

**NEWQUAY HOTEL & HOLIDAY ACCOMMODATION MARKET &
PLANNING POLICY APPRAISAL**

RESTORMEL BOROUGH COUNCIL

EXECUTIVE SUMMARY

MAY 2005



**CHARTERED SURVEYORS
INTERNATIONAL LEISURE BUSINESS CONSULTING**

INTRODUCTION

Background

Over the last year Restormel Borough Council has received several applications for the redevelopment of hotel sites for residential development. The Council would like to know whether by granting permission for these applications it is weakening the local tourism economy, or, whether it may be doing a service by removing redundant or poor quality stock.

The Council would therefore like to have a better understanding of the local tourism market to determine the quantity, quality and type of hotel and holiday accommodation to meet current needs and future demands.

HLL Humberts Leisure has been commissioned by Restormel Borough Council to advise on the Newquay hotel and holiday accommodation market and planning policy to deal with applications for hotel redevelopment.

HLL Humberts Leisure Ltd

HLL Humberts Leisure is a firm of specialist advisors in leisure business and property. The company operates out of five offices nation-wide with over 50 staff dealing with all aspects of leisure and community property.

Our *Consulting* Division was formed from the merger of Anderson Associates and Fleury Manico into Humberts Leisure in the late 1990s and has since expanded rapidly. The division provides strategic property advice to clients in the leisure industry ranging from local authorities, major institutions, private land owners and property investors to business occupiers of commercial and leisure property.

Over the years we have built up considerable contacts and clients within the public and private sector and we have a clear understanding of trends and development via our comprehensive research databases which monitor property transactions, activity and trends in the leisure sector. Currently our work experience ranges from SE Asia, through Europe and the UK to the West Indies.

Methodology

In order to complete the study and meet the requirements of the brief we have undertaken the following:

- Visited Newquay and its surrounds, including inspecting a sample of properties.
- Held discussions with hotel owners/managers across various sizes and grading of property.
- Consulted with the tourism officer, planning team and Newquay Association of Tourism & Commerce (NATC).
- Reviewed current trends in development in the hotel, holiday property and residential markets.
- Evaluated current and future demand for holiday accommodation in Newquay through an evaluation of the location, surrounds, communications, local economy, tourism profile, published statistics from the tourism board and other surveys, and our interviews with hotel and coach operators.
- Benchmarked the accommodation stock against comparable resorts.

- A quantitative and qualitative assessment of the accommodation stock including an inspection of facilities at a sample of existing hotels, including a quantification of those lost over the last five years and consideration of those currently on the market
- Considered the likely impact of the changes to accommodation stock on the local economy.
- Undertaken a planning appraisal of current policy with regards to existing hotel accommodation and examined the policy for hotel change of use in comparable resorts.
- Provided a recommended policy approach for the consideration of future planning applications for change of use.

Recognition of Risk

Our recommendations and conclusions have been based upon the historic and current planning situation, development proposals and other local tourism and economic data furnished to us by you upon whom we have relied, our own knowledge of demand sources and trends, our in-house database and the status of the competitive market at the time of our research in January 2005. We have made no provision for any unforeseen events which could impact the leisure market or planning in the UK.

This report is provided for the stated purpose agreed in our proposal of December 2004 and subsequent correspondence and is for use only of the parties to whom it is addressed, or their appointees. It is not suitable for any other use or any other persons. As per our standard practice, neither the whole nor, any part of this report, or any reference thereto may be included in any document, circular or statement without our prior approval of the form and context in which it will appear.

SUMMARY

- There has been a national decline in the domestic family holiday market to British Seaside Resorts since the 1960s which has in general had an adverse impact upon seaside resorts. Larger, more accessible resorts have been able to diversify into the conferencing sector and others have built up other business sectors. Smaller resorts have had to look to other markets, from coaches to surfers to urban weekenders.
- Newquay has similarly been affected by the change in patterns of demand for tourism to the British Seaside. The family market has remained relatively strong during school holidays but new markets have had to be attracted for the remainder of the year. In addition to its own attractions such as the surf and extreme sports culture, Newquay is well located to take advantage of the resurgence of popularity of Cornwall in the short break market, and is especially well placed to take advantage of the 'Eden effect'.
- Newquay itself is a small town but a relatively large resort. Therefore, it does not have a very diversified economy at present although there are plans to address this. Although it does attract a very high number of visitors compared to other resorts, Newquay does appear to have a very large hotel bedroom supply, particularly at the ungraded level, relative to other seaside resorts in the UK. This may explain why many hotels have struggled despite these new market opportunities.
- Newquay has also attracted a lot of developer interest in the development of new apartments or second homes. This has combined with the struggle to compete to encourage a significant number of closures and planning applications to convert or redevelop some of the poorer hotels to new 'luxury' apartments.
- Over the last 5 years, we estimate that 640 hotel rooms and 1,443 bedspaces have been lost from the resorts hotel stock through closure. Not all of these have actually applied for planning consent for change of use and redevelopment. This represents around 11% of room and bedroom stock on supply in 2000.
- Over the same period, some 528 hotel rooms have been granted outline or full planning consent to change use and redevelop. Not all these hotels have actually closed or ceased trading – only 386 of these hotel rooms have actually been lost directly with planning consent for change of use or redevelopment.
- As a result of these closures, hotels that we interviewed who operated in the same market as those that had closed, stated that they had benefited noticeably through increased tariffs, revenues and operational efficiencies such as less pressure on staffing. This has had beneficial impacts in the ability to re-invest in the improvement and upgrading of their hotels.
- Planning applications permitting the redevelopment of hotels have led, or will lead, to the development of approximately 291 residential or holiday apartments to replace 386 bedrooms in generally poor quality hotels.
- Evidence suggests that these apartments are generally being marketed as second homes and that they will therefore mostly be used for a quasi holiday purpose.
- We do not have evidence that visitor numbers to Newquay are reducing as a result of loss of serviced accommodation. It is changing demand patterns that influences supply, not the other way around. Our assessment of the economic impact of this

change is, therefore, neutral to positive for a number of reasons. Expenditure in the remaining hotels is increasing, many of the hotels which have gone out of business did not employ staff, their poor quality product was undermining the profile of the market, and any income and jobs lost are replaced by income and jobs in new sectors either directly or indirectly (such as the growing and improving restaurant sector) servicing the second homes and their occupiers.

- The leading role of Newquay as a visitor destination and resort in Cornwall and the South West is not determined by the quantity of serviced accommodation. If the old stock remained and did not adapt to new markets, as the old markets declined the role of the resort would decline with them. It is important that Newquay can address new visitor market requirements in order to preserve its role as the major staying visitor destination.
- At present Restormel Borough Council is fairly unique in that it oversees a major resort with no designated prime hotel area and retention policy. Although at present there is no apparent danger of the leading hotels seeking to exit the market place (indeed they should become more viable as the redundant stock reduces), there could be a longer term danger of this if the trend for change of use is not checked.
- We therefore suggest a Primary Hotel Area encompassing four clusters:
 - The Tourism Heritage Area (Harbour to Killacourt)
 - The Town Centre
 - Narrowcliff
 - The Esplanade (Pentire)
- Within this Primary Hotel Area the policy should be to retain all hotels and guest houses and hotel sites unless they can prove that the site would never become viable even in a more favourable future hotel market.
- Outside of the primary hotel area there should be an 'Other Areas' policy which is more flexible in allowing for the redevelopment of hotels that can prove that they cannot be made viable within the prevailing hotel market. Those that are considered to be in exclusive/desirable locations within the 'Other Areas' would be subject to the same assessment as those in the Primary Hotel Area.
- In order to assess viability we recommend the inclusion of a questionnaire/submission form within Supplementary Planning Guidance which asks questions about the property and seeks evidence of the past three years trading (current viability), the costs of reinvestment/upgrading the hotel and subsequent projections (potential viability in a future market), and where appropriate (prime hotel areas and sites) evidence of the proper marketing of the property at hotel market prices.