


# A change of scene

In the hunt for new locations for hotels, some developers have gone to jail or even ended up in hospital. *Bridget Baker* finds out why



Bridget Baker of BB Consulting

 SINCE CONRAD HILTON gave us his famous line about the key to a hotel's success being 'location, location, location', little has changed in the UK or worldwide hotel industry. Now however, hotel operators are reporting increasing difficulties in finding suitable sites where they can develop hotels that are economically viable. To continue to grow, hoteliers and developers, in partnership with local authorities, need to take a more imaginative approach.

The British Hospitality Association (BHA) reports that around 140 hotels opened in the UK during the 12 months to August 2007. These hotels have approximately 13,000 guestrooms between them. Of these new hotels, around 64 percent were in the 'budget' category. The BHA estimates that all these new openings, along with refurbishment of existing hotels, meant a £3bn investment in the UK's hotel stock last year.

This is a significant figure, and shows the value of the hotel sector in providing economic prosperity not only to hotel developers and operators but to the areas where hotels are located. Jobs are created, and accommodation and other services are provided, encouraging tourists, conference delegates and business travellers to stay and spend money in those areas.

Hoteliers and developers are seeking sites in ideally accessible locations where there are already established sources of demand for hotel accommodation. However, the UK has a very mature hotel market, and most of the best and obvious

locations were secured many years ago. If hotel chains are to grow, which many of them – backed by various investment funds – are actively trying to do, they must look to more unusual sites.

Currently, local authorities refer to the 'Good Practice on Planning for Tourism' guidelines, issued by the government in 2006, to assist them when dealing with hotel planning applications. The document recognises the importance of hotels to the general success of a local economy but is also very keen (PPS6) to encourage development of new hotels in city centres. Those sites are considered more sustainable in terms of access by public transport, contributing to urban vitality and promoting regeneration.

While this sounds fine in theory, the challenge for hoteliers lies in actually finding suitable and financially viable hotel sites in city centres. In recent years, brownfield sites have become available in some of the country's leading cities like Leeds and Glasgow. These sites may have formerly been used for industrial or manufacturing, and allow more cost effective hotels to be built using the latest in sustainable building methods, with the added benefit of meeting the needs of disabled travellers.

As a business, they can also be more efficient as less space is wasted, better operating procedures can be put in place, and ever-increasing energy costs can be offset with the latest technologies. In some smaller towns however, particularly historic centres, there are no such sites available, nor are there likely to be in the near future.

One solution is for hoteliers to convert existing buildings. Some hotel groups have already exhibited considerable imagination in finding these locations. Boutique hotel chain, Malmaison has been particularly original in its acquisitions. People complain that these day prisons are like hotels, and in one case they're right: Malmaison has converted a former jail in Oxford into a stylish hotel. It's not every jail which presents a bill to the resident on departure. For those of a more spiritual outlook, the company's hotel in Glasgow is a former Episcopal Church.

The famous five-star Lanesborough on Hyde Park Corner in London was once a hospital, as was the quirky Alias in Exeter. A stay in hospital has never been so comfortable. All of these hotels provide a charming ambience, but in order to make financial sense for a developer, they need to be on the upper-end of the quality and price spectrum if they are to give a return on the original investment.

These projects require significant renovation and the vital support of local planning authorities in looking favourably on any applications for a change of use of the buildings concerned. There is no doubt that these hotels revitalise an area and, in some instances, provide a tourist attraction in their own right.

There are often further complications if the building is located in a conservation area or is listed.





Frequently, buildings that are under consideration have been vacant for some time and have become obsolete for their original use. Clearly it is important, and indeed attractive to hotel guests, to retain as many of the features of these historic buildings as possible.

Yet at the same time, if the building is to be brought back into use as a hotel – often the only other possible use – then some internal changes need to be made. The hotel can then offer facilities that both appeal to guests and allow it to operate efficiently.

Unfortunately, not every town and city has these iconic buildings that can be converted to provide stylish, upscale hotels. This does not mean that other solutions cannot be found. At the budget end of the market, Travelodge have moved away in recent years from offering its hotels mainly at motorway service areas to seeking other locations.

They have 20,000 hotel rooms in this country and have added 7,000 over the past four years. If they are



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to reach their target of 32,000 rooms by 2010, they have no choice but to expand their presence in areas previously the domain of the more full-service hotel groups.

The additional challenge for budget groups such as Travelodge is finding sites with costs low enough to allow them to offer their rooms at rates as low as £19 per night. Their solution has been to convert 70s style office buildings which no longer appeal to businesses seeking more flexible and hi-tech facilities.

This has allowed hotel chains to provide budget hotels in many town and city centres around the country. As with converting churches, hospitals and prisons, these projects can also require permission for a change of use for the local authority concerned.

Sometimes this may go against a local council's priority of retaining offices which may, over time, provide more jobs than a budget hotel. The case should be argued however, for the value of attracting outside visitors to stay in a town, and the beneficial knock-on effect that spending in the area can have for other businesses.

In any case, it is clear that without hotel development, many of these offices will remain empty, attract graffiti, and eventually fall into dangerous disrepair.

For hoteliers to continue to succeed in the UK, both they and local authorities need to work together to find suitable sites for new hotels and emphasise the economic and tourism potential of many locations around the country.

Authorities such as Derby are already actively courting hotel operators by providing bespoke information and assistance through the planning process. Their efforts are paying dividends and should be an inspiration to other towns and cities across the country. ■



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