and a series of initiatives are set to boost the potential of cycling's associated markets. These include the development and promotion of new routes, further development of cycling events such as the Peak Cycle Tour and Eroica Britannia, and support for cyclist welcome training and facilities, which combined have the potential to develop the area as a world class destination for cycling.

- **RHS at Chatsworth** – the Royal Horticultural Society is to partner with Chatsworth for a new annual flower show from 2017. The event is expected to attract over 90,000 visitors in its first year. The RHS identify the core market as 45-65 years old, and a similar up-market, affluent demographic profile to those that attend the

[1] Source: http://www.chesterfield.co.uk/developments/peak-resort/

Chelsea and Hampton Court Flower Shows, presenting a real opportunity to maximize the benefits these visitors can bring, and a need to provide a quality accommodation offer to match.

5.3. National Tourism Market Forecasts, Trends & Influences

5.3.1. Appendix 8 provides a summary of national tourism market forecasts, trends and influences. Key trends of relevance to visitor accommodation development in the D2N2 area are as follows:

- The continuing growth in demand for short breaks – a key opportunity for the D2N2 area, given the sizeable surrounding catchment populations that are within easy driving distance for short breaks.
- The growing generation of more active, leisure-focused, affluent and discerning older people that could be interested in taking breaks and holidays in the D2N2 area.
- The emerging new generation of Generation Y[1] short break and holiday takers that are going to be looking for different experiences from the places that they want to stay.
- The growth in weddings business and leisure trips linked to visits to friends and relatives that will result from population growth.
- The increasing interest in outdoor activity holidays and breaks, and the need for accommodation that is geared to this market.
- The growing demand for caravan, motorhome and camping holidays.
- The increasing interest in spa and health and wellbeing breaks.
- The growth in intergenerational family holidays and breaks.
- The trend for families and friends to get together for celebration weekends, reunions and weekends away – another strong opportunity for the D2N2 area, given its central location in the country.
- The continued growth in inbound tourism to the UK.
- The recovery in business tourism and the growing market for 'bleisure' trips, presenting opportunities for Nottingham and derby hotels.
- The growing market requirement for high quality, distinctive and contemporary accommodation.

[1] Also known as the Millennial Generation – people born in the 1980s/1990s who are now in their 20s and 30s

- The increasing dominance of online marketing and booking channels and social media for short break decision making and planning, enabling accommodation businesses to reach customers much more cost effectively than they have ever been able to before.
- The increasing importance of online customer reviews for accommodation booking decisions, and the need therefore for accommodation businesses to deliver a high quality guest experience to achieve high ratings and favourable reviews.

5.3.2. These forecasts, trends and influences all point to opportunities for future growth in visitor accommodation demand in the D2N2 area; a need for high quality accommodation and excellent service; and a need for accommodation products that respond well to the needs of the key growth markets.

6. INTEREST IN VISITOR ACCOMMODATION DEVELOPMENT

6.1. Visitor Accommodation Development Proposals & Sites

6.1.1 Intelligence about visitor accommodation development proposals has been gathered from a number of sources:

- Records from local authority planning registers;
- Feedback from the existing visitor accommodation businesses that we interviewed;
- Feedback from the hotel and visitor accommodation developer consultees;
- Sites and properties suggested by local authority consultees that have not gone through the planning system but that have been identified as having possible potential for visitor accommodation development – in some cases in the Councils' own ownership.

6.1.2. It should be noted that the range of data supplied by local authorities was not consistent. We requested a run of planning applications for visitor accommodation for the past 5 years which despite chasing was not forthcoming for all parts of the D2N2 area. Where it was possible to search planning records online using visitor accommodation descriptors we have done so, but not all systems permitted us to do this, so there are some gaps We are particularly conscious of only having hotel planning data from High Peak, and not other forms of visitor accommodation. Despite this, and the fact that with such large numbers of schemes/sites the depth of analysis was necessarily superficial, it does provide an indication and interest and intent as well as a direction of movement in the sector

6.1.3 A total of 460 visitor accommodation development proposals and possible sites were identified through the above research, the majority of which (90%) were proposals, either with planning or where the principle of the visitor accommodation use had been incorporated into a wider plan or strategy that inferred intent rather than just aspiration. The tables overleaf show the breakdown of these schemes by location and type. A more detailed list can be found at Appendix 9.

D2N2 PROPOSALS AND SITES – SUMMARY OVERVIEW – BY COUNTY & TYPE OF ACCOMMODATION

TYPE OF VISITOR ACCOMMODATION	DERBYSHIRE			NOTT'SHIRE			TOTAL		
	PROPOSALS	SITES	TOTAL	PROPOSALS	SITES	TOTAL	PROPOSALS	SITES	TOTAL
HOTEL	53	15	68	38	15	53	91	30	121
PUB ACCOMMODATION	5	-	5	7	-	7	12	-	12
B&B/GUEST HOUSE	5	1	6	-	1	1	5	2	7
SELF-CATERING	174	2	176	22	1	23	196	3	199
CARAVAN & CAMPING & PODS	38	8	46	13	-	13	51	8	59
GLAMPING	6	-	6	2	1	3	8	1	9
HOLIDAY PARK	5	-	5	4	-	4	9	-	9
HOLIDAY LODGE PARK	7	1	8	6	-	6	13	1	14
HOLIDAY LODGES	12	-	12	2	-	2	14	-	14
YOUTH & GROUP ACCOMMODATION	13	1	14	2	-	2	15	1	16
GRAND TOTAL	**318**	**28**	**346**	**96**	**18**	**114**	**414**	**46**	**460**

D2N2 PROPOSALS AND SITES – SUMMARY OVERVIEW – BY DISTRICT AND TYPE OF ACCOMMODATION

	DERBYSHIRE									NOTTINGHAMSHIRE									INC IN TOTALS		
TYPE OF VISITOR ACCOMMODATION	**AMBER VALLEY**	**BOLSOVER**	**CHESTERFIELD**	**DERBY**	**DERBYSHIRE DALES**	**EREWASH**	**HIGH PEAK**	**NORTH EAST DERBYSHIRE**	**SOUTH DERBYSHIRE**	**ASHFIELD**	**BASSETLAW**	**BROXTOWE**	**GEDLING**	**MANSFIELD**	**NEWARK & SHERWOOD**	**NOTTINGHAM**	**RUSHCLIFFE**	**TOTALS[1]**	**REFUSALS**	**CHANGE OF USE**	**PEAK PARK[2]**
Hotel Proposals	4	3	6	8	13	1	8	2	8	1	6	1	4	4	7	9	6	91	1	10	8
Hotel Sites	2	3		9	-	-	1	-	-	1	1	-	-	3	4	3	3	30			
Hotel Total	6	6	6	17	13	1	9	2	8	2	7	1	4	7	11	12	9	121	1	17	8
Pub Accom. Proposl					2		1	2			5				1		1	12		1	3
Pub Accom. Sites																		-			
Pub Accom Total					2		1	2			5				1		1	12		1	3
B&B/GH Proposals					2		2		1									5			4
B&B/GH Sites	1														1			2			
B&B/GH Total	1				2		2		1						1			7			4
Self-catering Proposl					137		22	1	14		6		6		6		4	196	19	3	92
Self-catering Sites	1				1										1			3			
Self-catering Total	1				138		22	1	14		6		6		7		4	199	19	3	92
C&C& pods Proposls					27		1	2	8		5				5		3	51	6		19
C&C& pods Sites	2	2			1		2	1										8			
C&C& pods Total	2	2			28		3	3	8		5				5		3	59	6		19
Glamping Proposals			1		3		1		1		2							8	1		3
Glamping Sites													1					1			
Glamping Total			1		3		1		1		2		1					9	1		3

[1] Derbyshire + Nottinghamshire
[2] Included in totals

	DERBYSHIRE									NOTTINGHAMSHIRE									INC IN TOTALS		
TYPE OF VISITOR ACCOMMODATION	**AMBER VALLEY**	**BOLSOVER**	**CHESTERFIELD**	**DERBY**	**DERBYSHIRE DALES**	**EREWASH**	**HIGH PEAK**	**NORTH EAST DERBYSHIRE**	**SOUTH DERBYSHIRE**	**ASHFIELD**	**BASSETLAW**	**BROXTOWE**	**GEDLING**	**MANSFIELD**	**NEWARK & SHERWOOD**	**NOTTINGHAM**	**RUSHCLIFFE**	**TOTALS[1]**	**REFUSALS**	**CHANGE OF USE**	**PEAK PARK[2]**
Holiday Park Proposl					2		1		2		4							9	1		1
Holiday Park Sites																					
Holiday Park Total					2		1		2		4							9	1		1
Holiday Lodge Pk Pr			2		3			1	1						5		1	13	2		
Holiday Lodge Pk Sit									1									1			
Holiday Lodge Pk Tot			2		3			1	2						5		1	14	2		
Holiday Lodge Props	1				4				7		1		1					14	3		
Holiday Lodges Sites																					
Holiday Lodges Total	1				4				7		1		1					14	3		
Youth/Gp Proposals			1		6		5		1						1	1		15	1		13
Youth/Gp Sites					1													1			
Youth/Gp Total			1		7		5		1						1	1		16	1		13
Total Proposals																					
Total Sites																					
GRAND TOTAL	**11**	**8**	**10**	**17**	**202**	**1**	**44**	**9**	**44**	**2**	**30**	**1**	**12**	**7**	**31**	**13**	**18**	**346 + 114 = 460**	**34**	**21**	**143**

6.1.4 In terms of a spatial analysis:

- By far the largest majority of these schemes and sites (75%) are in Derbyshire (346 out of 460).
- Within this, 31% (143 proposals/sites) were in the Derbyshire part of the Peak District National Park; as a proportion of Derbyshire (as opposed to D2N2) schemes and sites, these represented 41% of proposals and sites.
- Drilling down to individual Districts, Derbyshire Dales appeared to have seen the most activity, with 202 proposals and sites, 44% of all of those for the D2N2 area, and representing 58% of all Derbyshire schemes.
- Other concentrations of activity include:
    - High Peak (44 schemes/sites, 9.6% of D2N2 totals and 12.7% of Derbyshire totals);
    - South Derbyshire, also 44 sites/proposals;
    - Newark & Sherwood, with 31 sites and proposals representing 6.7% of D2N2 totals and 27.9% of Nottinghamshire's totals;
    - Bassetlaw with 30 schemes and sites, (6.7% and 26.3% respectively).
- We identified a total of 34 schemes refused at planning – 8.2% of all proposals, though as not all proposals had come through the planning system the percentage of planning applications is likely higher than this. Only 7 of these were in Nottinghamshire, the remaining 27 being in Derbyshire, predominantly in the National Park and Derbyshire Dales. We pick up on this in more detail in section 7 of this report.
- We also identified 22 change of use applications – 77% of these were hotels, predominantly looking to convert to residential.

6.1.5 In terms of analysis by type of accommodation:

- The greatest number of proposals were for self-catering (199/43.2%), largely for individual units or small numbers of units, frequently barn conversions, with the occasional small complex. 88% (176) of these proposals were in Derbyshire.
- Hotel proposals and sites ranked second, with 121 schemes, 26.3% of the D2N2 total, more evenly split between the two counties (68 Derbyshire, 53 Nottinghamshire). These included a lot of potentially speculative applications and aspirations for hotels, some, given our market analysis, likely to be unrealistic in terms of delivery. There were few operators associated with sites, including

those put forward for planning, unless an existing hotel. There was more of an urban and city focus to hotel proposals and sites compared to most of the other forms of visitor accommodation.

- Third in terms of number of schemes and sites was caravan and camping, including camping pods, with 59 schemes, 26.3% of the D2N2 total, with 78% being in Derbyshire. These were a mixture of new sites, additional pitches to existing sites, adding pods or glamping to existing operations, putting in hard standing pitches to help extend the season, improving toilet and shower blocks, and applications to change conditions of opening to achieve a longer season or year-round use. There was an element of activity drivers adding camping, caravan pitches and pods, e.g. fisheries, watersports centres, a gliding club, as well as pubs adding caravan and camping facilities. Potential sites included a number of local authority owned properties, notably country parks.
- Very few glamping schemes or potential sites were identified through our research – only 9, mostly small numbers of shepherd's huts and yurts. It is not clear why so few glamping proposals are coming forward in the D2N2 area, given the increasing popularity of glamping and growth in glamping supply in competitor destinations, including National Parks.
- In terms of holiday parks (caravan holiday homes) and holiday lodge parks there were not many schemes, but they represent potentially significant developments. In terms of scale, they range in the main from 30 units to over 100 units, but include schemes in excess of this as delivered by Center Parcs, and proposed at Peak Resort and Clumber Park. Some of the applications were for up-grading and extending existing sites, as at Center Parcs, and introducing new units such as Treehouses.
- There were 16 schemes/sites for youth and group accommodation, with 12 of these in Derbyshire, mostly in Derbyshire Dales and High Peak and within the National Park. The overall numbers include the student accommodation available outside term time at the proposed Peak Resort but most other schemes were small scale e.g. camping barn conversions.

6.1.6. Appendix 9 provides a list of significant hotel and visitor accommodation projects in the D2N2 area that appear to have momentum behind them. Key observations on this list of projects are as follows:

- Buxton is a key focus for hotel development and improvement. This is the location of the most ambitious current hotel project in the D2N2 area – The Crescent Hotel and Thermal Spa, which is now under construction and due to open in 2019. Its developers are also planning to upgrade the adjoining Old Hall Hotel, and may bring the former George Hotel back into use as a hotel. There are also plans in Buxton for the demolition of the Buckingham Hotel and replacement with a new high quality 110-bedroom hotel.

- The other major hotel development planned in the Derbyshire Peak District is the proposed 100+ bedroom hotel on the site of the former Marquis of Granby at Bamford. It is understood that there is now firm interest in taking this scheme forward from a very credible operator.

- Chesterfield is another focus of hotel development, with a new Premier Inn under construction in the town centre, proposals for three further hotels at various stages, and the possibility of the Chesterfield Hotel reopening as a hotel.

- Other major hotel schemes in Derbyshire are the proposed expansion of the Hotel Van Dyke at Clowne to take it up to 101 bedrooms; a possible hotel at the Markham Vale Business Park; a hotel proposal at Denby Pottery; and two potential hotels as part of the Infinity Park business park at Derby.

- The proposed conversion of The Guildhall in Nottingham into a conference centre, 4 star hotel and offices, and the conversion of Kelham Hall at Newark into a luxury country house hotel are the most ambitious hotel schemes in Nottinghamshire. There are also proposals for two further hotels in Nottingham; a Travelodge and small boutique hotel in Newark; a 39-bedroom budget hotel adjacent to The Lock Keeper pub restaurant in Worksop; and a possible 100-bedroom hotel in Retford.

- As well as hotel schemes, there are also a number of proposals for major holiday village and holiday lodge park developments in the D2N2 area. The Peak Resort on the Birchall Estate to the north of Chesterfield is by far the largest of these schemes. There are also proposals for major holiday lodge parks in Nottinghamshire, at Worksop and Kilvington, as well as potential for The Sherwood Hideaway at Thoresby to expand. In addition, there are a number of proposals for more modest holiday lodge developments.

- In terms of major caravan and camping site schemes, the Longnor Wood Holiday Park is currently applying for permission for 12 luxury caravan holiday homes that it plans to market through Hoseasons' Bouja boutique caravan breaks brand; the Caravan Club is planning a major redevelopment of its Castleton site, and Hallcroft Fisheries in North Nottinghamshire is planning to add a touring caravan site, holiday lodges and caravan holiday homes.

6.2. Visitor Accommodation Developer Interest

6.2.1 A survey was undertaken of visitor accommodation developers, operators and investors to test potential interest in being represented in Derbyshire and Nottinghamshire – either via acquisition (and further development/re-positioning) of an existing business, or in the form of new visitor accommodation developments. Their interest is a 'live' indicator of market potential, but also an opportunity to explore their site requirements, any issues surrounding the development of their offer, barriers to bringing investment forward, and to 'warm up' that interest by making them aware of the market research and identified opportunities.

6.2.2 The research was undertaken via email and telephone surveys with the owners and senior management teams of visitor accommodation developers, operators and investors, and in some cases with agents representing them and playing an active part in their site finding, acquisition, planning and development programmes.

6.2.3 Identifying a sample for this element of the research has not been straightforward for a number of reasons. In particular, many of the types of development opportunity appropriate to the small towns and rural areas of Derbyshire and Nottinghamshire are relatively small in scale and most likely to be taken up by independent operators or small regional groups. These are much more difficult to identify, to get access to, and to secure a response from, compared to national branded operators who have established acquisitions teams with a dedicated development role. Any interest identified in this element of the research therefore is likely to provide only a partial picture in terms of the likely up-take of development opportunities.

6.2.4 The sample was drawn from Hotel Solutions' database of sector contacts, as well as operators emerging from the additional modules of research undertaken, and was structured to:

- Be representative of the full range of visitor accommodation development opportunities identified in the market research;
- Include national operators associated with any key proposals in and around the study area;
- Target other national brands known to be active in the market, both in core and niche visitor accommodation provision, with brands that have good fit to the identified market potential;
- Incorporate regional visitor accommodation developers and operators that are represented in the D2N2 area and/or the surrounding area, who have been actively acquiring and developing, and who might reasonably consider additional representation.

6.2.5 The sample comprised a total of 60 visitor accommodation developers, operators, investors and agents. Whilst there is an element of commercial confidentiality to their responses, below we summarise these collectively, drawing out where appropriate key messages relating to particular issues, locations and types of visitor accommodation.

D2N2 as an Investment Location for Visitor Accommodation

6.2.6 The D2N2 area is made up of multiple 'destinations' from a tourism market perspective, which is reflected in the perceptions of hotel and visitor accommodation developers, operators and investors. These comprise principally:

- The two cities of Nottingham and Derby, which have sufficient populations and business bases to feature on the target acquisition lists of hotel companies if not already represented there;
- The Derbyshire Peak District, a nationally known leisure destination and 'jewel in the crown' of the D2N2 area in terms of leisure market appeal;
- Awareness of some other destinations with leisure market pulling power such as Sherwood Forest, linked primarily to activities such as cycling, walking and fishing;
- There was more limited knowledge of the smaller towns in the D2N2 area and what their potential might be, and similarly in terms of the rural areas beyond the Peak District and Sherwood Forest.

6.2.7 There were some generally positive dimensions to the area as an investment location for visitor accommodation that included:

- Location in terms of catchment population, particularly access to and from the major cities and conurbations that surround the two counties, including Manchester, Birmingham and Sheffield;
- Good access and relatively swift travel times via the M1, A1 and inter-city rail services;
- An attractive environment and setting for visitor accommodation development in rural locations such as the Derbyshire Peak District, together with the draw of activities such as walking and cycling providing a motivation to visit;
- Some awareness of demand related to sporting events and teams – football, cricket, watersports – and also city events and concerts.

6.2.8 Clearly responses vary according to the nature and type of the product concerned, for example, beyond Nottingham and Derby the lack of sizeable towns in the study area means that many of the larger and more up-scale hotel brands would not consider developing here due to the lack of a critical mass of population and businesses to support a 100+ room hotel. However, budget hotel operators with business models that work with smaller numbers of rooms and with a wider distribution network will consider towns with a much more limited population base. In terms of hotel products that rely on a leisure-driven market, the image of locations such as the Derbyshire Peak District in terms of market potential is strong, and is similar for those non-serviced visitor accommodation businesses that require a rural setting.

Interest by Type of Visitor Accommodation

6.2.9 Interest by type of visitor accommodation is summarised in the table overleaf, noting brand, type of product and location where this was specified.

6.2.10 At the time of writing, 30 responses had been received, of which 23 had some interest in visitor accommodation development in the D2N2 area. Some had secured or were in the process of securing sites or businesses for new development; in other cases the responses represent targets or aspirations for that developer, operator, investor or brand. Having said this, a lot of development is opportunistic, and many were prepared to consider sites and opportunities on an individual site by site basis – the things that would pique their interest in these cases being dealing direct with a landowner, an investor lined up for the scheme, and a market feasibility or assessment evidencing demand and potential. In addition to the 22 interested respondents, a further 6 that did not respond are known to have, or have had plans for visitor accommodation development projects in the D2N2 area, including several with planning.

6.2.11 Those that were not interested in hotel or other forms of visitor accommodation development in the D2N2 area quoted a variety of reasons for this. These included:

- Already being represented in the area/key locations that met their criteria.

- Having a focus on other geographic priorities, the rationale for this being a mix of:
    - Lifecycle stage of the business;
    - Aiming to get geographic spread nationally;
    - Focussing on the biggest business or leisure destinations first before considering secondary and tertiary locations for development;
    - Other drivers such as global investors that wanted development effort spread internationally;
    - Regional investors, developers and operators wanting to look for opportunities in quite a tightly defined area of search;
    - The affluence of the South of England drawing investment particularly for more up-market offerings where level of spend is critical to viability;
    - The appreciating value of property investment in the South – although this comes with a higher entry level and stronger competition from alternative uses – the asset value is a plus.

- The feedback in relation to branded hotel operators and developers is worthy of more detailed comment here, which particularly relates to the nature of the hotel market, both real and perceived:
    - Both Nottingham and Derby have an historic reputation for being 'low rated' markets. Industry monitors like BDO's Hotel Britain publish the results of their hotel performance surveys annually, and this intelligence is absorbed by the hotel investment and operating community.
    - The key performance indicators of occupancy and achieved room rate combine to give a revpar that informs the hotel investor/developer/operator as to whether their particular brand/business model can likely be supported in that destination. The feedback is that what is being achieved in Nottingham and Derby – the

two locations that branded operators with offers above budget/economy hotel brands will consider – will not support 4 star development and in many cases will struggle to support 3 star and in some cases limited service hotel development.

- There is an element within these performance figures that reflects a relatively tired product in need of investment, but even allowing for this, there is no evidence that the top rates being achieved in other regional cities could be there to support full service and luxury offers.
- D2N2's cities and towns are competing for hotel investment with the rest of the UK and indeed internationally; featuring down the pecking order of market performance requires some significant alternative advantages to get these destinations anywhere near a level playing field amongst these hotel investors and operators. The form this might take could range from cheaper property prices/site deals through to public sector financial intervention, from grants to advantageous rates of borrowing. Whatever the route, the underlying market potential has to be there in order not to skew the market – these are tools to bridge a gap, bring development forward where the market perceives risk, and confer wider benefits over and above what the hotel can deliver alone. (See Appendix 12).

6.2.12 Below we include some comments from hotel developer and operator consultees that articulate the above in more detail, and particularly in relation to the positioning of the D2N2 towns and cities.

> *'Our focus is really on the larger towns and cities in this patch – we need a good base of corporate demand to make them work and solid rates'.*

'On a general basis, we are looking to deploy our limited service and possibly 3 star brands in the two cities. The sub-markets you mention are not on our radar but someone coming to us with a supportive market study may be able to convince us'.

'We have looked at Nottingham historically but the rate and market has always seemed poor, hence it is not a market that is on our radar'.

'Derby is a suppressed market, the product is poor, but there is also a rate ceiling'.

'We are concerned about achievable revpar in these cities'.

'The nature of our brand means that we have to be central in any city, surrounded by bars and restaurants and on the circuit. As it is a new brand we need to build the brand first in big cities before going into secondary towns'.

'These are not cities I would be actively chasing, but if the right thing came my way…… maybe. Cities like these would have to have prominent central sites'.

'We have looked at sites in both Derby and Nottingham; although not on our target requirement list, our view is that for the next 12-18 months these cities are not a priority but should a fantastic building become available on favourable terms we would consider the merits of that particular opportunity'.

'Our focus has been largely on London because the market is so strong here. However, we are now starting to look outside London. Cities like Derby and Nottingham are an unknown – they have no image as sexy/hip cities and rate is a concern – but with incentives that would lower the capital investment required this could change our perspective. We are prepared to take a look'.

VISITOR ACCOMMODATION DEVELOPER/OPERATOR/INVESTOR INTEREST IN DERBYSHIRE AND NOTTINGHAMSHIRE

Type	Developer/Operator/Investor/Agent Interest	Interest by Location
Luxury boutique/lifestyle/4 star hotels	AC by Marriott Bespoke Helmsley Hospitality Hilton Radisson Red The Osborne Group/ Danubius Hotels	Nottingham Derbyshire Peak District Buxton
Luxury country house hotels	Devonshire Helmsley Hospitality	Derbyshire Peak District
Boutique hotels	16 Hospitality Devonshire Hotels Finesse Kelham Hotels Helmsley Hospitality	Derbyshire Peak District Ashbourne Buxton Bakewell Newark
3 star hotels	Courtyard by Marriott Four Points Hilton Garden Inn	Nottingham Derby
Upper tier budget/budget boutique hotels	Moxy Aloft Hampton by Hilton Z Hotel	Nottingham Derby
Budget hotels	Easyhotel Premier Inn Travelodge Marston's	Alfreton Bakewell Buxton Chesterfield Derby Ilkeston Mansfield Newark Nottingham South Normanton West Bridgford Worksop
Aparthotels/serviced apartments	Birchover	Nottingham

Type	Developer/Operator/Investor/Agent Interest	Interest by Location
Pub accommodation	Dan Derry Marstons Revere Wetherspoons Independent developers/operators[1]	Ashbourne Bakewell Belper Bingham Buxton Long Eaton Newark Nottingham South Normaton Swadlincote Across the study area
Holiday lodge parks	Habitat First Natural Retreats Pinelodge Holidays	Derbyshire Peak District Rural Derbyshire Willington Sherwood Forest
Holiday lodges	Featherdown Natural Retreats Independent developers/operators	Derbyshire Peak District Sherwood Forest Across the study area
Holiday cottages	Natural Retreats Independent developers/operators	Bakewell Across the study area
Touring caravan & camping sites	Independent developers/operators	Across the study area
Camping pods	YHA Independent developers/operators	Derbyshire Peak District Across the study area
Glamping	Featherdown Lanterns and Larks Independent developers/operators	Derbyshire Peak District Sherwood Forest Across the study area
Bunkhouses/camping barns	Independent developers/operators	Derbyshire Peak District
Hostels	Eurohostel? YHA Two national hostel operators	Derbyshire Peak District Nottingham

[1] Including indications of intent from planning/proposals review

7. BARRIERS & CHALLENGES

7.1. Introduction

7.1.1 The proposals, sites and potential interest we have identified in Sections 6.1 and 6.2 are at different levels in their conception, design and potential implementation. What these indicate is a level of potential interest should conditions permit the progression of an initial idea to a deliverable scheme on the ground. However, the various strands of research have also identified a number of barriers to entry in terms of investing in or developing new visitor accommodation in the study area, some of which vary by type of accommodation and location.

7.1.2 By way of introduction, the response from one consultee, a national branded hotel developer and operator, summarises the scope of the challenges being faced and their implications in terms of securing development on the ground:

> *'Low revpar and low chance of that changing significantly, the living wage, business rates, s.106, CIL, planning risk, site availability, land cost, low demand growth, councils having outlandish ideas on design, BREEAM rating or just a belief that high end full service hotels are what their city needs… how long a list would you like? Ultimately if revpar was high it becomes easier to deal with all these things, but in cities like this the revpars are such that returns are wafer thin and anything and everything can trip up a deal'*.

7.1.3 Tackling these barriers is likely to be key to realising the potential for the future development of both existing and new visitor accommodation in Derbyshire and Nottinghamshire going forward.

7.1.4 Below we look at the issues in more detail, specifically in relation to the nature of the market, planning policy and its implementation, and the availability and deliverability of sites.

7.2. Market Barriers

7.2.1. The room rates that hotels are currently able to achieve in many parts of the D2N2 area are clearly a significant barrier to full service 3 and 4 star hotel development. Corporate hotel markets are highly competitive across the D2N2 area, with hotels competing largely on price to secure a share of local corporate demand. In Derby and Nottingham, a small number of very large companies with significant requirements for hotel accommodation are able to command very low room rates from the cities' hotels. Weekend demand is also largely price driven, other than in the Derbyshire Peak District, for golf hotels and the adults only Thoresby Hall Hotel, and for Nottingham city centre hotels on Saturday nights.

7.2.2. Seasonality, the lack of midweek corporate demand, and more price driven winter leisure business could be barriers to investment in existing hotels and new 3/4 star and country house hotels in the Derbyshire Peak District. Much will depend on the extent to which hotels are able to achieve high room rates in the summer, and whether they can attract midweek residential conference and weddings business in the winter.

7.3. Planning Barriers

7.3.1 Planning featured high on the list of obstacles to bringing visitor accommodation schemes forward, particularly though not exclusively in the Peak District National Park, and to a lesser extent in the wider D2N2 rural area. Some of the comments below relate to planning issues experienced in the study area, but developers and operators also highlighted planning issues drawn from their wider experience of developing in cities, towns, rural areas and sensitive landscapes – both AONBs and National Parks – across the UK. This is helpful in identifying what to avoid, whether directly experienced in the D2N2 study area or not, but also some of the solutions and approaches adopted in similar locations that the client group can learn from and potentially build into future action planning.

7.3.2 There are several dimensions to issues surrounding planning:

- Extremely restrictive planning policies in rural areas, particularly limiting developments of scale, but also smaller scale proposals.

- In terms of the spatial dimensions to this, it came out very strongly in relation to the Peak District National Park from both operator feedback and the review of planning applications. Outside the National Park we also found evidence of multiple refusals of planning permission in Derbyshire Dales and Newark & Sherwood.

- The refused schemes include holiday lodges, touring caravan and camping sites, applications for small numbers of camping pods and shepherd's huts, conversion of a barn to a bunkhouse, and applications to vary opening conditions.

- Existing hotel, caravan site, lodge, hostel and self-catering operators reported:

    - Detailed design conditions being imposed that add significantly to costs;
    - Restrictions on opening and refusal to extend or lift these, resulting in businesses being unable to take long lets in winter or to otherwise optimise their revenue, potentially impacting on the long-term viability and sustainability of their businesses;
    - Portakabin-style buildings being refused for caravan/camp site toilet blocks but permitted nearby for community facilities.

- Within the Peak District National Park in particular, this appears to have created such a negative planning environment that several operators and potential developers/operators reported that they simply don't feel it is worth trying to progress desired schemes such as hotel bedroom extensions because it is so difficult to secure planning, and that even if planning could be secured, design and other conditions likely to be imposed by the planners are in danger of making schemes non-viable.

- There is also a particular constraint in the Peak District National Park in relation to holiday lodges, for which there appears to be a blanket ban. One operator with existing sites in the study area said they had now given up looking for a site to develop a holiday lodge park in the National Park because of the NPA's policies.

- These concerns are articulated in some of the comments we received from consultees relating to development in the National Park:

  'We have lots of ideas for visitor accommodation projects we would like to bring forward but planning is the big barrier'

  'It feels like it's a waste of time even having a conversation with the planners'.

  'The Derbyshire Peak District is significantly under supplied with hotel accommodation – yet we can't expand supply to meet demand because of planning restrictions'.

  'This is not just about new development – in practice the NPA are not even sympathetic to supporting existing businesses'.

  'We would be prepared to allocate significant investment to visitor accommodation development in the Peak Park if we could have a rational conversation about planning. There has to be a more balanced view that will allow sensitive development to come forward: estate owners are in this for the long term and should be able to work with the planners to get it right for all parties and secure the future of the countryside and those who live, work and visit it'.

7.3.3 From the planning authority point of view, the concerns appear to be about:

- Permanency of visitor accommodation such as lodges compared to for example caravans and tents; this has also been applied to camping pods and potentially to glamping, if in requiring a base to be set down they leave a permanent imprint on the landscape;

- The visual impact of visitor accommodation developments on the natural landscape and the character of properties, resulting in some of the design conditions and restrictions on opening, as well as refusals of planning;

- Traffic impacts, particularly for developments of scale, but even with smaller developments they can be judged on their accessibility by public/sustainable transport methods;

- Residential development, or the scope for visitor accommodation to be used for permanent residence – though occupancy conditions are capable of limiting this legally;

- The potential for caravan sites to be used by the gypsy and traveller community in areas where this is a particular issue;

- Preserving Green Belt, though there are 'hooks' within Green Belt policy that can sometimes enable permission to be granted

7.3.4 Whilst we appreciate that there may be particular circumstances around an individual site or building that warrant refusal on one or more of these grounds, we as consultants see evidence of these issues being overcome in other sensitive rural landscapes, including National Parks, using a variety of different mechanisms, and in doing so allowing the visitor accommodation sector to flourish, support the rural economy, and benefit local communities. There is a danger that tourism projects are being unfairly discriminated against, given the impact of large and very visually intrusive agricultural buildings on the landscape that have been permitted, compared to say well screened holiday lodges that are being refused, yet both have the ability to confer significant and complementary economic benefit.

7.3.5 Other generic planning issues that have been identified by developers and operators of hotels and visitor accommodation including in urban areas include:

- The planning process, in terms of the time it takes to get decisions and the volume of associated documentation;
- The requirement for investigations to support applications adding to cost but also to time delays;
- A failure to recognise the commercial implications of what is being requested as part of the planning process and the cost and time delay implications;
- A need for some degree of certainty around the likelihood of getting planning especially where significant costs would be incurred to work up a scheme;
- BREEAM requirements, which particularly at Excellent can incur significant additional costs;
- Likewise, with CIL requirements, though the majority of local authorities we have worked with have not applied these to hotels/visitor accommodation, those which have are adding a substantial barrier to hotel investment;
- Sequential test issues for any development beyond a town centre – a particular issue for hotels on business parks or at other demand drivers such as marinas, leisure parks and attractions, and also for pubs wanting to add bedrooms, that might be in suburban locations, along busy routeways or in the countryside;
- The need for staff accommodation, for hotels, lodges parks, caravan and camping sites – often refused on residential development grounds, but needed for the operation and security of the visitor accommodation business.

7.4. Funding for Hotel & Visitor Accommodation Development

7.4.1 Other barriers to accommodation development relate to funding and the difficulty in securing it. Since 2008, the availability of funding for visitor accommodation development schemes – as with the general development market – has been a challenge to secure, often requiring larger amounts of equity, with available lending at higher rates and end values lower, all resulting in smaller margins and often a difficulty in getting schemes to stack up. There has been some improvement in the funding climate since the performance of the hotel and visitor accommodation sector has improved. Certainly for the hotel sector, 2012 proved something of a turning point, with occupancies getting back towards pre-recession levels, followed by recovery in achieved room rates and revpar in subsequent years, but for many funding still remains a challenge.

7.4.2 In a difficult funding climate, the availability of other sources of finance, such as LEADER grants, could make all the difference to getting a scheme off the ground. Local Authorities have also begun to invest in hotel schemes which are providing a reasonable return on investment and an opportunity to influence schemes coming forward. The ability of local authorities to borrow at preferential rates through Public Works Loans, access to HLF and Regional Growth Fund have all helped get hotel schemes off the ground where the total funding package had proved a challenge. One international hotel company interviewed as part of this study cited financial support from local authorities as being key to getting deals done, quoting 3 schemes where LEPs were supporting projects, two projects where they were currently negotiating grants, and 5 projects where local authorities have directly invested, with project costs from £14m - £50m.

> '*This is the most interesting. Local authorities can borrow extremely cheaply and are using this leverage to make things happen. It's brave but if you're borrowing at say 2%, the world has to end for a hotel to deliver anywhere near that type of return on the investment. If it is backed up with a major national and international brand, it creates business rates, employment and an income flow for the local authority*'.

7.4.4 There is a delicate balance in terms of the viability of schemes where associated costs and need for quality are high, but income limited by seasonality constraints. National Parks and heritage locations are good examples of this, particularly in leisure-led markets. Infrastructure costs associated with schemes in rural areas are also frequently high and require a critical mass of development to bear them which might be deemed inappropriate in a National Park or other sensitive setting. The viability concern has also been mentioned in relation to camping barns, which require a relatively high development cost but as low cost accommodation bring in limited returns.

7.5. Site Availability & Deliverability

7.5.1 The availability, suitability and deliverability of sites is also a significant barrier to investment in parts of the D2N2 area. This is clearly the case in the Peak District National Park, but applies not just here. Acquiring sites and properties for hotel and other forms of visitor accommodation can also prove a challenge in market towns – Bakewell and Newark are good examples, where hotel companies have found it difficult to satisfy their requirements due to a lack of available hotel sites in the town centre.

7.5.2 A further issue in some locations relates to competition from higher value uses, particularly residential where this is permissible, but can also apply to other uses in mixed use schemes such as offices, student accommodation and retail, the majority of which can out-bid a hotel use on value. This could be a factor in the study area's market towns and cities, and can help explain why some sites put forward for hotel or even granted permission have not been delivered, and have gone to other uses. It is also one of the drivers for change of use, from both hotel and self-catering and also holiday lodges to permanent residential use.

7.5.3 Local authorities with often significant stocks of land and buildings have an opportunity here to secure hotel and visitor accommodation development via their ownership. However they are still required to get best value for any use, and under pressure to maximise value which again can price hotels and other forms of visitor accommodation out of the market.

8. VISITOR ACCOMMODATION DEVELOPMENT OPPORTUNITIES

8.1 The Evidence

8.1.1. The findings of the different modules of research combine to show significant interest in, and market potential for the development of all forms of non-serviced accommodation (holiday cottages, holiday lodges and lodge parks, holiday villages, holiday parks, caravan and camping sites, camping pods, glamping, hostels and outdoor education centres) across the D2N2 area, particularly in the Derbyshire Peak District, Sherwood Forest and The National Forest. The evidence shows:

- A non-serviced accommodation sector that is performing very strongly, with many non-serviced accommodation businesses consitently filling and turning business away at weekends and during the summer, resulting in frequent shortages of all types of non-serviced accommodation to fully satisfy demand at these times;
- Strong demand for high quality accommodation, which generally trades at the highest levels of occupancy and price;
- Sizeable catchment populations in surrounding towns and cities that are interested in taking relaxing and active short breaks in the D2N2 countryside, and clear potential for future growth in these markets;
- Good potential for the D2N2 area to capitalise on the current trends in non-serviced accommodation development;
- Strong potential to attract family and friend get togethers and celebration weekends, because of the D2N2 area's central location in the country
- Strong interest from land and property owners in non-serviced visitor accommodation development, and interest from local, regional and national branded non-serviced accommodation operators in opening new operations in the D2N2 area.

8.1..2 Demand for non-serviced accommodation is however seasonal, suggesting a need for incremental supply growth in order to avoid overly diluting winter trade.

8.1.3. The research findings also show potential for the development of good quality B&Bs and guest houses, inns, and restaurants with rooms, based on the current performance of these types of accommodation across the D2N2 area; the extent to which such businesses are filling and turning business away; their potential to cater for weekend demand from wedding parties, people visiting friends and relatives and event visitors, and midweek demand from business visitors and contractors; and their appeal for short breaks in some locations, in particular the Derbyshire Peak District and Newark & Sherwood.

8.1.4. In terms of hotel demand, the evidence shows:

- A strong and growing short break market for hotels in the Derbyshire Peak District, with hotels achieving high occupancies and room rates and frequently filling and turning business away at weekends and during the summer;
- A budget hotel sector that is performing very strongly in most locations, with hotels consistently filling and turning away significant business both during the week and at weekends;
- Comparatively low achieved room rates for 3 and 4 star hotels as a result of highly competitive local corporate markets and predominatly price-driven weekend demand;
- Some niche hotel products that are trading very well, including golf hotels and the Warner Leisure Hotels' adults only Thoresby Hall Hotel.

8.1.5. This evidence shows:

- Potential for additional hotel provision in the Derbyshire Peak District, both in terms of the expansion of existing hotels and some new country house, boutique and budget hotels;
- Scope for new budget hotels in many parts of the D2N2 area;
- Significant challenges in bringing forward new full-service 3 and 4 star hotels until corporate demand grows, the cultural, retail, attractions and events offer develops, and achieved room rates increase.
- Potential for some niche hotel products, including golf hotels, luxury and boutique country country house hotels, private house hotels, market town boutique hotels, luxury family hotels and spa hotels, given suitable properties for conversion.

8.2 Development of Existing Visitor Accommodation Businesses

8.2.1. Investment in existing visitor accommodation businesses is a clear priority in terms of:

- Upgrading to meet ever rising market expectations, attract new markets , improve trading performance and extend the season;
- Expansion to meet peak period demand that accommodation businesses do not currently have the capacity to satisfy;
- The development of additional facilities, e.g. spa and leisure facilities and function rooms, to provide extra income streams, attract new markets, extend the season and attract winter demand.

8.2.2. Opportunities and priorities for investment in existing accommodation businesses are as follows:

Hotels

- Refurbishment and upgrading, including possible repositioning under a leading international hotel brand or to boutique, budget boutique and perhaps lifestyle hotels in some cases. A number of D2N2 3 and 4 star hotels are currently unable to command good room rates because of the quality of their product: investment is needed to allow them to trade to their full potential.
- Bedroom extensions to meet peak period demand.
- The development of leisure and spa facilities to boost appeal for leisure breaks.
- The development of banqueting facilities to help develop weddings and functions trade.
- Expanded or new restaurant capacity.

Inns/Pub Accommodation

- Refurbishment and upgrading, including repositioning to boutique inns in some cases.
- The opening of additional en-suite guest bedrooms.

B&Bs/ Guest Houses

- Refurbishment and upgrading, including repositioning to a boutique standard in some cases.
- Expansion in terms of opening up additional en-suite bedrooms or the provision of accommodation units in gardens and grounds e.g. camping pods or glamping units.
- Development of facilities for walkers and cyclists e.g. drying rooms and cycle storage.

Holiday Cottages and Holiday Lodge Parks

- Refurbishment and upgrading, including to a contemporary/ boutique standard in some cases. More modern kitchens and bathrooms are a priority.
- The addition of hot tubs, which can help to attract winter demand.
- The opening of additional units.
- The development of leisure facilities, e.g. swimming pools, games rooms, hot tubs and saunas, at holiday cottage complexes and holiday lodge parks.
- The development of function and meetings rooms at holiday cottage complexes to attract weddings, corporate events, and cater for family and friend get togethers and celebration weekends.
- Facilties for cyclists, including cycle storage, bike wash areas and cycle hire arrengements.

Caravan and Camping Sites

- Continuous investment is needed in site infrastructure, landscaping, toilet and shower blocks (including heated units to attract winter trade), and other on-site facilities such as laundry rooms and children's play areas.
- The expansion of existing touring caravan and camping sites, where they have land available, to cater for demand at peak times. Many sites are frequently full and turn business away at weekends and during school holiday periods. The expansion of sites may make them more viable and allow investment in site facilities.
- The development of existing larger child-friendly sites in terms of adding leisure facilities, games rooms and children's activities.
- The introduction of eco-activities e.g. nature study, foraging.

- Improving green credentials through measures such as the use of biomass, solar or wind energy, composting, recycling, and planting to improve biodiversity.
- The provision of more hard standings for touring caravans and motor homes to enable sites to extend their season and allow trading during periods of wet weather and into the winter months.
- Additional seasonal tourer pitches[1], which can provide sites with a good base of guaranteed income, whatever the weather.
- The introduction of camping pods and/or some form of glamping units.
- The development of permanent on-site accommodation for site managers for the purposes of winter opening, site security and maintenance.
- Facilities for cyclists.
- The extension of site operating seasons into the winter months and possibly year-round operation.

Glamping Operations

- Upgrading glamping units.
- Expansion through the provision of additional glamping units.
- The extension of the operating season for glamping sites, including year-round trading.
- The addition of hot tubs.
- The development of facilities such as shops, meeting rooms, games rooms and indoor leisure facilities.
- Central communal spaces for family and friend groups to socialise together.
- The provision of staff accommodation to help glamping sites develop midweek and winter business.

[1] Where owners leave touring caravans on a site for the season to use them periodically for weekend stays, midweek breaks and holidays.

8.3 Opportunities for New Visitor Accommodation Development

8.3.1. The research findings also show good potential for the development of new accommodation businesses of all types in order to meet current peak period shortages and capitalise on hotel and visitor accommodation development trends. Without new accommodation supply tourism growth in the D2N2 area will clearly be constrained.

8.3.2. In terms of the opportunities for new visitor accommodation development, the research findings show the following:

Non-Serviced Accommodation

Holiday Villages and Resorts

- The £400m Peak Resort project is currently being progressed on the Birchall Estate at Unstone to the north west of Chesterfield. The project website (www.peak-worldwide.com) indicates that the scheme has planning permission but does not include a timeline for the progression of the project.

Holiday Cottages

- There is clear potential for additional holiday cottages to meet peak season demand, in terms of barn conversions and the letting of residential properties. There could be potential for all standards of holiday cottage but the priority should be for high quality accommodation, including some 5 star, fully en-suite and boutique holiday cottages.
- There could be scope for some luxury holiday cottage complexes with leisure facilities, communal dining, meeting and socialising spaces for large groups, weddings and corporate events.
- There is potential for more 'super cottages' that can cater for the growing demand for large family and friend get togethers, celebrations and house parties.
- There is scope for some 'Access Exceptional' self-catering cottages that are specially designed for independent wheelchair users. The market for such accommodation is quite niche however, so significant provision is not warranted.

Holiday Lodges and Holiday Lodge Parks

- Our research shows potential for holiday lodge development across the D2N2 area, especially in the Derbyshire Peak District, Sherwood Forest and The National Forest, in terms of:

    - Individual rental holiday lodges or small complexes of lodges;
    - Woodland or lakeside holiday lodge parks with lodges for ownership and/or rental. This could include some holiday lodge parks of scale (100+ lodges) with central leisure and catering facilities;
    - Eco lodges, small complexes of eco lodges and eco lodge parks;
    - Fishing lodges associated with existing or new fishing lakes;
    - Golf lodges on golf courses, for rental, timeshare or purchase.

  Current planning policy in the Peak District National Park, which does not allow holiday lodge development, prevents these opportunities from being taken up in the National Park.

Treehouses

- There is scope potentially for some treehouse developments in suitable woodland and forest settings. This is a very niche accommodation product, which is expensive to build and to stay in. Its development is likely to be very slow therefore.

Caravan Holiday Home Parks

- There could be potential for the development of new holiday parks in the D2N2 area, given suitable sites. Our research shows strong demand for caravan holiday home ownership and rental in Derbyshire and Nottinghamshire, and a relatively limited current supply. There is likely to be interest from national holiday park operators, given the sizeable catchment populations for caravan holiday home sales that surround the two counties, and the general paucity of suitable sites for holiday park development across the country. There could be potential for holiday parks linked to water sports, perhaps at some of the worked out gravel pits in the Trent Valley.

Touring Caravan and Camping Sites

- The research findings show potential for:
    - Further small scale touring caravan and camping sites across the D2N2 area (of up to 30-50 pitches) and further certificated sites[1], particularly on farms and next to country pubs.
    - Some larger caravan and camping sites, given suitable sites that can achieve planning permission;
    - More camp sites;
    - The development of eco camping sites - small, low impact, environmentally-friendly, off-grid sites.

There are clear shortages of caravan and camping provision at weekends and during the summer in many parts of Derbyshire and Nottinghamshire. Caravanning and camping is however seasonal, so care is needed to avoid encouraging too rapid a growth in supply that could dilute winter trade.

Camping Pods

- There is potential for small camping pod sites;
- The could be merit in looking at the development of a camping pod network along the Pennine Way and linked to the developing cycle route network in the Derbyshire Peak District.

Glamping

- There is clear scope for the development of further glamping sites across the D2N2 area. This type of accommodation has so far been very slow to develop in Derbyshire and Nottinghamshire.

Group & Youth Accommodation

[1] 5 pitch sites that are certificated to operate by the Caravan Club or Camping and Caravanning Club without the need for planning permission

- The YHA expressed interested in opening further hostels in the Derbyshire Peak District, and might consider a hostel in Nottingham.
- There could be an opportunity for further luxury hostels in Nottingham.
- There could be scope for additional outdoor education centres and children's actvity holiday centres, perhaps in Nottinghamshire, where the supply of such accommodation is currently very limited. The Derbyshire Peak District already has a good supply of outdoor education centres, although there could be scope here also, for modern, higher quality centres.

Serviced Accommodation

Hotels

- Our research shows no immediate potential for further 3 or 4 star or boutique hotels in **Derby City Centre**. Sustained growth in hotel occupancy and a substantial improvement in achieved room rates will be needed before the city can support new full service hotel development. There could be scope for further budget hotel development in Derby (although there is no current budget hotel operator interest in the city), but this would perpetuate the low room rates in the city, particularly at weekends, and is likely to weaken the potential for securing new full service hotels in Derby. The potential for full service hotel development in the city is more in the longer-term, as the regeneration of the city is progressed, and Derby's cultural, retail and evening offer develops, particularly if the new performance venue is progressed. The hotel development strategy for the city should at this stage focus on building a stronger corporate market for hotel accommodation, and developing a city centre cultural, evening and retail offer that will allow Derby to develop as a city break destination. The priorities for hotel development should be about developing a more diverse city centre hotel offer in the medium to longer-term, that will meet corporate market requirements and attract the key leisure markets that derby wants to attract at weekends. This suggests a focus on boutique, budget boutique and lifetsyle hotels in the Catherdal Quarter to attract Cultural Explorers and Millennials.

- The **Infinity Park** business park might support a 3 or 4 star hotel and/or a limited service hotel, depending on the occupiers that it attracts. The business park lacks visibility to passing trade however. A site on the A50, close to the business park would be a stronger proposition.

- There is clear potential in **Chesterfield** for additional budget hotels. Existing budget hotels here are achieving high occupancy levels and consitently denying significant business both during the week and at weekends. There is immediate potential for a new budget hotel. The Elderway Premier Inn should meet this requirement. In the medium to longer term there are likely to be further opportunities for further budget/limited service hotels in Chesterfield, as the Chesterfield Waterside and other major regeneration schemes are progressed in the town, depending on how quickly they are progressed and the occupiers they attract. It is difficult to see scope for a new full service 3 or 4 star hotel in Chesterfield as achieved room rates for such hotels are currently too low, and there is no evidence of consistent denials at this level in the market. The opportunity for a hotel of this standard would certainly be in the longer-term, depending on the levels of new business that the regeneration schemes deliver. With 4 new hotels currently proposed in Chesterfield and the prospect of the Chesterfield Hotel reopening, there is a danger of an oversupply of hotel provision in the town if all of the proposed hotels are progressed within a short space of time.

- The **Markham Vale** Business Park may be able to support a budget/limited service hotel as it develops, depending on the occupiers and business uses that it attracts.

- In the **Derbyshire Peak District** there is scope for additional luxury and boutique country house hotels with spas, given suitable properties for conversion. This could also include a luxury family hotel, an adults only (Warner Leisure) hotel, and perhaps a spa hotel. With firm interest now in taking forward the proposed new-build hotel on the site of the former Marquis of Granby hotel at Bamford, this could help meet this need. There is potential for market town boutique hotels through the repositioning of existing hotels and/or the conversion of suitable buildings in towns such as Bakewell, Ashbourne, Castleton, Matlock Bath, Hathersage, and perhaps Wirksworth and Cromford. The success of the established and newly opened budget hotels in the Derbyshire Peak District shows clear potential for further budget hotels in Bakewell (where a Premier Inn is being progressed), Matlock and Ashbourne. We also believe that Chapel-en-le-Frith might be able to support a budget hotel, given the local corporate demand here, particularly from Ferodo. Budget hotels in these towns are however likely to challenge some existing hotels and guest houses, at least initially following their opening. .

- There is also clear potential for another budget hotel in **Buxton,** and scope here for the development of boutique hotels through the conversion of suitable properties. We believe that the opening of The Crescent Hotel and Thermal Spa will provide the catalyst for a significant improvement in Buxton's hotel offer, including the development of new high quality hotels.
- There could be scope for a budget hotel in **Belper**. There is very little acommodation in the town and evidence of corporate business from Belper being displaced to hotels in surrounding areas. A budget hotel here could also serve the local VFR and wedding party market and could potentially also attract people that want to visit the Derwent Valley Mills World Heritage Site and the Peak District. A budget hotel here could impact the existing hotels, pub accommodation and guest houses that serve Belper.
- There is potential we feel for a budget hotel in **Ilkeston**. This is a sizeable town with no current hotel provision. A budget hotel here could serve the local corporate market and weekend demand from people attending weddings and family parties and visiting friends and relatives.
- We believe that the proposed hotel at **Denby Pottery** could find a good market in terms of serving Belper, Ripley, Ilkeston and Alfreton corporate demand, group tours and a weddings market. Our research showed evidence of budget hotels in Ripley and Alfreton frequently denying business, both during the week and at weekends; there is no hotel currently in Ilkeston, and very little hotel accommodation serving Belper.
- **Swadlincote** is another large town in Derbyshire with no current hotel provision. There could be sufficient local corporate, weddings and VFR demand here to support a budget hotel.

- **Melbourne** and **Repton** may be able to support small boutique hotels, given their current lack of hotel provision and potential local drivers such as Repton School, Calke Abbey and Donington Park.

- Our research shows no immediate need for additional hotels in **Nottingham City Centre**. While hotel occupancies are strong on Tuesday, Wednesday, Friday and Saturday nights, and there is evidence of shortages of hotel provision in the city on these nights, achieved room rates are currently too low to support new full service 3 and 4 star and boutique hotels and there is no clear need for additional budget hotels. The priority over the next 2-3 years is allow Nottingham's hotel market to grow so that achieved room rates grow to a level that will be able to support additional full service hotel provision. There is a need to wait until the major regeneration projects start to deliver additional business for hotels and a stronger city break offer, before new hotels can be supported. The focus for the medium to long term should be about developing a hotel offer in the city that will meet the needs of the emerging Generation Y corporate traveller and city break taker. This points to the development of branded boutique hotels, lifestyle hotels, budget boutique hotels and aparthotels. Major construction projects are also likely to boost demand for budget hotels. The hotel development strategy for Nottingham would however need to be adjusted if the proposed convention centre goes ahead. It would require an on-site 4 star hotel and a mix of different standards of hotel within walking distance, so would provide a new geographic focus for hotel development in the city. **The Guildhall** is a unique opportunity in Nottingham city centre for a new luxury, boutique or lifestyle, particularly given the fact that it is in City Council ownership. This is undoubtedly a hotel scheme that is worth progressing, although under current market conditions in the city it is likely to require some form of public sector investment support if it is to come to fruition.

- In the **Nottingham suburbs** we believe that there could be potential for new budget hotels at West Bridgford, in Beeston town centre, and possibly one of the northern suburbs (Arnold, Bulwell or Sherwood). Suburban budget hotels in Nottingham are generally trading at very high occupancies and consistently filling and turning away significant business, both during the week and at weekends.

- The **Nottingham University and Enterprise Corridor** may be able to support new hotel provision, including potentially at a 3 or 4 star level, given the scale of business development that is taking place here.

- There is no clear potential for new hotels in the **J25-27 M1 Corridor.** The Ibis budget hotel that is planned alongside the Novotel Nottingham Derby is intended to act as a overspill accommodation for this hotel.

- There is clear potential for budget hotel development in **Mansfield and Sutton-in-Ashfield**, and scope possibly for an upper-tier budget or 3 star hotel on one of the major business parks that are being developed here. There is a clear shortage of hotel accommodation in this location both during the week and at weekends. The business parks that are being developed here and population growth will drive further growth in hotel demand. A budget hotel in Mansfeld town centre should be a priority to support town centre regeneration.

- Our research shows potenatiol for new budget hotels in **Newark, Retford and Worksop**. Budget hotels in these locations are likely to have an impact on existing independent hotels, pub accommodation establishments and guest houses in the towns. There could also be scope for small boutique hotels in **Newark** and possibly also **Southwell**, given suitable properties for conversion.

- Our research shows potential for the development of **hotels on golf courses**, and possibly major **golf resorts** in Nottinghamshire and North Derbyshire.

- There could be scope for the the development of **luxury and/or boutique country house hotels** in Nottinghamshire and other locations in Derbyshire beyond the Peak District, given suitable country house properties for conversion. This could also include conversion to **luxury family hotels** and/or **spa hotels**. Kelham Hall is a particular opportunity in this respect.

Inns/Pub Accommodation

- There is clear potential for futher pubs in the D2N2 area to offer letting bedrooms either within their premises, through the conversion of suitable outbuildings, or possibly in terms of small-scale new-build guest bedroom extensions. This includes the development of new boutique inns.

- There could be potential for new build pubs with adjacent budget hotel bedrooms on the outskirts of some towns. The proposed lodge alongside Marston's Lock Keepr pub restaurant in Worksop is an example. Other target locations in the D2N2 area for Marston's pub restaurant developments are Belper, Bakewell, Derby, Swadlincote, Chesterfield, Ilkeston and Retford.

Restaurants with Rooms

- There could be potential for the development of high quality, possibly boutique guest bedrooms linked to existing or new restaurant operations.

B&Bs/ Guest Houses

- New B&Bs and guest houses will be needed to replace those that close as their owners retire. The priority will be high quality, en-suite B&Bs and guest houses, including some 5 star and boutique establishments.
- There may be scope for the development of B&B for Horses businesses in the Derbyshire Peak District, particularly along the Pennine Bridleway. These are B&Bs that also provide stabling and pasture for horses.
- Cyclist-friendly B&Bs will need to be encouraged in the Derbyshire Peak District to support its development as a cycling destination, especially along the cycle trail network that is being developed.

Wellness Retreats

- There may be scope for the development of wellness retreats in the D2N2 area. Such accommodation businesses are finding a strong market elsewhere in the country, and there is no reason to think that they should not be able to do so in Derbyshire and Nottinghamshire.

9. PRIORITIES FOR PUBLIC SECTOR INTERVENTION

9.1 Rationale

9.1.1. Our research shows significant potential for visitor accommodation development across the D2N2 area, and a clear need for additional accommodation to achieve growth in the D2N2 visitor economy. Visitor accommodation development can also play wider roles in terms of:

- Improving the vitality of town centres, particularly in terms of helping to boost their evening economies;
- Keeping village and country pubs open and viable, maintaining them as a resource for local communities;
- Improving farming and country estate incomes and thus supporting agriculture and landscape management;
- Creating jobs for local people and self-employment opportunities;
- Sustaining existing tourism and leisure businesses, such as golf courses, fishing lakes, horse riding stables, wedding venues and visitor attractions;
- Finding new uses for redundant and even derelict buildings and sites;
- Serving the needs of the business community, primarily in terms of hotel accommodation to allow companies to do business effectively, cater for their business visitors, and provide facilities for meetings and conferences.

9.1.2. The D2N2 visitor accommodation sector is clearly already responding to these opportunities, with new accommodation projects coming forward. Public sector bodies have a key role to play in supporting this process through their responsibilities in terms of planning. There is also a case for more proactive public sector intervention to help accelerate accommodation development, and encourage high quality provision and the development of new accommodation offers that can help to grow the market. There are also opportunities for local authorities to use their land and property assets for accommodation development, and to generate income streams from direct investment in hotel and visitor accommodation projects.

9.2 Priorities for Public Sector Intervention

9.2.1. The priorities for public sector intervention to support and accelerate visitor accommodation development in the D2N2 area are as follows:

- Work to raise awareness of the visitor accommodation development opportunities identified in the study.
- Positive planning policies and development management processes that as far as possible reflect the market opportunities for, and the commercial realities of, visitor accommodation development, whilst maintaining a balance in terms of environmental and landscape protection and the impact on local communities and traffic safety.
- Reviews of land and property assets, such as country parks, historic buildings, redundant office space, and outdoor education centres, to assess their potential for hotel and visitor accommodation development.
- Consideration of direct investment in hotel and visitor accommodation projects.
- Proactive initiatives to encourage the development of accommodation products that are only slowly developing in the D2N2 area and to support specific product development initiatives, in terms of glamping, pub accommodation and accommodation linked to the existing and developing cycle route network in the Derbyshire Peak District.
- The articulation of clear hotel development strategies for Derby and Nottingham to inform and influence the market in a direction that will help to grow city break demand for the two cities as their cultural, retail and attractions offers develop.
- Local company surveys in Mansfield, Ilkeston and Swadlincote to demonstrate that there is local corporate demand in the towns that will support hotel development.
- Business advice and consultancy support programmes to help bring forward and shape visitor accommodation development projects;
- Ongoing monitoring of visitor accommodation development and performance.

Raising Awareness of the Opportunities

Positive Planning Policies and Processes

Reviewing Land and Property Assets

Direct Investment in Hotel and Visitor Accommodation Projects

Proactive Initiatives

Hotel Development Strategies for Derby and Nottingham

Local Company Surveys

Business Advice and Consultancy Support

Keeping a Finger on the Pulse