

# Bristol Hotel Market Update

September 2022

## The hotspot of the southwest of England

Straddling the River Avon, Bristol is the most populous city in the southwest of England with a population of around 450,000. A centre for creative media, electronics and aerospace, the city attracts a broad range of business and leisure travellers from the UK and overseas.

The extensively redeveloped and renovated city-centre and former docks showcase Bristol's rich history and culture with high quality venues providing a platform for performances, conferences and events throughout the year.

In 2019, the city was named the best culinary destination in the world in the Food Trekking Awards, underlining its reputation for food and drink. It was also the European Green capital in 2015 – the only UK city ever to hold the title.

## Domestic tourism remains key demand driver

In 2019<sup>1</sup> Bristol was the seventh most visited city in the UK, attracting some 2.5m overnight visitors just over half of whom (54%) were from the UK and 46% from international markets.

Although it does not have the same level of appeal for holiday-makers as the likes of Edinburgh or even Liverpool, 36% do stay for leisure purposes and a further 36% to visit friends and relatives in the city.

## Steady supply growth anticipated

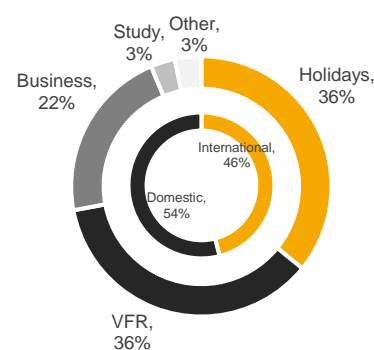
Supply growth has averaged around 3% per annum in recent years, bringing the total number of quality hotel rooms in the Greater Bristol area to around 7,300, 1,000 of which have been added in 2021 and 2022 following Covid delays in 2020. The current reported pipeline suggests that a further 850 keys are likely to open by the end of 2025, increasing the city's quality rooms stock to around 8,100 keys.

Economy to Upper midscale rooms make up the majority of stock (66%). Whilst the upscale and luxury segments have been gradually growing we believe that there is potential for operators to expand further into this space, particularly with more flexible "lifestyle" brands with limited F&B.

Given concerns around the fragility of the economy and rising construction costs, we anticipate investment in the city's hotel markets to be increasingly focused on conversion opportunities and alternative accommodation types such as aparthotels which offer higher operating margins that traditional "full service" hotels.

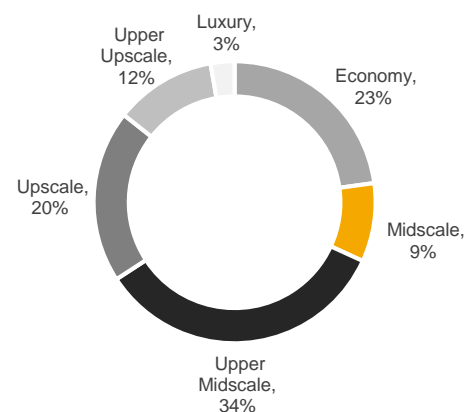
1) Due to Covid-19, latest available data up until 2019

### Visitor Profile (2019)



Source: VisitBritain, 2019

### Current Hotel Supply (2022)



Source: STR, Horwath HTL research

### Estimated Quality Room Supply in Bristol

Rooms	Managed	Franchised	Independent	Total
Economy	1,834	28	-	1,862
Midscale	323	111	238	672
Upper Midscale	366	1,877	337	2,580
Upscale	550	541	-	1,091
Upper Upscale	684	176	42	902
Luxury	229	-	-	229
<b>Total</b>	<b>3,986</b>	<b>2,733</b>	<b>617</b>	<b>7,336</b>

Source: CoStar, Horwath HTL research

## A robust, year-round market held back by weak group demand post-covid

Following several years of RevPAR decline from 2005, the Bristol hotel market saw performance turnaround from around 2012 to 2017 in parallel with an improved tourism offering and increases in visitor arrivals from all segments.

New (largely mid-market) supply combined with an increased dependence on lower rated group business saw modest declines in occupancy and rates in the 2 years before the pandemic struck.

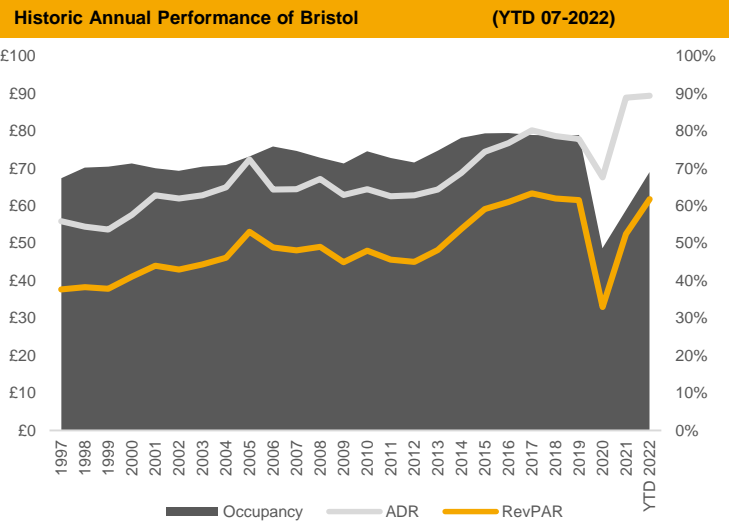
While ADR rebounded very strongly in 2021 and YTD 2022, occupancy rates have remained well below 2019 highs as key business segments have yet to return.

The newly formed Meet Bristol & Bath Convention Bureau is working to support the MICE sector's recovery promoting the region as a major national and international conference and events destination but uncertainties remain as to the potential longer-term scale and nature of the conferencing sector.

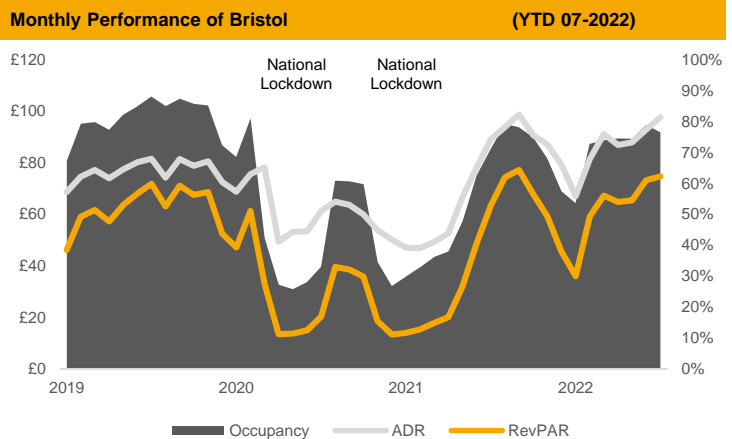
## Continuing infrastructure developments will support long-term broad-based growth of the hotel sector

Given its easy access to London, the Midlands and Wales, Bristol is well placed to benefit from the movement of businesses and workers out of capital.

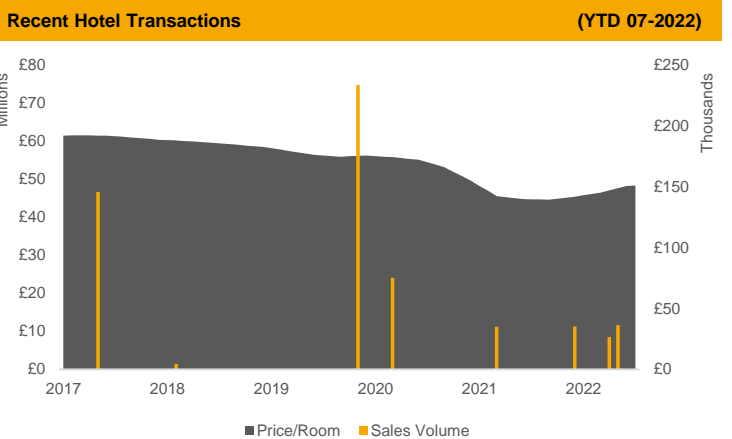
Various ongoing and planned projects will continue to enhance the city's tourism infrastructure including the redevelopment of Temple Meads station and surrounds, the redevelopment of the Brabazon Hangars into the 17,000-capacity YTL arena (due to open in 2023) and the proposed development of a new 4,000-seat sports hall and convention centre with 2 hotels adjoining Bristol City F.C.'s Ashton Gate Stadium.



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