LIVERPOOL
HOTEL MARKET
FACT FILE

July 2011

INTRODUCTION

Liverpool has ambitious plans for its future. It has already made significant progress in its ambition to be a world class City, climbing the ranks to become the 6th most popular city for overseas visitors to the UK. The Visitor Economy Strategy sets a target for Liverpool to be a top 20 destination amongst European cities, and a top 50 ICCA conference city.

Boosted by the exposure given through Capital of Culture, these ambitions are being taken forward via a wider internationalisation agenda and the Liverpool Plan, targeting activities that can have a transformational impact on the city as a place to visit, invest, study, live and work, and focusing on China, USA, Germany and India as key international markets. In addition, 4 growth sectors have been identified to expand and rebalance Liverpool's economy, reducing the reliance on public sector employment and creating an expanding private sector economy. These 4 growth sectors – the Visitor Economy, the Knowledge Economy, the Low Carbon Economy, and Liverpool Superport – between them are forecast to deliver 128,000 new jobs across the City-Region in the next 10 years.

The combination of the internationalisation of Liverpool and the major employment growth forecast will create transformational change in Liverpool, and bring with it additional hotel demand from both business and leisure tourism segments.

The Liverpool Hotel Market Fact File has been compiled to assist hotel companies, developers and investors in assessing hotel investment opportunities in Liverpool. It provides the latest available information on:

- The current hotel supply in Liverpool;
- Recent hotel development;
- Current hotel development proposals;
- Recent hotel performance;
- The key markets for hotel accommodation in Liverpool;
- The prospects for growth in demand for hotel accommodation and what will drive this.

INTRODUCTION

All of the data included in the Fact File is drawn from the Liverpool Hotel Futures Study undertaken by consultants Hotel Solutions in Spring 2011.

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LIVERPOOL HOTEL SUPPLY

Current Hotel Supply

- At June 2011, Liverpool had a total of 56 hotels with 5716 rooms.

    - Almost 80% of this supply remains in the city centre (38 hotels, 4470 rooms). Up-scale hotels dominate the supply, with over 1500 rooms in 4 star and boutique hotels. This will rise to almost 1800 rooms with the opening of the Layla and Hotel Indigo. Together with 3 star rooms, they represent almost 60% of the city centre stock. Budget and upper tier budget hotels, with around 1300 rooms, represent 30%.
    - Outside the city centre, the 18 hotels and 1246 rooms are dominated by budget and upper tier budget offers (12 hotels, 844 rooms).

- By the end of 2011/early 2012, with the addition of 2 further hotels and 237 rooms, total supply will be 58 hotels and 5953 rooms (city centre 40 hotels and 4707 rooms - outside of city centre remains at 18 hotels and 1246 rooms).

LIVERPOOL HOTEL SUPPLY 2011 - SUMMARY

	Number of Hotels	Number of Rooms
June 2011		
City Centre	38	4470
Outside City Centre	18	1246
Total	**56**	**5716**
End of 2011		
City Centre	40	4707
Outside City Centre	18	1246
Total	**58**	**5953**

- A full list of Liverpool's hotel supply can be found in the table overleaf.

LIVERPOOL HOTEL SUPPLY

LIVERPOOL – CURRENT HOTEL SUPPLY – JUNE 2011

Hotel	Standard	Rooms
City Centre		
Radisson SAS	4 star	194
Marriott	4 star	146
Crowne Plaza	4 star	159
Thistle	4 star	226
Hard Days Night	4 star	110
Novotel	4 star	209
Hilton	4 star	215
Total 4 star		**1259**
Hope Street	Boutique	82
Malmaison	Boutique	131
62 Castle Street	Boutique	20
Sir Thomas	Boutique	39
Parr Street	Boutique	12
Liverpool Raquet Club	Boutique	8
Total Boutique		**292**
Britannia Adelphi	3 star	402
Holiday Inn	3 star	139
The Liner	3 star	153
Jury's Inn	3 star	310
Feathers	3 star	81
Total 3 star		**1085**
Express by Holiday Inn Albert Dock	Upper-tier Budget	135
Hampton by Hilton Liverpool City	Upper-tier Budget	151
Total Upper Tier Budget		**286**
Premier Inn Liverpool City Centre	Budget	165
Premier Inn Albert Dock	Budget	185
Travelodge Central	Budget	105
Travelodge Docks	Budget	32
Campanile	Budget	100
Ibis	Budget	127
Dolby	Budget	64
Days Inn	Budget	155
Formule 1	Budget (Economy)	87
Total Budget		**1020**
International Inn Cocoon	Budget (Boutique)	32
Heywood House	Budget (Boutique)	35
Bamboo	Budget (Boutique)	16
Base2Stay	Budget (Boutique)	106
Total Budget Boutique		**189**
Staybridge Suites	Suite Hotel	132
Total Suite Hotel		**132**
Bridgestreet Worldwide at Liverpool ONE	Serviced Apts	77
Premier Apartments	Serviced Apts	63
Merchant Living – Merchant Quarters	Serviced Apts	36
Posh Pads at Casartelli	Serviced Apts	31
Total Serviced Apartments		**207**
GRAND TOTAL		**4470**

Hotel	Standard	No Rooms
Outside City Centre		
Crowne Plaza Liverpool Airport	4 star	164
Total 4 star		**164**
Village	3 star	63
Devonshire House	3 star	54
Royal, Waterloo	3 star	25
Alicia, Sefton Park	3 star	41
Park, Netherton	3 star	55
Total 3 star		**238**
Express by Holiday Inn Liverpool Airport	Upper-tier Budget	121
Hampton by Hilton Liverpool Airport	Upper-tier Budget	160
Total Upper Tier Budget		**281**
Premier Inn Liverpool North	Budget	83
Premier Inn Liverpool (Aintree)	Budget	40
Premier Inn Liverpool (Rainhill)	Budget	40
Premier Inn Liverpool (Roby)	Budget	54
Premier Inn Liverpool (Tarbock)	Budget	41
Premier Inn (West Derby)	Budget	84
Premier Inn Liverpool Airport	Budget	101
Travelodge Stoneycroft	Budget	33
Travelodge Aigburth	Budget (Economy)	21
Travelodge Stonedale Park	Budget	66
Total Budget		**563**
GRAND TOTAL		**1246**

Changes in Supply

- Since 2008, 10 new hotels have opened adding 1214 rooms to Liverpool's room stock. The Hope Street Hotel has also added 41 bedrooms. With 2 further hotels due to open in 2011, this will bring the total increase in supply between 2009 and 2011 to 12 new hotels and 1492 new rooms.

    - 2009 saw two large 4 star hotels open in the city – the Novotel and Hilton, plus two new budget/ upper tier budget hotels at the airport (the Premier Inn and Hampton by Hilton);
    - In 2010, only two of the 5 new hotels were over 100 rooms – Base2Stay and the city centre Hampton by Hilton; the other new supply was made up of small boutique hotels and a 66-bedroom Travelodge outside the city centre;

- In 2011, the new supply is split between 4 star boutique offerings (Layla and Hotel Indigo), and budget supply (Days Inn), with all of these hotels being over 100 rooms.

- Since 2002, a total of 26 new hotels and purpose-built serviced apartment complexes have been added to Liverpool's hotel supply, plus extensions to 2 existing hotels resulting in an additional 3,192 new hotel bedrooms opening. In addition the supply of residential apartments being let out as serviced apartments has significantly increased. The pace of development has accelerated since 2008, with 20 of the new schemes and 2,220 of the new rooms having been delivered in the past 4 years. The majority of the new hotel development has been city centre focused, with only 4 new hotels outside the city centre, primarily at the airport, all of budget or upper tier budget standard.

LIVERPOOL – NEW HOTELS/EXTENSIONS AND ADDITIONAL ROOMS 2002-2011

Year	Number of New Hotels/Extensions	Number of Rooms
2002	2	137
2003	2	295
2004	2	242
2005	0	0
2006	0	0
2007	3	298
2008	7	728
2009	4	726
2010	5	374
2011	3	392
TOTAL	**28**	**3192**

- The table overleaf details the new hotel openings in Liverpool between 2002 and 2011.

LIVERPOOL HOTEL SUPPLY

LIVERPOOL – ADDITIONS TO HOTEL SUPPLY 2002-2011 (as at June 2011)

Hotel	Standard	New Rooms
2002		
Travelodge Central	Budget	105
Travelodge Docks	Budget	32
2003		
Premier Inn City Centre	Budget	165
Premier Inn Albert Docks	Budget	130
2004		
Radisson SAS	4 star	194
Hope Street	Boutique	48
2005		
No new hotels opened		
2006		
No new hotels opened		
2007		
Malmaison	Boutique	130
Express by Holiday Inn Liverpool Airport	Upper-tier Budget	100
Parr Street Hotel	Boutique	12
Premier Inn Albert Dock extension	Budget	56
2008		
Jury's Inn	3 star	310
Hard Days Night	4 star	110
Staybridge Suites	Suite Hotel	132
International Inn Cocoon	Budget Boutique	32
Bridgestreet Worldwide at Liverpool ONE	Serviced Apts	77
Posh Pads at Casartelli	Serviced Apts	31
Merchant Living – Merchant Quarters	Serviced Apts	36
2009		
Hope Street extension	Boutique	41
Hilton	4 star	215
Novotel	4 star	209
Hampton by Hilton Liverpool Airport	Upper-tier Budget	160
Premier Inn Liverpool Airport	Budget	101
2010		
Travelodge Stonedale Park	Budget	66
Hampton by Hilton Liverpool City	Upper-tier Budget	151
Heywood House	Budget Boutique	35
Base2Stay	Budget Boutique	106
Bamboo	Budget Boutique	16
2011		
Days Inn	Budget	155
Hotel Indigo[1]	Boutique	151
Layla [2]	Boutique	86

Note: Those shaded grey to open later in 2011

1 Opened June 2011

2 Opening February 2012

Proposed Hotel Development

- As at March 2011, 11 schemes were identified as anticipated hotel developments with major brands attached to them. The table below summarises these pipeline schemes.

LIVERPOOL CITY CENTRE – PIPELINE HOTEL SCHEMES (as at June 2011)

Operator	Location	Standard	Room Numbers
2012			
Travelodge	The Strand	Budget	141
Premier Inn	Hanover St	Budget	183
Ibis	Pioneer Building	Budget	123
Millennium	Watsons Building	4 star	180
Iliad	Duke St	4 star	25
Potential new rooms 2012			**652**
2013+			
Wyndham	Oldham St	Budget	130
Ramada Encore	Sefton St	Upper Tier Budget	173
Wyndham	Oldham St	3 star	140
Courtyard by Marriott	Scandinavian Hotel	3 star	180
Copthorne	Central Village	4 star	159
Adagio	Lewis Building	Aparthotel	125
Undisclosed	Martins Bank	5 star	138
Potential new rooms 2013+			**1045**

- In addition to the above schemes, there is also a proposal for a new up-scale, 200 bedroom 4/5 star hotel in association with the expansion of ACCL and the new exhibition centre. It would form an integral part of the offer and has the ability to deliver wider benefits to the city by enabling new markets to be captured.

- There are a sizeable number of more speculative hotel schemes without confirmed operators, the planning status of which varies. Hotels are also likely to form part of some of the major regeneration schemes proposed, such as Liverpool Waters.

Occupancy Achieved Room Rates[1] & Revpar[2]

- Roomnight demand in Liverpool's city centre hotels has continued to grow overall as hotel supply has increased. The table below shows a 14% growth in the city centre hotel market in 2010 compared to 2009, and a further 4% increase is projected in 2011.

LIVERPOOL CITY CENTRE – ROOMNIGHT DEMAND 2008-2011

Standard of Hotel	Room nights[3]			
	2008	2009	2010	2011[4]
Boutique	75,000	79,000	80,000	79,500
Upper-tier 4 Star	147,000	144,000	191,500	191,000
Second-tier 4 star/ 3 star/ Upper-tier Budget	386,000	379,000	433,000	475,000
Budget	215,000	193,000	195,000	195,000
Serviced Apartments	32,000	60,000	78,000	76,000
All Hotels	**856,000**	**855,000**	**977,500**	**1,017,000**
% Change Year on Year		**0**	**+14.3**	**+4.0**

- The growth in roomnight demand has been driven largely by the opening of new hotels and the increased capacity they have provided for weekend market growth. The city centre upper-tier 4 star market grew significantly in 2010 with the opening of the Hilton at the end of 2009. Midmarket roomnight demand increased substantially in 2010 as a result of the opening of the Novotel and Hampton by Hilton and is set to grow again in 2011. Serviced apartment demand grew strongly in 2009 and 2010 as new serviced apartment complexes opened and became more established in the city centre.

[1] The average net amount of rooms revenue that hotels achieve per room sold after deduction of VAT, breakfast, discounts and commission charges.
[2] The net amount of rooms revenue that hotels achieve per available room. The figure combines both occupancy and achieved room rate.
[3] Based on the sample of city centre hotels in Hotel Solutions' survey – this did not include some smaller and lower grade hotels.
[4] Hotel Solutions' forecasts based on information provided by Liverpool hotel and serviced apartment managers; the forecasts are for existing hotels excluding any new hotels that have or will open in 2011.

LIVERPOOL HOTEL SUPPLY

- Approximately two thirds of the roomnight growth in the Liverpool city centre hotel market can be attributed to the increased weekend capacity that new hotels have provided, with all of the new hotels having quickly filled on Saturday nights and achieved high occupancies on Fridays. Midweek roomnight demand also appears to have grown as the city centre hotel supply has increased but at a much lower pace. The growth in midweek demand appears to have been primarily in the lower-rated group tour and midweek leisure break markets.

- 2008 was clearly a very strong year for Liverpool hotels as a result of the Capital of Culture year, the opening of ACCL and only two new hotel openings part way through the year. Hotels at all levels of the market achieved very high occupancies, room rates and revpars.

- Hotel occupancies, achieved room rates and revpars dropped back significantly in 2009 at all levels of the market, have fallen further in 2010 and look set to remain flat or decline slightly again in 2011. These trends are in line with the national picture.

- Key factors behind these performance trends include the impact of the recession on corporate demand, new supply coming on stream, government cutbacks affecting public sector demand for rooms, rates softening, more discounted business being taken via internet and group organisers, and Liverpool FC not being in the European Champions League.

- The table overleaf summarises the performance of the City's hotels.

LIVERPOOL HOTEL SUPPLY

LIVERPOOL CITY CENTRE HOTEL PERFORMANCE 2008-2011

Standard of Hotel	Average Annual Room Occupancy %				Average Annual Achieved Room Rate £				Average Annual Revpar £			
	2008	2009	2010	2011F[1]	2008	2009	2010	2011F[1]	2008	2009	2010	2011F[1]
National												
UK Provincial 3/4 Star Chain Hotels[2]	70.4	67.9	69.5	69.6[3]	74.78	68.86	68.20	67.80[3]	52.62	46.76	47.40	47.22[3]
Liverpool												
Liverpool 3/4 Star Chain Hotels[4]	76	73	70	73	82	70	70	67	62	51	49	49
Boutique[5]	72	71	67	66	104	88	86	86	75	63	58	57
Upper-tier 4 star[6]	81	79	72	72	96	81	84	81	77	64	60	58
Second-tier 4 star/ 3 star/ Upper-tier Budget[7]	79	72	66	72	66	57	55	54	52	40	36	38
Budget[8]	79	71	71	71	49	47	46	46	39	33	33	33
Serviced Apartments[9]	68	66	78	77	87	73	69	72	59	48	54	55
All Hotels	78	72	69	72	71	63	62	61	56	45	43	44

Source: Hotel Solutions – Survey of Liverpool Hotel Managers – May 2011

Notes:

1. Hotel Solutions' forecasts based on information provided by Liverpool hotel and serviced apartment managers. The forecasts are for existing hotels, excluding any new hotels that have/ will have opened in 2011 i.e. the Days Inn, Indigo and Layla
2. Source: TRI Hotstats UK Chain Hotels Market Review
3. Source: TRI Hospitality Forecasting 2010 & 2011 UK Hotel Market Forecasts
4. Sample: Crowne Plaza, Radisson Blu, Marriott, Hilton (from 2010), Atlantic Tower by Thistle, Novotel (from 2010), Holiday Inn, Jury's Inn
5. Sample: Hope Street, Hard Day's Night, Malmaison
6. Sample: Crowne Plaza, Radisson Blu, Marriott, Hilton (from 2010)
7. Sample: Atlantic Tower by Thistle, Novotel (from 2010), Holiday Inn, Jury's Inn, The Liner, Feathers, Britannia Adelphi, Holiday Inn Express Albert Dock, Hampton by Hilton (from 2010)
8. Sample: Premier Inn City Centre, Premier Inn Albert Dock, Travelodge Central, Campanile, Ibis, Dolby
9. Purpose-built serviced apartment complexes and suite hotels - Sample: Staybridge Suites, Premier Apartments, Bridgestreet (from April 2009)

Midweek/Weekend Occupancies

- The table below summarises weekday and weekend occupancy for Liverpool hotels in 2010. Weekend occupancies have held up well; the downturn has had more of an impact on mid-week performance.

LIVERPOOL HOTELS - WEEKDAY/ WEEKEND OCCUPANCIES – 2010

Standard	Typical Room Occupancy %			
	Mon-Thurs	Friday	Saturday	Sunday
Boutique	57	75	91	54
Upper-tier 4 star	73	82	98	42
Second-tier 4 star/3 star/Upper-tier Budget	65	82	97	48
Budget	64	93	95	46
Serviced Apartments	71	82	93	60
All Hotels	65	84	96	48

- Midweek demand remains the key challenge for Liverpool hotels. The midweek market in Liverpool has become highly competitive in the last 2 years. Midweek occupancies and room rates can be very low unless there is a major conference or event at ACCL or a midweek football match. Tuesday and Wednesday nights remain the strongest but hotels in the city rarely fill on these nights. Monday and Thursday night occupancies can be very low.

- Midweek occupancies and room rates reduce in July and August, December and January and Easter, when corporate demand dips. Hotels are usually able to attract midweek leisure business at these times but not generally to the same levels and usually at much lower room rates. Midweek occupancies are at their highest between March and May and September and November, when corporate demand is at its strongest and more events and conferences take place at ACCL.

- Sunday nights are also a challenge, as they are in most cities. Some hotels attract good Sunday business from the leisure break and group tour markets.

- Friday and Saturday occupancies and room rates are still very strong in Liverpool. Almost all hotels consistently fill and turn business away and achieve premium rates on Saturday nights. Room rates are very high for football weekends. Friday occupancies and room rates are not as strong and have reduced, with hotels now finding it harder to hold out for two night stays, or having to reduce their rates to secure two-night bookings.

- Weekend occupancies and room rates are not as strong in July and August. Hotels can still fill on Friday and Saturday nights with stag and hen parties, weekend break business and group tours, but usually at lower room rates.

- Serviced apartments achieve higher midweek and Sunday night occupancies due to the long stay corporate business that they attract.

Midweek Markets & Trends

- **Corporate demand** (contracted and transient) remains the main source of midweek business for Liverpool's upper-tier 4 star hotels and serviced apartments and some of the city's boutique hotels. It is also an important source of midweek demand for the city's other hotels but not generally their main midweek market. Corporate business for city centre hotels comes from companies in the city centre, together with companies at Speke-Garston, Knowsley, Edge Lane and the Wirral for some hotels, with visitors to such companies specifically wanting to stay in the city centre as opposed to these locations. There appear to be a number of micro corporate markets in the city centre, with hotels catering for companies in their immediate vicinity. Corporate demand is strong from Speke-Garston. Long stay, project-related corporate demand accounts for around 30-50% of midweek business for the purpose-built serviced apartment operations in the city. Corporate demand has been affected by the recession and spread across an increasing hotel supply. Some budget hotels have benefitted from corporate users trading down.

- **Government business** remains a key midweek market for some of Liverpool's second-tier 4 star, 3 star and budget hotels, typically accounting for around 12-15% of their midweek trade in 2010. This is also a minor source of midweek business for some of the city's upper-tier 4 star and boutique hotels. Public sector cutbacks have caused this market to reduce significantly.

- **Residential conferences** are a minor midweek market for the city's 3 and 4 star and boutique hotels, typically accounting for no more than 5% of their midweek rooms business. Some hotels now attract very few residential conferences. Some of the city's larger 3 star hotels attract good demand for large association, corporate and government conferences of up to 300-400 delegates. This market has been declining for a number of years, worsening during the recession.

- **Contractors** remain a key midweek market for budget hotels that have their own on-site parking. Budget hotels that do not have parking do not attract this market. The slowdown in construction activity has reduced demand from this market.

- **Conferences at the BT Convention Centre** generate good demand for the hotels and serviced apartments in the immediate vicinity of the centre. The Convention Centre only generates demand for hotels across the city when it has very large conferences with in excess of 1,000 delegates. Hotels in other parts of the city do however more frequently attract some corporate business that is displaced from the hotels in the vicinity of the Convention Centre when it has conferences on. From the information provided by the city's hotel managers we estimate that conferences and events at the Convention Centre account for around 8% of midweek hotel demand across the city centre, equivalent to around 78,000 roomnights in 2010. Demand from the Convention Centre is sporadic and seasonal, resulting in periodic spikes in midweek demand. Some hotels also reported that some conferences have only generated relatively low-rated business for them. Smaller conferences have reduced demand for some hotels in 2010.

- **Midweek breaks** are an important source of midweek business for most of the city's hotels, particularly in July and August, when corporate demand reduces. They are the main midweek market for some 3 star hotels and one boutique hotel, accounting for 25-35% of midweek trade for some hotels and up to 60% in one case. Capital of Culture has clearly raised the city's profile as a leisure break destination. Hotels attract UK, Irish, European and Scandinavian visitors for midweek breaks. Couples over 55 are the key market for midweek breaks. This market is generally offer-driven. The Beatles, shopping and the city's culture and heritage are key draws for this age group. Families are a key market for midweek breaks during school holiday periods. The city's budget hotels do well in this market.

- **Group tours** are a key midweek market for some second-tier 4 star and 3 star hotels. 4 star and boutique hotels have also started to take group tours as other midweek markets have reduced and become more competitive. Hotels attract both UK and overseas tours, usually staying 2 nights in Liverpool. While this is low-rated business it can provide hotels with a base of midweek demand from which they can start to yield their room rates.

- **Overseas tourists** are a further source of midweek business for many of the city's hotels. Key origins of overseas tourists are North America, Western Europe, Ireland and Asia. Liverpool's appeal as a destination for overseas visitors continues to be strong, the 6th most visited city in the UK. Anecdotal evidence suggests an expanding market with attractions of strong appeal to overseas markets seeing significant increases.

- **Midweek football matches** generate significant demand for hotel accommodation when they are held in the city, but this market has reduced in the past 2 years with Liverpool FC not being in the Champions League.

- Other midweek markets are as follows:

    - Midweek weddings;
    - Hospital visitors;
    - University graduations;
    - Overseas students;
    - Production and set up crews for theatre productions and conferences, concerts and events at ACCL;
    - Aircrew.

Weekend Markets & Trends

- Football supporters, clubbers and stag and hen parties and UK and overseas weekend break visitors remain the three key weekend markets for Liverpool hotels.

- **Football supporters** account for around 30-40% of weekend demand for most of Liverpool's hotels and serviced apartment operations. Liverpool FC home matches attract very strong demand for hotel accommodation from UK, Irish and Scandinavian supporters, both individuals and football groups. The city's hotels work with a number of football agents in this market. Demand for Everton matches is not usually as strong, depending on which teams they are playing. Hotels are able to achieve premium rates for Liverpool FC matches. Length of stay has reduced in 2010 from these markets, partly due to flight time changes.

- **Clubbers and stag and hen parties** remain a strong market for Liverpool hotels, particularly the city's budget hotels and some 3 star hotels. All hotels attract some of this market. Many hotels try to limit the amount of business they take from stag and hen parties. This market remains strong and growing.

- **Weekend breaks** are the main weekend market for Liverpool's boutique hotels and an important source of weekend demand for the city's 3 and 4 star hotels, serviced apartments and most budget hotels, although some hotels at this level of the market are usually blocked out to weekend break business due to the strength of demand from football supporters and clubbers and stag and hen parties. Leisure break visitors at weekends tend to be couples aged 30-45 and families from the UK, Ireland and Europe. Some budget hotels and serviced apartments do particularly well in the family market. Serviced apartments are popular with female parties, either groups of friends or mothers and daughters. Key draws for weekend breaks are the city's nightlife, shopping and Liverpool One, the Beatles, Anfield tours and the city's cultural and heritage attractions. Hotels usually achieve good rates for weekend break stays. This market is not particularly price sensitive although weekend break rates have softened a little in the last two years. Demand for weekend breaks has increased, with raised awareness following Capital of Culture, though two night bookings have been harder to achieve compared to previous years.

- **Group tours** are an important secondary weekend market for some 3 star hotels and a minor weekend market for a few budget hotels.

- **Weddings and functions** are a minor weekend market for the city's 3 and 4 star and boutique hotels, typically accounting for around 10% of weekend demand.

- **People visiting friends and relatives** are a further weekend market for the city's budget hotels.

- The Grand National and Mathew Street Festival are key **events** that generate significant demand for hotel accommodation in Liverpool. Concerts at the Arena generate good demand for hotel accommodation when a major act is playing. Peter Kay and Justin Bieber were cited as recent concerts that had generated business for hotels.

- **Weekend conferences and events at the BT Convention Centre** periodically generate demand for hotel accommodation in the city.

- Other weekend markets are:

    - Overseas tourists;
    - Ferry passengers when ferries are cancelled;
    - Overseas students;
    - Long stay corporate guests, particularly for serviced apartments;
    - Corporate arrivals on Sunday nights.

Denied Business[5]

- Most hotels and serviced apartment operations in the city centre, including those that have recently opened, continue to consistently deny business on Saturday nights. Saturday denials can be very high for Liverpool FC home matches, depending on the team that they are playing. Levels of denied business are lower for some boutique hotels due to the high rate strategies that they pursue. Saturday denials remain very high for budget hotels. The other key time when the city's hotels deny significant levels of business is for the Grand National weekend. Some budget hotels still frequently deny business on Friday nights.

- City centre hotels rarely deny midweek business unless there is a large conference on at the BT Convention Centre or a big midweek football match. Some 3 and 4 star hotels occasionally turn down enquiries for large residential conferences (100 delegates +) due to insufficient bedroom or conference room availability or when such a booking would adversely affect a hotel's ability to achieve good midweek occupancy for the whole week e.g. a one-night conference on a Wednesday night.

[5] Business that hotels turn away because they are fully booked

The Speke-Garston Hotel Market

- Midweek demand appears to be strong and growing for hotels at Speke-Garston. Hotels in this area achieve high midweek occupancies and regularly deny business on weekday nights. The corporate market is strong here, with a number of major companies that generate good demand for hotel accommodation e.g. Jaguar Land Rover, Shop Direct, pharmaceutical companies. Corporate demand has increased in volume terms, particularly as a result of Jaguar Land Rover's project to build the new Evoque at Halewood. Corporate rates have however reduced during the recession and are not expected to increase much until 2012 or 2013.

- The other key midweek markets for the hotels at Liverpool John Lennon Airport are aircrew and air passengers requiring pre- and post-flight accommodation. These are low-rated markets that are primarily served by the budget hotels.

- Other minor midweek markets are group tours and midweek breaks. Hotels at Speke Garston no longer attract residential conferences. They sometimes benefit from displaced corporate business from city centre hotels when there are major conferences at the BT Convention Centre.

- Weekend demand for hotels at Speke Garston appears to be relatively weak and low-rated, certainly compared to city centre hotels. Hotels here do not appear to be denying weekend business. They will usually fill for big Liverpool FC football matches. Weekend demand otherwise comes primarily from air passengers and aircrew. Hotels attract some weekend group tour business but struggle to attract weekend break demand.

PROSPECTS FOR GROWTH

Strategic Context

- Liverpool is the economic, commercial, cultural and transport hub of the Liverpool City Region and as such its key economic driver and employment centre. The Visitor Economy is one of four transformational sectors that have been identified for the City Region as having the potential to deliver a step change in the economy to 2020, the others being Liverpool Superport, the Low Carbon Economy, and the Knowledge Economy. The strategy seeks to rebalance the economy to reduce the City-Region's reliance on public sector employment and create an expanding private sector economy.

- Employment growth in the Liverpool City Region is forecast by Pion & Cambridge Econometrics to be between 45,000 and 87,000 to 2030. They project a continuing decline in manufacturing and an increase in the service sectors, particularly business and public services. Total public sector employment is forecast to fall by 3,000 jobs to 2015, and then grow by 13,300 jobs to 2020, and 26,300 by 2030, an overall growth of 11% on the 2008 base. At an overall level, employment is unlikely to return to pre-recession levels until 2015. On a more positive note, Jaguar Land Rover has recently taken on an additional 1,500 staff at Halewood as the plant gears up for the launch of the new Land Rover Evoque, which goes on sale in autumn 2011.

- The recently published Mersey Partnership Economic Review 2011 is more bullish about the potential to create new jobs across the City Region, estimating 128,000 new jobs in the four transformational sectors in the next 10 years. The Knowledge Economy could deliver almost 60,000 of these additional jobs.

- Future growth scenarios will also see an increase in Liverpool's population and housing development. The Core Strategy allows for the development of 37,000 new homes to 2024. The City Centre will see almost 16,500 of these.

PROSPECTS FOR GROWTH

- Key initiatives that will help deliver the identified growth potential include:

  - **The Development of the Visitor Economy -** a key driver for regeneration. Liverpool's positioning as a cultural, heritage, music, waterfront and sporting destination of global significance recognises that the city's cultural and heritage offer is the strongest outside London, boosted by Capital of Culture in 2008 and major investment in the offer over the past 10 years. The Visitor Economy Strategy to 2020 sets a target of a 50% increase in visitor spending in the Liverpool City Region over the next 10 years, from a current value of £2.8bn to £4.2bn. Tourism related employment is targeted to grow from 41,000 to 55,500 by 2020, an increase of 36% and 14,000 jobs. Other targets for Liverpool include:

    - A top 5 UK destination for short breaks and conferences.
    - A top 20 European city to visit.
    - A top 50 ICCA conference city.
    - An increase in staying visitor nights in Liverpool from an estimated 4.1m in 2010 to a target of 5m by 2020, representing a 22% increase, equivalent to an average annual growth rate of 2.2%. 5m nights are the requirement cited in the Destination Management Plan required for Liverpool to be in the top 20 European cities.
    - Hotel occupancy always over 70% and increasing to 76% by 2020; a continued growth in room yield; and an objective to attract hotel brands and products that complement the conference, culture and heritage offer.

  - **Developing Events and Festivals -** particularly events of scale that require accommodation due to their ability to draw from a wide geographic area and their duration. Winning major international and national events can bring powerful PR benefits, and the City is targeting a number of blockbuster festivals such as Titanic 2012 and the Tall Ships Race. Key themes are a maritime, music, culture and sport to reinforce Liverpool's global strengths. Much of this will be taken forward via Liverpool's internationalisation agenda and the Liverpool Plan.

PROSPECTS FOR GROWTH

- **Developing Liverpool's Gay Village** – a vibrant gay quarter is being developed around Stanley Street which City leaders believe can have a key role to play in the future success of Liverpool as an international tourist destination.

- **Developing Conference Business** – with the opening of the BT Convention Centre, Liverpool has become a serious player in the convention market, attracting high profile conferences such as the TUC in 2009, Lib Dems in 2010 and the Labour Party in 2011. The Convention Centre is still very much in its build-up phase. It has focused initially on attracting association conferences, with delegate numbers ranging from 300-1,350; typically generate demand for hotel accommodation for 2-3 nights. Forward bookings are looking healthy for 2012 and beyond, with an increasing number of large (800-1,200 delegate) association conferences already secured. Demand for corporate conferences at the Convention Centre is also starting to build. Future targets include international associations, often large high profile events events, lasting 4-5 days and involving a 3-day build up period. Liverpool City Council and ACCL have recently announced plans for a £40m state-of-the-art 8,200 sq m exhibition and events complex to be built on Liverpool waterfront adjacent to the BT Convention Centre, with a new 200 bedroom 4 star hotel, expected to host around 50 events and attract some 250,000 visitors.

- **Developing the Cruise Market -** since the development of the new cruise liner terminal in 2007, Liverpool has become a port of call for cruise liners. The city is keen to develop this market, and has applied for permission to add turnaround operations that would enable cruises to start and finish in Liverpool. This would be of much greater economic benefit to Liverpool and the wider region, and would enable cruise line operators to make Liverpool their home port. It would generate additional business servicing the needs of these companies, and secure pre- and post-cruise stays in hotels. The application is being reviewed in the light of UK ports competition policy.

PROSPECTS FOR GROWTH

- **Developing the Knowledge Economy -** Liverpool City-Region has a critical mass in several knowledge economy areas, notably bio-medical/life sciences, public health/sports science, materials science/environmental technologies, advanced manufacturing, financial and professional services and creative and digital industries. Much of this is linked to the Universities and specialist research centres, focused on the Liverpool Knowledge Quarter and International Gateway business area. The ambition is for further expansion to make Liverpool an internationally significant City-Region for knowledge and science, developing two strategic sites to form a 'Knowledge Crescent' and enhancing existing facilities to maximise economic potential. The most recent forecasts in the Knowledge Economy Action Plan identify the potential to create 58,000 new jobs by the early 2020s, an increase of 15%, similar to that achieved under earlier growth scenarios. This will include the expansion of Liverpool's Universities, further development of the creative and digital industries sector,

- **Liverpool Superport –** this concept draws together the assets of the Mersey ports, Liverpool John Lennon Airport, and associated logistics and transport infrastructure and aims to create the most effective and cost efficient centre for freight and passenger transit in the UK. Superport incorporates over £1.8bn of new infrastructure developments, including the development of a new facility at Seaforth, a £150m river berth that will be able to take the largest ships in the world including those that will cross the Panama Canal from the Pacific when it is widened in 2015. Associated improvements in transport infrastructure will support this – the expansion of the Airport, the new Mersey crossing at Halton, improvements to the A5036 and the development of a Strategic Railfreight Interchange at Parkside close to the M6 and West Coast mainline. Up to 28,000 additional jobs could be created in this sector.

PROSPECTS FOR GROWTH

- **Liverpool John Lennon Airport** has been one of the fastest growing airports in the UK over the past 10 years. The Masterplan for the Airport will see passenger numbers increase from 5.5m currently to 9.6m by 2020 and 12.3m by 2030. Most of this growth will be in low cost international scheduled services to Europe. The expansion of the Airport and availability of cheap and regular flights is seen as critical to developing the short break market. This entails physical investment in the airport to increase capacity, including an extension to the runway, plus the development of new routes, including new long haul routes especially from the US and the Far East. In addition to passenger movements, the Airport is developing its role alongside the Port of Liverpool to create an international gateway for freight handling and distribution. Post 2015 this would involve the development of a state of the art cargo-handling and distribution facility, the Oglet World Cargo Centre. The Masterplan identifies the potential to handle 220,000 tonnes p.a. by 2030, from a target of 40,000 tonnes in 2015.

- **Developing a Low Carbon Economy - i**nitiatives to develop a low carbon economy are being focused around developing the City-Region as a centre for renewable energy development. This includes tidal energy, off-shore wind, on-shore wind and energy from waste and biomass. With around 9,000 people employed in this sector, it is not particularly large currently, but with pending climate change legislation there could be scope to expand this further. 6,000-15,000 additional jobs are forecast for this sector.

PROSPECTS FOR GROWTH

- **Transformational Development Projects -** Liverpool Waters and Wirral Waters are two major transformational regeneration projects proposed either side of the River Mersey that have the potential to deliver major long-term economic benefits to Liverpool and the wider City Region. Both are being developed by Peel Holdings. **Liverpool Waters** involves the comprehensive redevelopment of 150 acres of Liverpool Docks in North Liverpool, to create a high quality mixed-use waterfront quarter costing £5.5bn. The scheme will incorporate over 300,000 sq m of offices, more than 9,000 homes, hotel and conference facilities, restaurants and cafes, public open space, and a cruise liner facility. **Wirral Waters**, a £4.5 bn investment by Peel and Wirral Council, will transform Wirral's waterfront and create a world class destination on the opposite bank of the Mersey. It will have a major economic impact, providing infrastructure for over 20,000 new jobs over 30 years. The proposals include the development of the Peel International Trade Centre at West Float, and 465,000 sq m of modern office space at the East Float and Victoria Docks alongside a waterfront hotel, bars, restaurants, other leisure facilities and 15,000 apartments, which would be housed in a series of tall, modern towers of up to fifty storeys. A dedicated development is also proposed at the site of the former Bidston Dock, close to the M53 and Kingsway Tunnel, to include 53,000 sq m of retail and leisure facilities.

PROSPECTS FOR GROWTH

Future Prospects by Market

- **The Corporate Market**

The targeted growth in the Knowledge Economy is likely to be the key driver of growth in corporate demand for hotel accommodation in Liverpool. The key target sectors of Life Sciences, Advanced Manufacturing, Financial & Professional Services and Creative & Digital Industries are all generally productive in terms of generating demand for hotel accommodation. The projected 58,000 increase in jobs in the Knowledge Economy alone would result in an 8.7% growth in employment in the City Region compared to the 2008 base, equivalent to an average annual growth rate of 0.7%. This provides a reference point of the scale of growth in corporate demand for hotel accommodation that could be seen in Liverpool over the next 10 years. Employment forecasts and economic commentary suggest that employment in the City Region is unlikely to return to pre-recession levels until at least 2015. This suggests relatively modest growth in corporate demand over the next 2-3 years before stronger growth from 2015 onwards. There could be an increase in long stay project-related corporate business in Liverpool as new companies and organisations establish operations in the City Region.

- **Government Business**

With the projected cutbacks in the public sector, government business is unlikely to grow and may well reduce further to 2015 before seeing renewed growth to 2020. The City Region may however benefit from civil service relocations if government departments look to save money by moving to lower cost provincial cities. Nevertheless it seems unlikely that government business will increase much over the next 10 years.

PROSPECTS FOR GROWTH

- **Residential Conferences**

  There could also be some growth in the residential conference market as the UK economy recovers and new companies and organisations are attracted to the City Region. There is potential for Liverpool to target this market taking advantage of lower 24 hour delegate rates to give a competitive edge over competing cities such as Manchester and Birmingham. However, this is a very tough market and growth is likely to be relatively modest. There is potential to target smaller national and international association conferences that can be fully accommodated in some of Liverpool's larger 3 and 4 star hotels.

- **Major Conferences and Exhibitions**

  Demand for hotel accommodation from major conferences and exhibitions at ACCL looks set to steadily increase over the next 3 years as it becomes more established in the national associations meetings market and begins to attract corporate conferences and international association meetings. ACCL is beginning to attract more and larger and longer conferences that will begin to generate more consistent midweek business for hotels across the city centre. The opening of the new exhibition and events centre at the end of 2014 will provide a significant boost to ACCL's ability to attract major international conventions and trade and public exhibitions, allowing a step change in the business that ACCL will generate for the city's hotels from 2015 onwards.

- **Universities**

  Demand for hotel accommodation from Liverpool's universities is likely to increase given their planned development and increasing research capabilities.

- **Contractors**

  Demand for hotel accommodation from the contractors market is likely to grow as construction activity restarts and major construction projects are progressed. The development of Liverpool Superport and renewable energy generation projects could also result in increased contractor demand. Demand is likely to be strongest for budget hotel accommodation. 3 and 4 star hotels may also attract demand from project managers and consultants.

PROSPECTS FOR GROWTH

Leisure Breaks

There should be good scope for Liverpool hotels to target and grow midweek and weekend leisure break business. Capital of Culture has significantly raised awareness of Liverpool as a leisure break destination. The city now has a strong leisure break offer in terms of its cultural and heritage attractions, retail offer, particularly now that Liverpool One has opened, its nightlife and the Beatles, which will be further developed over the next 10 years. The city has a variety of strong selling points for a range of target leisure break markets. It should continue to benefit from the staycation trend that emerged during the recession. The strategy to attract and develop major events and festivals in the City Region will provide a further dimension to Liverpool's leisure break offer and new reasons to visit and return. New hotels are likely to bring increased capacity for supply-led growth in weekend break demand and may also drive growth in midweek break business as they target this market to boost midweek occupancies. There could also be scope to attract conference delegates, business visitors, football supporters and other markets that have a specific reason to come to Liverpool to return for leisure breaks. The gay market could also offer potential for Liverpool given the planned revamp of the city's Gay Village and the development of gay hotels. Growth in midweek break business is likely to be primarily rate driven through special offers and added value packages. The city's hotels should however be able to continue to achieve good rates for weekend breaks, given the strength of weekend demand in the city.

- **Overseas Tourists**

Demand from overseas tourist markets should continue to grow in Liverpool given the heightened international awareness of the city following Capital of Culture, improved international connectivity as new air links are established into Liverpool John Lennon Airport and the implementation of the Liverpool Plan and internationalisation agenda, with a particular focus on China, India, USA and German markets. The increased profile of the UK in international tourist markets in 2011 and 2012 as a result of the Royal Wedding, the Queen's Diamond Jubilee and the London Olympic and Paralympic Games will also boost overseas visitor demand.

PROSPECTS FOR GROWTH

- **Group Tours**

  There appears to be good potential for Liverpool hotels to attract additional UK and overseas group tour business to boost midweek and Friday and Sunday occupancies. While this market tends to be relatively low-rated it can provide hotels with a base of business from which they can start to yield rates from transient markets. With the much greater competition for midweek business that the city's hotels are currently experiencing, most hotels are now starting to seriously look at group tours as a means of increasing their midweek occupancies.

- **Football**

  Future demand from football supporters will depend very much on how well Liverpool FC does in the seasons ahead. The club will not play in Europe for the 2011/2012, which will mean a reduction in midweek and Sunday matches.

- **Clubbers/ Stag & Hen Parties**

  Clubbers and stag and hen parties should remain a strong market for hotels in Liverpool, particularly budget hotels, given the strength of the city's nightlife offer and the projected growth in the City Region's population (with a high proportion of this market coming from within the City Region). There is also some evidence that stag and hen parties are opting more for UK destinations rather than European destinations as a result of the recession and the strength of the euro.

- **Cruise Business**

  Cruise passengers could become a significant midweek and weekend market for hotels in Liverpool if the city is able to secure turnaround cruise port status. They are a key market for hotels in Southampton, generating demand for hotels of all standards. Hotels in Dover and Harwich also attract good demand from the cruises that start and finish in these ports. Budget hotels also attract demand from cruise ship crews.

PROSPECTS FOR GROWTH

- **Airport Business**

  Demand for hotel accommodation from aircrews and air passengers requiring pre-and post-flight accommodation and looking for Park & Fly deals should grow as air traffic increases through Liverpool John Lennon Airport. Most of this demand is likely to be met by hotels at the airport.

- **Visiting Friends & Relatives**

  Demand for hotel accommodation from people visiting friends and relatives should grow as Liverpool's population expands.

- **Weddings/Functions**

  Demand for hotel accommodation related to weddings and functions should also increase as the city's population grows.

SOURCES OF FURTHER INFORMATION

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The following websites provides further useful information about Liverpool:

www.merseyside.org.uk

www.visitliverpool.com

To download the latest Liverpool Hotel Update:

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http://www.liverpoolvision.co.uk/Key_Documents/Development.aspx

For an Executive Summary of the Liverpool Hotel Futures Report:

http://www.liverpoolvision.co.uk/Key_Documents/Business_and_Investment.aspx