OVERVIEW OF THE MEDWAY HOTEL MARKET JANUARY 2009

Prepared for:	Medway Council
By:	Richard Gerald Associates Ltd. (RGA)

Edinburgh / London

CONTENTS

1. INTRODUCTION

1.1 BACKGROUND

RGA have been commissioned to undertake a review of the hotel market in Medway on behalf of the tourism department of Medway Council. There are a number of hotel development opportunities in the region which has stimulated a great deal of interest, both internally and externally, in the market.

The Medway area includes five key towns – Strood, Rochester, Chatham, Gillingham and Rainham. The administrative area includes many smaller villages and part of the North Kent Marshes. There are a number of significant regeneration plans (the Medway Regeneration Framework) for the area which, over the next 20 years, will radically alter the region.

1.2 PURPOSE

Medway Council requires an independent, expert assessment and overview of the hotel market in Medway including its current performance, an overview of the current supply (both accommodation and the conference sector) and potential future hotel supply already within the planning system. For the purpose of this report, the geography of the ‘market area’ is 10 miles from Rochester.

Richard Gerald Associates Ltd. (RGA) offers specialist services to the hotel, leisure and tourism industries. RGA has extensive expertise in all sectors of the UK and European hotel industry and has conducted numerous hotel studies in the UK. RGA has considerable experience of the Medway, Kent and South East England hotel markets, gained over many years.

2. SUMMARY EVALUATION

2.1 EVALUATION

Our evaluation of the market opportunity at Medway is broadly positive:

- Population growth forecasts, economic activity levels and wages in Medway outperform the UK as a whole but are below regional averages. However, the area is experiencing massive regeneration activity, which has the potential to create significant economic growth;

- The volume and value of tourism to Kent and the South East of England is decreasing and Medway is not presently particularly well established as an overnight tourism destination (though it is, as a day visitor destination). There are some significant demand generators in the market area, however, and a number of new cultural and tourism projects are proposed;

- There are excellent transport links in and around Medway, with good access to the M20, the M25 and the Channel Tunnel. There are four major London Airports within 50 miles of the site offering an expanding network of national and international routes;

- There are 30 hotels within the market area, providing 2,017 bedrooms. The hotels are concentrated around Rochester, Chatham, Gravesend and Maidstone or on major transport routes such as the M20 and M2. The overall perception amongst hotel bookers is that there is a lack of good quality hotels in the immediate area and that current hotels are of an "average" standard;

- RGA estimates the hotel market set achieved bedroom occupancy of 75.8% and an average room rate of £58.88 (excluding VAT) in the year to September 2008;

- Demand research for hotel accommodation from local companies is broadly positive. There is little evidence of frustrated or unmet demand, but the quality of the current stock is an issue and there is a requirement for a good quality product close to the centre of Rochester and Chatham;

- Medway is moderately popular with coach and tour operators. They require full-service mid market hotel accommodation with good access to the road network;

- Demand from national conference organisers and hotel booking agents is expected to be of a very moderate scale. Effective destination marketing aimed at the conference sector would be required to change this. In the long term demand may increase as the major regeneration programme takes effect. There appears to be ongoing demand for small scale meeting facilities generated from the regional market place;

- There are 41 conference venues within the ten mile market area, including 19 hotels. There are five purpose built conference centres with theatre style capacities of up to 1,500 people;

- The site characteristics of Medway are excellent, with good proximity to the river and major transport routes.

- RGA explored the feasibility of developing a new full service hotel in Rochester Riverside (see separate report) which was positive. During this exercise we modelled the hotel market including the impact of introducing new supply into the market place up to 2015. RGA believe there is potential for an increase of a further 550 bedrooms in the market before market performance will be jeopardised. This is assuming current demand assumptions remain valid. At present we do not believe that there is an opportunity for a five star or luxury boutique hotel within the market. This may change as regeneration activity occurs over the next 10 years.

3. PRIMARY DEMAND RESEARCH

3.1 INTRODUCTION

For the purposes of this study, primary research was undertaken to ascertain demand for accommodation and other hotel services in Medway in November 2008. RGA surveyed key potential user groups including local and regional companies, coach tour operators, hotel booking agents and conference agents and gathered a local response to the prospect of a hotel development in the area.

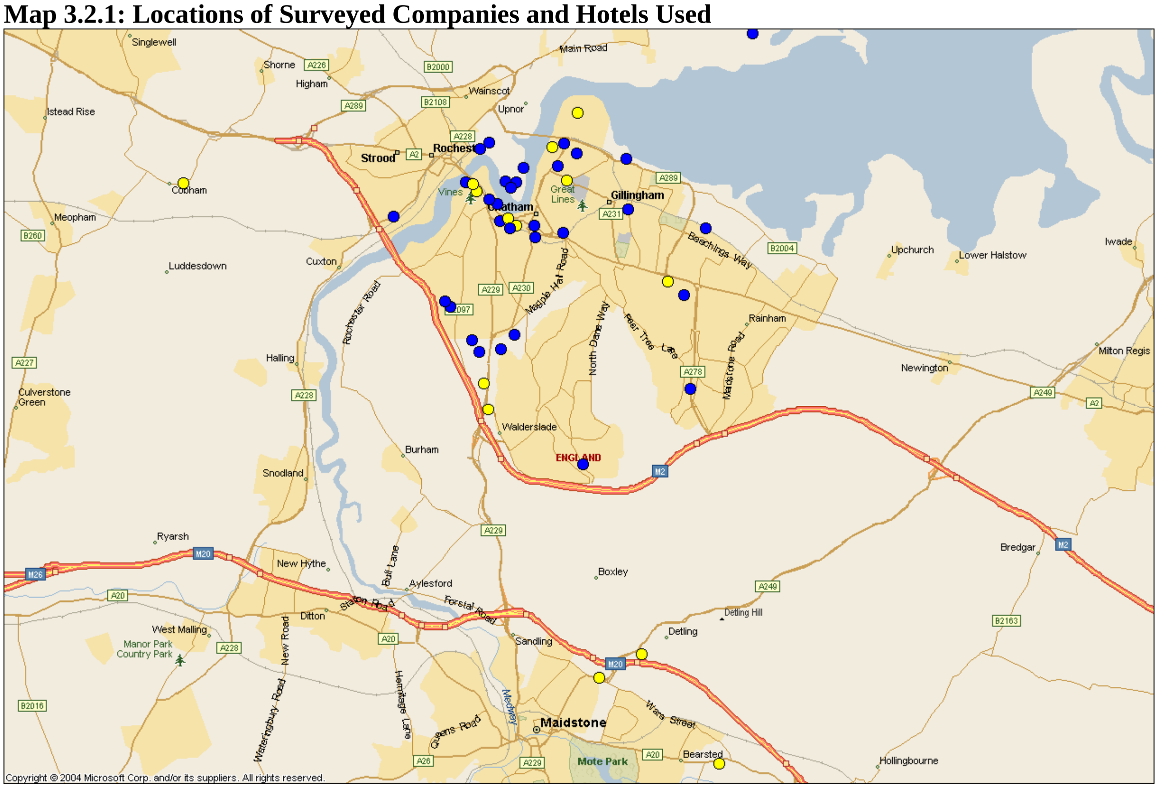
3.2 THE LOCAL CORPORATE SECTOR

RGA contacted 32 local companies, including the largest employers in the area, by means of a telephone survey. The companies surveyed employ an average of 740 people per company, ranging from 50 to 8,000 employees.

3.2.1 Accommodation Demand

Almost half of respondents (53%) indicate they use hotels for accommodation purposes within Rochester and Chatham, almost two thirds of respondents (65%) indicate they use hotels in the wider Medway area for hotel purposes and 14% of respondents indicate they use hotels outside of the Medway area within Kent. These responses are positive for the project. Map 3.2.1 shows the locations of companies consulted and the locations of the hotels used.

Map 3.2.1: Locations of Surveyed Companies and Hotels Used



Source: RGA Research/Microsoft Autoroute Companies Hotels

Map 3.2.1 shows that local corporate respondents are based around Rochester, Chatham and Gillingham town centres and along the M2 corridor. The hotels they use are primarily located in central Rochester and Chatham and on the M2.

The following Table details the hotels mentioned and reasons for use.

Table 3.2.1: Hotels used in Market Area by Local Companies

Hotel	Number of Mentions	Reason (number of mentions)*		
		Location	**Quality/Facilities**	**Price/Good Rates**
Bridgewood Manor	11	6	5	4
Holiday Inn Rochester-Chatham	9	5	5	3
Ramada Encore Chatham	9	6	5	5
Medway Manor	5	4		3
Premier Inn, Gillingham	5	4	1	4
Victoria & Bull Hotel	4	3		2
St George Hotel	4	2		2
Village Hotel, Maidstone	4	3	2	1
Hilton Hotel, Maidstone	3	2	2	
King Charles Hotel	3	1		1
Marriott Tudor Park	2	1	1	
Gordon House Hotel	2	1		1
Travelodge Medway Services	1	1		1
Ship & Trades, Chatham	1	1		1
Leather Bottle, Cobham	1			1
Totals	**64**	**40**	**21**	**29**

Source: RGA Research
*Respondents can mention more than one reason

Fifteen hotels were mentioned by the respondents; the most commonly cited were the Bridgewood Manor Hotel (11 mentions), Holiday Inn Rochester-Chatham and the Ramada Encore Rochester-Chatham (nine mentions each). Respondents also mentioned use of Premier Inn at Gillingham and Medway Manor Hotel, Rochester (five mentions each).

The main reasons for choice of the hotels were: location in terms of proximity to either the town centre or the company’s offices (40 mentions); price/good rates (30 mentions) and quality/facilities (21 mentions). Eight respondents had agreed corporate rates with a hotel, suggesting that demand is sufficient to warrant such an approach and/or that the existing local product is effective in its marketing.

Expected rates for a single room in the area, including breakfast, range from below £40.00 to £110.00, with an average expected rate of £71.92. For many companies, the budget allocated depends on the seniority of the person staying.

Companies reported that they prefer to use three-star hotels (75%) when booking accommodation, but also reported additional demand for limited service hotels (42%), four-star hotels (38%) and two-star accommodation (33%), again, depending on the visitor. ***There is a strong preference for a three-star, and good demand for four star products.***

There was a mixed response to the volume of rooms required, ranging from one to ten rooms per month up to over 50. Half (52%) of respondents book between one and ten rooms per month, indicating fair levels of use. Demand levels from local companies vary depending on their business requirements and overall market trends. 91% of the companies surveyed expect their demand levels to remain the same in the near future. Only one respondent expected demand levels to increase and one expected demand to decrease. This somewhat cautious response is perhaps reasonably encouraging in the context of the current economic climate.

When choosing hotel accommodation in the Medway area, the greatest influencing factor is location, scoring 4.8 on a scale of 1 to 5 (1 being not important and 5 being very important). This was followed by price, with 4.6 out of 5. Other influencing factors were a hotel with on site parking (4.1), a hotel with a restaurant (3.7), a hotel with a bar (3.4) and meeting facilities (2.5) Leisure facilities were least important, scoring 2.3. This suggests a price-sensitive market but the importance of location is a positive finding given the proximity of the site to the local companies.

Just over three-quarters (77%) of respondents experience no difficulty in finding availability at hotels in the area. However, 23% did mention difficulty, mainly when local events, such as the Dickens and Sweeps Festivals are taking place. One respondent reported that there is a lack of larger decent hotels in the area and found the smaller requested hotels filled up quickly, and one stated that it is difficult to book rooms at short notice. There is therefore some evidence of frustrated demand within the local area.

3.2.2 Conference Demand

Ten of the thirty-two respondents (31%) use out of office conference and events space in the market area. The remaining companies either have no demand for conference facilities or have their own facilities onsite.

Eleven hotels with conference facilities were named during the research: the Bridgewood Manor Hotel (6 mentions); Holiday Inn Rochester-Chatham and Village Hotel, Maidstone (3 mentions each) and Medway Manor, Ramada Encore, St George, Ashford International Hotel, Regus Dartford and Ramada Maidstone (all one mention each). Demand was found to be generally for smaller, infrequent meetings for between 11 and 50 delegates which take place quarterly. Three respondents hold meetings for over 100 delegates annually. Specific comments made were the St George Hotel offers an excellent service and price and the Ashford International Hotel has a good event room. Other hotels were chosen for their location and prices.

Respondents reported that they expect to pay between £20 and £50 per person for an 8-hour delegate rate and between £50 and £150 per person for a 24-hour delegate package. The majority of companies (70%) expect their conferencing demand to stay the same and 30% expect future demand to increase. ***This indicates growing demand for meeting space from the local corporate market.***

3.2.3 Additional Comments

Additional comments made during the corporate demand research indicated a mixed response as to whether the area is in need of additional hotel accommodation. Comments are listed below.

- "A modern new hotel in Rochester would be welcome".
- "Our US colleagues prefer the Marriott brand".
- "The Village Hotel gym is popular with our clients".
- "As a company, we have a corporate deal with Hilton".
- "A better hotel in the area is needed. No current appeal in Medway towns. Rochester Riverside would be a good location capturing the new development areas in Gillingham and Chatham and handy for people who don't drive".
- "We have never had a problem finding hotel space in the area".
- "Guests tend to favour the branded hotels".
- "Not used often. Have own conference and training rooms in house. Recommend B&B's or Premier Inns to visitors".
- "Plenty of lower priced options in Rochester and Chatham".
- "Clients and MD's prefer well known brand name".
- "Bridgewood is a good location - just off motorway for people travelling. Plenty of B&B's in the area so no problem finding accommodation but there is a gap for a good quality hotel".
- "Hotels in central Rochester tired/old or too basic".
- "No decent hotels within Rochester apart from Holiday Inn".
- "A better hotel in the area is needed. No current appeal in Medways towns. Rochester Riverside would be a good location capturing the new development areas in Gillingham and Chatham and handy for people who don't drive".

There is a fair level of demand amongst the corporate market for accommodation in the area. It was felt by some that a new hotel would be welcomed, although prices would have to be competitive. Respondents felt that the quality of current supply could be improved.

3.2.4 Companies outside of Medway

RGA contacted companies in surrounding areas within Kent, including the largest employers in the area, by means of a telephone survey.

Gravesend

RGA contacted the ten largest employers in Gravesend regarding hotel and conference use. The companies surveyed employ an average of 333 people per company, ranging from 150 to 1,000 employees. Half of respondents (50%) indicate they use hotels for accommodation purposes in the area. Hotels used by companies in Gravesend include the Premier Inn Gravesend Central, the Premier Inn Gravesend, Best Western Manor Hotel, the Inn on the Lake and the Overcliffe Hotel. Three respondents use hotels for conferences or meetings. The Best Western Manor Hotel is the most popular for conference use and the Park Inn at Thurrock was utilised for meeting purposes by one respondent.

Dartford

RGA contacted the ten largest employers in Dartford regarding hotel and conference use. The companies surveyed employ an average of 420 people per company, ranging from 200 to 1,000 employees. Over half of respondents (60%) indicate they use hotels for accommodation purposes in the Dartford area. None of the companies contacted used hotels within Medway. Hotels used for accommodation include the Holiday Inn Express Dartford, Rowhill Grange and Hilton Dartford Bridge Hotel, all in Dartford. The only hotels mentioned outside of Dartford were the Best Western Manor Hotel at Gravesend and the Bexleyheath Marriott. Four respondents use hotels for conferences and meetings. The Hilton Dartford Bridge Hotel and the Rowhill Grange hotel are the most popular hotels for conference use.

Maidstone

RGA contacted the ten largest employers in Maidstone regarding hotel and conference use. The companies surveyed employ an average of 1,246 people per company, ranging from 270 to 4,500 employees. Half of respondents (50%) indicate they use hotels for accommodation purposes in the area. Hotels mentioned were the Hilton Hotel, Village Hotel, Marriott Tudor Park, Ramada Hotel, Best Western Russell Hotel and several of the Premier Inns in the Maidstone area. Three respondents use hotels for conferences and meetings. Most popular for conference use were the Hilton, Marriott Tudor Park and Village Hotels and East Malling Conference Centre.

West Malling

RGA contacted the ten largest employers in West Malling regarding hotel and conference use. The companies surveyed employ an average of 236 people per company, ranging from 150 to 400 employees. Less than half of respondents (40%) indicate they use hotels for accommodation purposes in the area, with a tendency to use hotels in Maidstone. Hotels mentioned were Hadlow Manor (near Tunbridge) and the Marriott Tudor Park and Village Hotel at Maidstone. None of the respondents use hotels for conference or meeting purposes.

Sittingbourne

RGA contacted the ten largest employers in Sittingbourne regarding hotel and conference use. The companies surveyed employ an average of 310 people per company, ranging from 138 to 1,200 employees. Less than half of respondents (40%) indicate they use hotels for accommodation in the area. Hotels mentioned were the Premier Inn, Hempstead House Hotel and the Beaumont Guest House. Comments indicated a lack of hotel choice in the immediate area. Two respondents did use hotels in the Medway area and both cited the Ramada Encore due to its modern facilities and proximity to the M2, providing easy access to Sittingbourne. One respondent uses the Hempstead House Hotel for conference and meeting purposes.

Faversham

There are only eight companies employing 50 people or more in Faversham. RGA contacted all eight employers regarding hotel and conference use. The companies surveyed employ an average of 109 people per company, ranging from 50 to 276 employees. A quarter of respondents (25%) indicate they use hotels for accommodation in the area. Hotels mentioned were the Hempstead House Hotel and Premier Inn at Sittingbourne and the Holiday Inn Express at Canterbury. Respondents indicated they would not consider booking hotels in the Rochester or Chatham area.

Canterbury

RGA contacted the ten largest employers in Canterbury regarding hotel and conference use. The companies surveyed employ an average of 748 people per company, ranging from 200 to 5,001 employees. Half of respondents (50%) indicate they use hotels for accommodation in the area. Hotels mentioned were Canterbury Cathedral Lodge Hotel, Holiday Inn Express, Chaucer Hotel, Victoria Hotel, Travelodge and Best Western Abbots Barton Hotel. Two respondents use hotels in the area for conference and meeting purposes and mentioned the Best Western Abbots Barton Hotel and the Chaucer Hotel, both in Canterbury. None of the respondents indicated they would use hotels within the Medway area, due to the distance.

Conclusion

Research indicates the demand for hotel accommodation is variable and of a moderate scale per company. Companies tend to prioritise location as a deciding factor when selecting a hotel.

3.3 HOTEL BOOKING AGENTS

Five hotel bookings agents were contacted to establish demand for hotel accommodation in Medway. Two of the five booking agents could recall booking accommodation within the market area in the recent past but all agreed that the area does not constitute one of their most popular markets. Big cities such as London, Edinburgh and Newcastle were said to be most often requested, but seaside locations such as Brighton also featured prominently.

Both of the companies who book hotels in the area said that they receive no more than a handful of accommodation booking enquiries per month, and these come mainly from foreigners. Two hotels were specifically mentioned during the course of the research, Bridgewood Manor Hotel and the Village Hotel in Maidstone. The booking agents indicated that this is mainly due to client request, with location, price and proximity to transport links all considered important factors. The other three booking agents contacted reported that they do not book hotels in the area due to a lack of client demand; one person commented that he felt this was because the area was run down.

The price paid for a single room mid-week in the market area was estimated at between £70.00 and £110.00 depending on the standard of the hotel and availability. A rate of £100.00 B&B was mentioned by three of the agents while two commented that they would expect a discount for a block booking or larger groups.

Neither of the companies who book in the area claimed to experience any difficulty when booking rooms, although trying to find the right sort of accommodation anywhere at the last minute was said to be difficult. Encouragingly, three of the five companies contacted expect their accommodation requirements to increase in light of the regeneration schemes underway in the area.

Three of the companies felt that a new hotel in the area would be welcome as it would increase the accommodation options in the area for their clients. The remaining booking agent indicated that his company receives no demand for accommodation in the area.

3.4 CONFERENCE AND EVENT ORGANISERS

RGA contacted five professional conference organisers (PCO's), in order to establish demand for hotels from the conference and events sector. Medway and the surrounding areas were not said to be one of the main markets for all of the conference organisers, who prefer central London and large cities such as Edinburgh, Birmingham and Leeds. The nearest high-demand location to Medway was London itself.

Only one of the companies contacted could recall booking accommodation in the market area previously and reported that this was a one-off request. The venue booked was not specified. All of the companies contacted claimed that there is little client demand for the Medway area and most of their clients prefer London when booking in the south east. Location and client request were the most commonly mentioned drivers when looking for a venue but the size of the facilities, the service received and price were also said to be important factors.

None of the companies anticipated that their demand for the Medway area would increase in the coming years unless a significant new demand generator was developed, though three of the five PCO's did note that regeneration activity can lead to gradually increasing demand depending on the location. The companies were not able to say whether a new hotel would be welcome in the area as they had no experience of booking hotels in Medway. However, it was claimed that their clients tend to prefer good quality hotels and often brands, particularly when staying overnight after an event.

The size and frequency of meeting and events space required by the companies varies from weekly meetings of 10 delegates to annual international conferences of 5,000. None of the companies contacted expect their event space requirements to fluctuate in the near future although short term budget cutbacks due to the current economic climate were noted.

All of the PCO's contacted mentioned individual Wi-Fi access in bedrooms, public areas and conference rooms as a pre requisite for any new build hotel. Three of the five companies felt that this cost should be included in the rates. A range of flexible event rooms able to cater to different sizes and types of group was mentioned by one of the companies while rooms with natural daylight were also noted as an important factor.

3.5 THE TOUR SECTOR

Five coach tour operators who operate throughout the UK and Europe were contacted. Four of the companies claim to use accommodation in the market area, with a number of tours operating predominantly in the summer months.

The hotels mentioned were the Ramada Maidstone (twice), the Holiday Inn Rochester-Chatham, the Marriott Tudor Park and the Hilton Maidstone. Both of the tour companies use these hotels as they are well located and they have agreed discounted rates for repeat bookings.

Shearings (based in the UK, specialising in short breaks for the over 50's) offers both day and overnight tours throughout the UK. The company offers a four night tour to the area with departure dates from April to October. Two excursions are included in the trip, including a half day trip to Chatham to Dickens World and a day excursion to Bruges using the Eurotunnel. The company currently uses the Ramada Maidstone as its base for this tour and is very satisfied with the feedback it receives from its clients.

Shearings also use the Ashford International Hotel, a four star hotel outside the market area, as a base for its five day Rail Trail tour, which also includes a day spent around Chatham. Age-appropriate facilities such as tea and coffee making facilities, ground floor rooms and an on site restaurant were mentioned as important given Shearings' client base. Location is a key factor in accommodation choice for the company as their clients do not want to do large amounts of walking when visiting attractions.

David Palmer Travel offers a three night break to Medway and Canterbury utilising the Hilton Hotel at Maidstone.

A number of internet searches were also performed during this section of the research in order to gain an understanding of overseas demand for the market area. A small number of overseas tour companies were found to use hotels within the market area as a base for visiting attractions in the south east. Escorted Britain Tours is based in the USA and offers a wide range of tours throughout the UK, with London the most widely offered destination. One of their tours includes an excursion to Chatham with accommodation provided by the Holiday Inn Rochester-Chatham for one night. The tour then continues northwards so the proximity to the motorway of the Holiday Inn is regarded as an asset.

Medway should prove attractive to this market as transport links to both central London and the south coast are very good and there a number of attractions in the immediate vicinity. A recognisable brand and competitive rates can be important when looking to attract the coach and tour market.

3.6 ADDITIONAL LOCAL RESEARCH

Informal conversations were held with staff at Rochester Tourist Information Office to discuss hotel demand in the area. Opinions are that there is a definite lack of quality hotel space for visitors to Rochester and Chatham. The only quality hotels on offer locally are the Holiday Inn or the Bridgewood Manor, which sometimes are a bit too expensive for visitors. Enquiries tend to be mainly leisure-based; however, business enquiries are also received. Feedback and comments from visitors to the tourist office indicate that hotels central to Rochester are small, outdated and of a low standard, with no modern facilities or lifts. Indications are that a reasonably-priced quality hotel with modern facilities would be in high demand. The two Dickens Festivals (one in May and one in December) and the Sweeps Festival (May) always see hotels in the surrounding areas fully booked well in advance.

Events in the area such as graduation ceremonies at Medway Universities and forthcoming sporting events at Medway Park help ensure that hotels are sold out in advance and accommodation is very hard to find. Medway Park is due to host the 2010 World Pentathlon Championships. Research has also indicated that the surrounding rural area is popular for wedding venues and guests require accommodation nearby.

Informal conversations with the Economic Development Officer at Medway Council indicate that the planned coal fired power station development at Kingsnorth is set to attract 4,000 workers to the Medway area, many requiring budget style accommodation. The £2 billion development site is located on the River Medway estuary and will be the first coal fired power station to be built in over 20 years. A decision by the Government on whether to proceed with this development is expected very soon.

Conversations also indicated that the better quality hotels within the area are located on or near the motorway, which does not encourage visitors to travel into Rochester and Chatham.

The University of Greenwich, Mid Kent College and the University of Kent do not use student bedrooms for conference bookings at the Medway Campus. They all recommend the Ramada Encore or Holiday Inn Rochester-Chatham to conference organisers. Informal conversations indicate that the smaller hotels within Rochester and Chatham town centres are of a poor standard and car parking is a problem. The manager at Kings Hill Conference Centre indicated there is not a great deal of choice in Rochester and Chatham for good quality accommodation and a new hotel, possibly at the Rochester Riverside site, would be most welcome.

3.7 FINDINGS AND CONCLUSIONS

Key findings from this section include:

– ***Local corporate demand research suggests that there is good demand from the local corporate set – 53% of the largest companies in the market area currently use accommodation within Rochester and 65% use hotels in the Medway area for accommodation purposes. Some frustrated demand was reported and there is a feeling that the current supply is poor quality. Three star hotels and four star hotels are preferred by the market as they offer suitable catering services***;

– Price and location are defining factors for hotel selection amongst the local corporate set. The Bridgewood Manor Hotel, Holiday Inn Rochester-Chatham, Ramada Encore and the Medway Manor Hotel are all well used;

– There is some demand from hotel booking agents for accommodation in the wider market area but the Medway area is not one of their main markets. The Bridgewood Manor Hotel and the Village Hotel in Maidstone were the only two hotels mentioned, but three of the five companies contacted felt that their accommodation requirements are liable to increase due to the planned regeneration programme;

– There is minimal demand from PCO’s for conferences and events within the market area and this does not appear likely to change in the immediate future. Large cities such as London are the favoured destinations;

– There is substantial accommodation demand from the coach and tour sector in the market area. There are a number of good tourist attractions in Medway and the area has excellent transport links to London and beyond. Operators prefer competitively priced, full service properties.

Conclusion:
Based on the demand research findings, RGA have identified an opportunity for a new upper tier three or four star hotel development along with a branded limited service hotel in Medway plus several budget hotels. Indications are cautiously positive and a good quality brand and facility mix is likely to be well regarded.

4. HOTEL MARKET ANALYSIS

4.1 HOTEL SUPPLY

The hotel stock in Medway was defined as all full service and branded limited service hotels with 20 bedrooms or more within the market area, taken as a ten mile radius from Rochester and Chatham.

RGA identified 31 hotels with 2,043 rooms within the market area. A full list is presented in Table 4.1.2 and an analysis is presented in Table 4.1.1.

Table 4.1.1: Overview of Hotel Supply

Rating	Number of Hotels	Average Rack Rate	Number of Rooms	% of Total Supply
4 Star	7	£140.43	757	38%
3 Star	9	£92.83	654	32%
2 Star	4	£61.56	137	7%
Limited Service	10	£62.86	469	22%
Total	**30**	**£88.22**	**2,017**	**100%**

Source: RGA Research

There are several national and international hotel brands represented within the market area, including Marriott, Village, Ramada, Holiday Inn, Hilton, Premier Inn and Travelodge. In addition, there are a number of smaller hotel groups and independent operators.

The four star sector is the largest category, with seven properties and 757 rooms. This is followed by the three star sector, with nine properties and 654 bedrooms.

The hotel stock is mainly concentrated around Maidstone, Rochester, Chatham, Gravesend and along the main transport routes, the M2 and M20. Table 4.1.2 provides full details of the stock; their locations are marked on Map 4.1.1.

Table 4.1.2: Primary Hotel Set

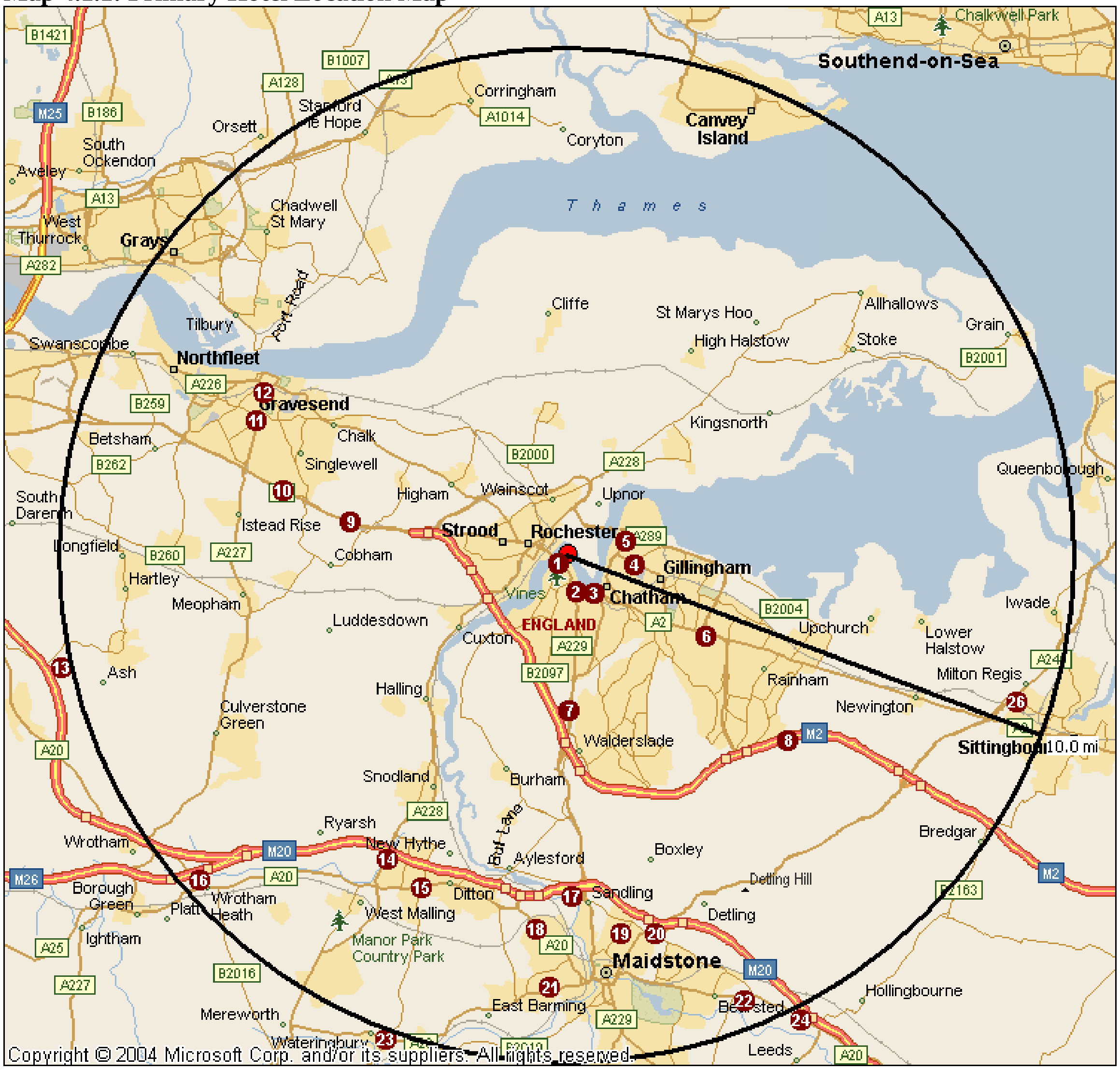
Map Ref.	Hotel	Star Rating	No. of Rooms	Quoted Rate*	
1	Royal Victoria & Bull	2	28	£65.25	BB
2	Medway Manor Hotel	2	30	£52.00	BB
3	St George Hotel	2	50	£59.00	RO
4	King Charles Hotel	3	97	£65.00	BB
5	Ramada Encore	3	90	£99.95	RO
6	Premier Inn, Gillingham	LS**	60	£64.00	RO
7	Bridgewood Manor Hotel	4	100	£125.00	RO
7	Holiday Inn Rochester-Chatham	3	149	£125.00	RO
8	Travelodge, Medway	LS	58	£46.00	RO
9	Inn on the Lake	3	78	£79.50	RO
10	Best Western Manor Hotel	3	59	£99.00	BB
10	Premier Inn, Gravesend	LS	31	£69.00	RO
11	Premier Inn, Gravesend Central	LS	55	£69.00	RO
12	Overcliffe Hotel	2	29	£70.00	RO
13	Brands Hatch Place Hotel	4	38	£120.00	RO
14	Premier Inn, Maidstone Leybourne	LS	40	£63.00	RO
15	Lakefield Priory Hotel	3	52	£95.00	BB
16	Holiday Inn Maidstone Sevenoaks	4	105	£135.00	RO
16	Premier Inn, Sevenoaks	LS	40	£63.00	RO
17	Village Hotel, Maidstone	4	122	£139.00	RO
17	Premier Inn, Maidstone Sandling	LS	40	£65.00	RO
18	Premier Inn, Maidstone Allington	LS	65	£65.00	RO
19	Best Western Russell Hotel	3	42	£99.00	BB
20	Hilton Hotel, Maidstone	4	146	£149.00	RO
21	Grange Moor Hotel	3	50	£78.00	RO
21	Oakwood House	3	37	£95.00	BB
22	Marriott Tudor Park	4	120	£155.00	RO
23	Premier Inn, Maidstone Wateringbury	LS	40	£60.00	RO
24	Ramada Hotel & Resort, Maidstone	4	126	£160.00	RO
26	Premier Inn, Sittingbourne	LS	40	£64.00	RO

Source: RGA research

*Due to hotel room pricing strategies it proves to be difficult to obtain rack rates or published rates from some hotels. RGA attempts to acquire this information, however due to the demand based and floating pricing structures there may be some discrepancies.

** LS Limited Service

Map 4.1.1: Primary Hotel Location Map



Source: RGA Research/Microsoft Autoroute

Map 4.1.2 presents the distribution of rated hotels in the market area. It shows that the hotels nearest to Rochester and Chatham are two or three star properties. The four star hotels are all located along the M2 and M20.

Table 4.1.3: Colour Coding for Hotels by Rating

Hotel Rating	Colour Coding
4 star	Yellow
3 star	Turquoise
2 star	Purple
Limited Service	Green

Source: RGA

Map 4.1.2: Distribution of Rated Hotels in the Market Area

Source: RGA / Microsoft Autoroute

4.2 HOTEL SITE VISITS

RGA visited a sample of hotels in the area to assess their current performance and overall quality. Visits were made to selected hotels based upon brand, facility specification and level of reported quality.

4.2.1 Royal Victoria and Bull Hotel

The Royal Victoria and Bull Hotel is a privately owned two-star hotel on the High Street in Rochester. It has 28 bedrooms and a rack rate of £65.25 B&B, which includes a complimentary newspaper. The hotel building itself has been around for over 400 years and is immortalised in two of former resident Charles Dickens' most celebrated works, *The Pickwick Papers* and *Great Expectations*.

Photograph 4.2.1: Royal Victoria and Bull Hotel

Source: RGA Research

The reception area is accessed via an archway which leads to a car park at the rear. Upon entering the hotel, the immediate feeling is of stepping back in time to a bygone era, with lots of well kept, old leather chairs, oak panelling and large paintings. Visitors looking upwards can see the glass dome ceiling at the top of an aesthetically pleasing spiral staircase with good quality wood banisters.

Initial impressions of the hotel were very good although the sign next to reception advising all workers to remove their hard hat and boots may indicate the type of clientele that the hotel attracts. A tour of the hotel's facilities was offered by one of the hotel's cleaning staff as there was only one member of reception staff on duty.

A single, a double and a four poster room were viewed and all were of a similar standard, with tiny, square televisions, antique furnishings, tea and coffee making facilities and a trouser press. The four poster room was of a decent standard with a good size living area and a charming sense of a bygone era and is available for £79.50 B&B. All of the rooms had an outdated floral trim and an old looking carpet while RGA noted that the bathroom doors had paint peeling off them. Overall the rooms were very clean yet slightly tired and were of an upper two star standard. The cleaner indicated that there could be quite a lot of noise from the High Street on a weekend but the hotel manager was later quick to contradict this.

Internet and parking facilities are available free of charge at this hotel but the wireless internet signal is quite weak on the upper floors of the building. Rooms can be requested on the lower levels when booking in advance.

The hotel has two meeting rooms, the Medway Room and the Ballroom (also known as the Ladies Powder Room). The Medway Room is a carpeted room best suited to meetings of no more than 30 in a boardroom style. The room has a number of cheap wooden tables around the sides which would be more suited to a school dinner hall than a hotel. The hotel manager's children were running around the room while the hotel cat had a habit of a jumping on the tables. This room was fairly light and bright and had an attractive open plan breakout seating area at one end. The Ballroom is much bigger and has floor length windows, a wooden floor and a private bar. This room is of a decent standard and was said to be popular with weddings and celebratory events although neither room was in use on the day of the visit.

The Rochester Bar is to the left of the hotel entrance. The bar is open to residents and the public and has a big screen television whilst sandwiches and light meals are also served. The hotel restaurant, Swank, is found next to the hotel and is extremely new and modern, in contrast to the hotel itself. The restaurant is open for lunch and dinner with a wide variety of main meals, sandwiches and salads served for lunch and a limited but enticing dinner menu. Dinner main courses range from £8.95 for risotto to £14.00 for a rib eye steak.

There are no leisure facilities available at this hotel.

All the public areas were quite busy with a number of people enquiring about availability. Discounts of around 20% are readily available for long term stays. The service received was very friendly and an effort was made to understand individual requirements.

This hotel is clearly outdated in certain aspects of its product offering yet it retains a sense of history and character and was busy on the day of the visit. It has a historical significance in the town and some of the original features are still intact, making it attractive to certain type of visitor.

4.2.2 Medway Manor Hotel

The Medway Manor Hotel is a two-star hotel located on New Road, less than one mile from the project site. The Grade II listed building is a former naval headquarters which was converted to a hotel in 1958 and there remains a distinct naval theme throughout. The hotel has 30 bedrooms, a rack rate of £52.00 B&B and enjoys excellent views over the River Medway from its elevated position.

The reception area is to the right of the front entrance and is little more than a cramped corridor. A tour of the facilities was offered by the reception manager.

Photograph 4.2.2: Medway Manor Hotel

Source: RGA Research

A standard double and a four poster bedroom were viewed and were of a decent standard. The standard double was light, bright and spacious while the four poster bedroom is available for an extra £20 per night and was slightly larger and had additional furnishings. Both rooms had an outdated, small television. The bathrooms are undergoing a gradual refurbishment, with each bedroom being refurbished individually so as to cause minimal disruption to guests.

There are 35 car parking spaces available free of charge at the front of the hotel. Internet access is also available but wireless access can be difficult near the top of the building.

There are three multi-purpose events spaces in the basement of the hotel that lead on to one another. All have limited natural daylight and are clearly not designed for business meetings. The rooms were dirty with rubbish on the floor and were clearly seldom used. The receptionist indicated that the rooms can be popular for birthday celebrations but can also be adapted for a meeting. However, the rooms did have a degree of character; one of the rooms has a private bar, small dance floor and an outside area while another has a large alcove type area with American diner style booths in what looks like an old wine cellar. Catering can not be provided for any events but guests are welcome to bring their own food or hire professional caterers.

Skippers Bar is next to the reception area on the ground floor and has excellent views over a residential area to the River Medway. The bar serves a selection of hot and cold drinks but the décor is dated with some nautically themed artefacts on the wall. The Rose restaurant is only open for breakfast and is an unremarkable, old fashioned room enlivened only by a tuba on the wall. The restaurant used to open for dinner but the previous chef left in 2007 and has not been replaced as evening meals were not popular. Most guests were said to prefer dining in the town, although evening meals could return if there was sufficient demand.

The public areas and reception were all very quiet and there was said to be little need to book well in advance if requiring accommodation midweek.

There are no leisure facilities available at this hotel.

The service received was very informative and found the right balance of friendliness and formality. Complimentary refreshments were offered.

4.2.3 Ramada Encore Chatham

The Ramada Encore Chatham is a highly distinctive new three-star hotel located just off Dock Road, around two and a half miles from the project site. The hotel has 90 bedrooms and a rack rate of £109.95 room only.

As indicated by Photograph 4.2.3, the hotel is a distinctive modern building which, according to the hotel staff, has been shortlisted for a prestigious local design award. The exterior is a mix of black brick and wooden panelling on the outside while the floor lights illuminate the building at night, making it a prominent fixture on the local skyline. The area around the hotel is undergoing major redevelopment and vehicle access is currently a painstaking and convoluted process. A number of bars, restaurants, offices and retail outlets are being constructed on the same business park as the hotel and this is causing some short term confusion.

The hotel reception is immediately in front of the main entrance and is part of an open plan café and restaurant area. There was only one member of staff on reception duty on the day of the visit and RGA waited for ten minutes before he became available. A tour of the hotel's facilities was eventually conducted by the sales manager.

The hotel has only one meeting room which can cater for a maximum of 20 delegate's theatre style. The room is to the left of the hotel entrance occupying a corner location and is clean, bright and modern if slightly soulless.

Photograph 4.2.3: Ramada Encore Chatham

Source: RGA Research

A double bedroom was viewed as part of the tour and this was very fresh and contemporary. The room was of a good size, with a red and white colour scheme, a wooden floor, a red leather sofa and a walk in shower. Modern pieces of art adorn the walls while the wardrobe merely consists of a selection of hangers on a small rail. Advanced booking was highly recommended as the hotel was said to be very busy midweek.

Car parking is available free of charge at this hotel while there is a charge of £14.99 for unlimited access to the internet and movie channels in the bedrooms. Wifi access is free in the public areas using a code available from the reception desk.

The Hub restaurant and bar is the hotel's dining option and serves a reasonably priced selection of sandwiches, soups and main meals in the open plan area on the ground floor, to the right of the hotel entrance. Breakfast is also served in the restaurant at a charge of £9.95. This area was busy with mainly corporate guests enjoying lunch or coffee and there were two sizeable screens showing sporting events.

Room service is not available but guests are invited to ring down to the hotel's kitchen and collect the food to take up to their room. There is also an outside area with tables and chairs for use in the summer months.

The service received was young, friendly, efficient and enthusiastic and was in keeping with the brand positioning and standards of the hotel. Complimentary refreshments were offered.

There are no leisure facilities at the Ramada Encore.

4.2.4 King Charles Hotel

The King Charles Hotel is a privately owned three-star hotel found on the A231 Brompton Road. It has 97 bedrooms and a rack rate of £65.00 B&B. The building was built in 1948 as a NAFFI (Naval, Army and Air Force) club and occupies a prominent corner location. It is highly visible to passing traffic and has a sizeable car park in front of the hotel entrance.

Photograph 4.2.4: King Charles Hotel

Source: RGA Research

The exterior of the hotel is bland and lifeless, the three storey building more reminiscent of low rise council flats than a hotel. Paint was peeling off the walls while the white lines detailing the car parking spaces had almost faded away. The reception area is found to the right of the hotel entrance and contains a number of sofas and gambling machines. A tour of the hotel's facilities was offered by one of the receptionists after a slight delay.

One of the hotel's recently refurbished family bedrooms was viewed and this was of a decent standard but had a fairly garish colour scheme. Gold curtains were matched with a red and gold carpet, gold mirrors and white walls while the bed's poor quality wooden headboard had the hotel's name rather tackily inscribed in large letters. All of the hotel's bathrooms are due to be refurbished in the near future. The hotel operates a loyalty card scheme whereby guests who stay for ten nights in the hotel receive the eleventh night free of charge or can spend the equivalent room rate in the restaurant and bar. There are two bridal suites available, one of which includes a Jacuzzi, for £90-140 per night.

Car parking is available free of charge at the hotel while internet access is charged at £5.00 for 24 hours.

The hotel has three meeting and events rooms of different sizes, two of which were occupied on the day of the visit. The Pembroke Suite was viewed, which was of a decent size but was showing its age. This room looks out over the water feature and the rockery garden which form the central outside area of the hotel but offers little natural daylight. It has its own private bar but no air conditioning and is a fairly uninspiring room overall.

The hotel restaurant is open for breakfast, lunch and dinner and is a fairly dark room which is soon to be refurbished. French windows will be put in which will open out to the garden and create a much brighter and more welcoming room. The menu offers sandwiches, light bites and an attractive range of more substantial main meals. Dishes offered include calves liver, sea bass and lamb tajine, with main courses priced between £10.00 and £17.00. A three course set menu is offered for £13.95 and the selection of dishes available changes on a daily basis.

There are no leisure facilities available at the King Charles Hotel

All of the public areas and bar were fairly busy on the afternoon of the visit. There are a number of different bar areas to enjoy a drink or something to eat in the hotel and there is a big screen television for sporting events. The Lounge Bar also serves a selection of hot and cold snacks and sandwiches. Leaflets available at reception advertise themed nights to be held at the hotel, including a Wedding Fayre, a Halloween Ball and a Caribbean Tribute Night.

The service received was friendly and informative and all questions were answered without any problems.

4.2.5 Holiday Inn Rochester-Chatham

The Holiday Inn Rochester-Chatham is a three star hotel to the south of Rochester. The hotel is found on the A229 just off Junction 3 of the M2 and has 149 bedrooms and a rack rate of £125.00 room only. It is next to Rochester Airport.

The hotel's reception is to the left of the hotel entrance down a small flight of stairs. A sign on the desk indicates that the hotel is owned by LRG Hotels while a nearby phone connects directly with a local taxi company. The reception area was extremely busy with an impromptu celebratory event and the reception desk was unmanned for at least 15 minutes. A tour of the facilities was eventually offered by the hotel receptionist.

A standard double and an upgraded bedroom were viewed and these were much more modern and appeared larger than our expectations of the Holiday Inn brand. The executive room is available for an extra £15.00 and offers good value for money with increased space, a fully stocked mini bar and a desk among the benefits included.

Internet access is charged at £15.00 for 24 hours in the bedrooms and £6.00 per hour in the public areas. Car parking is available free of charge.

The hotel has nine meeting rooms of different sizes under the Holiday Inn brand "The Academy". These rooms can cater for up to 80 delegate's theatre style but none of the rooms viewed had any windows and one meeting room was packed floor to ceiling with Christmas decorations. These rooms did not meet with RGA's expectations of the brand standard and did not appear to be busy.

Photograph 4.2.5: Holiday Inn Rochester-Chatham

Source: RGA Research

The hotel bar and 150-cover restaurant, Traders, offers a range of a la carte dishes and a set menu option. The menu consists of upmarket pub food, with dishes such as fish and chips, steak and lasagne on the menu. Main courses range from £8.95 to £17.95 while the set menu offers three courses for £20.00 with a limited range of dishes offered.

Spirit Health Club constitutes the hotel's leisure facilities and is also open to non hotel residents. The annual full single membership is £464.00 per year plus a joining fee of £50.00, while corporate membership is also available. The facilities consist of a sizeable swimming pool, Jacuzzi, sauna, treatment rooms, separate weights and cardio rooms and a number of scheduled exercise classes are also offered. The gym was fairly busy on the day of the visit and the facilities appear very new.

All of the public areas viewed were busy with people enjoying a drink or something to eat. The hotel was said to be very popular with German coach parties visiting Rochester, Canterbury and London and there were two coaches in the car park.

The hotel staff were very friendly and informative and took the trouble to try to understand the exact requirements of the prospective booking.

4.2.6 Bridgewood Manor Hotel

The Bridgewood Manor is a four star hotel to the south of Rochester. The hotel is found on the A229 just off Junction 3 of the M2 and has 100 bedrooms and a rack rate of £125.00 room only.

The modern hotel building is built around an inner courtyard with an impressive entrance. The hotel has 170 free secure parking spaces. Reception and the lounge areas are more traditional than the exterior and have sofas and armchairs and two open stone fires giving a country house atmosphere.

Bedrooms are more modern, spacious, well equipped and well maintained. There is free wifi access for 2 hours in every room. The hotel also offers deluxe rooms and suites with bathrobes, separate lounge areas and broadband.

The Bridgewood Manor Hotel has nine conference rooms with a maximum capacity of 200 delegates, theatre style. Day delegate rate is quoted at £55.00 and the 24 hour delegate rate at £180.00. Conference rooms are spacious and modern with a blue colour scheme and all rooms have natural daylight.

Squires Restaurant is formal with traditional décor. The restaurant has been awarded two AA rosettes. The Terrace Bistro offers less formal dining. Both restaurants are open 7 days a week. Squires Bar is more modern in décor and furnishings.

Photograph 7.26: The Bridgewood Manor Hotel

Source: Active Hotels

Reflections leisure club and spa offer beauty treatment rooms, serenity room, indoor heated swimming pool, rock sauna, steam room, Jacuzzi, state of the art gymnasium and fitness suite, games room and tennis courts.

4.3 ESTIMATED HOTEL MARKET PERFORMANCE

4.3.1 Hotel Market Performance

In the Tables below, RGA has presented STR Global reports for the M2/M20 Corridor and Maidstone hotel performance over the past decade. Data specific to the Medway area is presented in table 4.3.3.

Table 4.3.1: Trend Report –M2/M20 Corridor 1998-2007

Year	Occupancy	Change	ARR	Change	Yield	Change
1997	73.8%	-	£53.90	-	£39.76	-
1998	72.2%	-2.2%	£53.35	-1.1%	£38.51	-3.1%
1999	71.2%	-1.4%	£51.16	-4.2%	£36.44	-5.4%
2000	67.9%	-4.6%	£50.42	-1.5%	£34.23	-6.1%
2001	68.3%	0.6%	£54.74	8.5%	£37.38	9.2%
2002	65.7%	-3.8%	£55.64	1.6%	£36.57	-2.2%
2003	68.8%	4.7%	£50.84	-8.8%	£34.95	-4.5%
2004	67.1%	-2.5%	£53.82	5.9%	£36.09	3.3%
2005	68.3%	1.8%	£53.86	0.7%	£36.77	1.9%
2006	72.1%	5.6%	£54.82	1.8%	£39.52	7.5%
2007	70.6%	-2.1%	£57.96	5.7%	£40.93	3.6%

Source: STR Global

M2 and M20 corridor hotels have experienced a 4% decrease in occupancy between 1997 and 2007, with some fluctuation over the period. Average room rate has increased by 7.5% and the resulting yield by 3%. Many areas of England have experienced varying performance levels, with cities and key transport locations performing significantly better than remote rural locations.

Table 4.3.2: Trend Report – Maidstone 1997-2007

Year	Occupancy	Change	ARR	Change	Yield	Change
1997	75.6%	-	£53.31	-	£40.30	-
1998	74.5%	-1.5%	£54.38	2.0%	£40.52	0.5%
1999	73.7%	-1.1%	£53.74	-1.2%	£39.60	-2.7%
2000	73.0%	-1.0%	£55.51	3.3%	£40.54	2.4%
2001	70.0%	-4.2%	£59.09	6.4%	£41.36	2.0%
2002	66.5%	-5.0%	£60.41	2.2%	£40.20	-2.9%
2003	67.9%	2.1%	£60.05	-0.5%	£40.75	1.4%
2004	65.8%	-3.1%	£58.30	-3.0%	£38.38	-5.8%
2005	65.3%	-0.8%	£59.11	1.4%	£38.61	0.6%
2006	71.3%	9.0%	£58.90	-0.4%	£42.00	8.8%
2007	69.1%	-3.1%	£62.70	6.4%	£43.33	3.2%

Source: STR Global

There has been a 9% decrease in Maidstone hotel occupancy between 1997 and 2007. Average room rate has increased by 18% and the resulting yield by 7.5% over this period. The figures suggest that the market is performing moderately well in financial terms, despite some increases in supply.

Table 4.3.3: Trend Report – Selected hotels in and around Medway 1997-2008 (Nov YTD)*

Year	Occupancy	Change	ARR	Change	Yield	Change
1997	69.8%	-	£48.17	-	£36.64	-
1998	69.7%	-0.1%	£53.60	-1.6%	£37.41	2.1%
1999	72.1%	3.4%	£52.74	-2.9%	£36.76	-1.7%
2000	70.4%	-2.3%	£51.20	1.6%	£36.89	0.4%
2001	68.0%	-3.5%	£51.99	6.5%	£36.62	-0.7%
2002	64.5%	-5.1%	£55.36	0.8%	£37.64	2.8%
2003	67.5%	4.7%	£55.78	-1.4%	£35.98	-4.4%
2004	67.5%	-0.1%	£55.01	0.2%	£37.15	3.3%
2005	68.5%	1.4%	£55.12	-0.4%	£37.20	0.1%
2006	72.6%	6.0%	£54.87	0.8%	£37.57	1.0%
2007	71.1%	-2.1%	£55.31	6.2%	£40.16	6.9%
2008 (Nov YTD)	70.2%	-0.4%	£54.15	2.0%	£37.99	1.5%

Source: STR Global

The sample included the following hotels:

- Best Western Russell Hotel and Conference Centre
- Bridgewood Manor
- Campanile Dartford
- Express by Holiday Inn Dartford Bridge
- Hand Picked Brandshatch Place
- Hand Picked Chilston Park
- Hilton Dartford Bridge
- Hilton Maidstone
- Holiday Inn Maidstone
- Holiday Inn Rochester
- Innkeeper`s Lodge Maidstone
- Marriott Tudor Park
- Ramada Encore Chatham
- Ramada Hotel and Resort Maidstone
- Thistle Brands Hatch
- Travelodge Dartford
- Travelodge Medway M2
- Village Hotel and Leisure Club Maidstone

The data in table 4.3.3 is from a sample of 18 specific hotels in and around the Medway area. There has been a 2% increase in Medway hotel occupancy between 1997 and 2007. Average room rate has increased by 15% and the resulting yield by 10% over this period. The figures suggest that the market is performing moderately well in financial terms.

4.3.2 Price Integrity

In today's competitive market environment price integrity is an increasingly important factor as customers are becoming more and more sophisticated when it comes to booking hotel accommodation. Offering the same rate or package regardless of the way the customer books increases the level of trust towards the hotel and secures the knowledge that a customer has got the best possible deal available. Offering varying rates through different distribution channels can be damaging to the business. As part of establishing the price performance throughout the hotel set for this report RGA examines room rate integrity across a number of different booking channels.

Besides offering information on the rate integrity of the individual hotels, this exercise also gives a good picture of pricing in the market area and the extent to which the distribution channels can be controlled and monitored by the operators.

A sample of hotels from the area were selected, including those visited and profiled in Section 4.3. RGA examined the hotel web booking facility, called the hotel directly and used Expedia.com and LateRooms.com to compare availability and rates. All enquiries were for a standard single room for one night.

The rates shown in the table are per night, inclusive of VAT, based upon the cheapest rooms available at the time of enquiry (28th October 2008).

The findings of the rate and availability check show the following:

- Most hotels in the price integrity exercise appear to adopt a flexible approach to pricing, based on demand and availability;
- There is some discounting from the Rack Rate, ranging from 7% to as much as 46%. The average level of discount across the sample was 18%;
- Most hotels use a number of distribution channels. It is evident that 'usage' is not being managed effectively as there are low levels of price parity across the channels. This suggests a poor understanding of pricing strategy.
- Weekend pricing strategies are, overall, consistent with midweek rates and this pricing approach suggests a relatively even business and leisure mix in these hotels.

Table 4.3.2.1: Rate Integrity Matrix of Hotels with Variable Pricing Approach

Hotel	**Distribution Channel**	**Tue 11/11//08**	**Wed 12/11/08**	**Sat 15/11/08**
Medway Manor Hotel	Direct via telephone	£52.00	£52.00	£52.00
Rack Rate: £52.00	Hotel's own website	£45.00	£45.00	£45.00
	Expedia.com	-	-	-
	LateRooms.com	-	-	-
	Average variance from Rack	-7%	-7%	-7%
Victoria & Bull Hotel	Direct via telephone	£65.25	£65.25	£65.25
Rack Rate: £65.25	Hotel's own website	-	-	-
	Expedia.com	-	-	-
	LateRooms.com	-	-	-
	Average variance from Rack	0%	0%	0%
Ramada Encore	Direct via telephone	£89.95	£89.95	£89.95
Rack Rate: £89.95	Hotel's own website	£67.00	£89.95	£89.95
	Expedia.com	£89.95	£89.95	£89.95
	LateRooms.com	£89.95	£89.95	£89.95
	Average variance from Rack	-12%	0%	0%
King Charles Hotel	Direct via telephone	£45.00	£45.00	£45.00
Rack Rate: £65.00	Hotel's own website	£56.00	£56.00	£56.00
	Expedia.com	£56.00	£56.00	£56.00
	LateRooms.com	£56.00	£56.00	£56.00
	Average variance from Rack	**-18%**	**-18%**	**-18%**
Holiday Inn Rochester-Chatham	Direct via telephone	£105.00	£90.00	£70.00
Rack Rate: £125.00	Hotel's own website	£94.00	£72.00	£56.00
	Expedia.com	£125.00	£110.00	£77.00
	LateRooms.com	-	-	-
	Average variance from Rack	-14%	-27%	-46%
Bridgewood Manor hotel	Direct via telephone	£90.00	£75.00	£75.00
Rack Rate: £125.00	Hotel's own website	£90.00	£70.00	£70.00
	Expedia.com	£100.00	£100.00	£100.00
	LateRooms.com	£84.50	£84.50	£84.50
	Average variance from Rack	-27%	-34%	-34%

Source: RGA Research

- indicates this hotel is not sold through this booking source.

4.3.3 Competitor Set Performance

RGA estimates that the competitor set achieved occupancy of 75.8% and an average room rate of £58.88 in the year to September 2008.

4.4 FUTURE SUPPLY OF COMPETITOR HOTELS

By means of informal enquiries with the local planning officers in Medway Council, Maidstone Borough Council, Swale Borough Council, Tonbridge & Malling Borough Council and Gravesham Borough Council, the following proposed hotel developments have been identified in the market area:

Table 4.4.1: Current Planning Applications

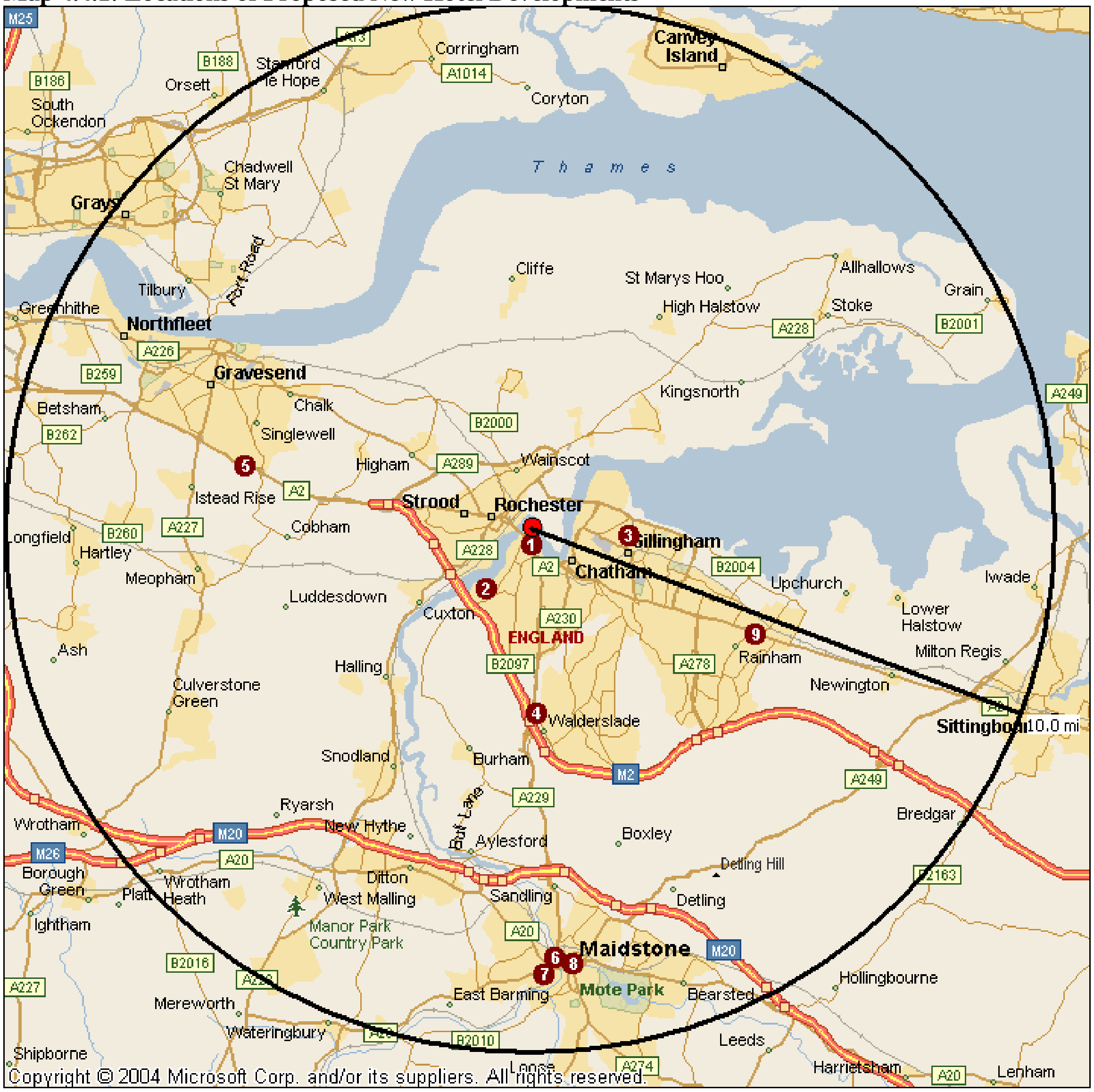
Map Ref.	Application Date	Case Ref. #	Type	Location	Applicant	Proposal	Status
1	08.05.07	MC2007/0834 (Medway Council)	Full	Corporation Street Rochester ME1 1ND	Rochester Corporation Street Hotel Ltd	Planning has been granted for a 110 bedroom hotel. (MC2008/1341).	Granted 27.03.08
2	07.08.08	MC2008/1561 (Medway Council)	Full	Medway Valley Leisure Park Strood ME2 2SS	Montague Evans LLP	Erection of 120 bedroom hotel with associated parking. Proposed to be a Premier Inn.	Decision pending
3	22.09.08	MC2008/1614 (Medway Council)	Full	Former Azco Chemical Works Pier Road Gillingham ME7	Hitchman Stone Partnership	Planning permission granted and for 120 bedroom limited service hotel.	Granted 18.12.08
4	03.09.07	MC2007/1608 (Medway Council)	Full	Bridgewood Manor Hotel Walderslade Woods Chatham ME5 9AX	Bridgewood Manor Hotel	Construction of a 4 storey detached building with access to main hotel to for an additional 60 bedrooms and conference facilities	Granted 18.12.07
5	06.05.08	20080423 (Gravesham Borough Council)	Full	Best Western Manor Hotel Gravesend DA12 5UQ	Best Western Manor Hotel	3 storey extension to form 7 guest bedrooms and function rooms (currently 59 bedrooms)	Granted 01.07.08
6	29.10.07	07/1325 (Maidstone Borough Council)	Full	St Peters Street Maidstone ME16 0SR	Citygrove Securities	Erection of 6 storey hotel & single storey retail building with associated parking. Approx 50 bedrooms.	Granted 22.11.07

Map Ref.	Application Date	Case Ref. #	Type	Location	Applicant	Proposal	Status
7	02.09.08	08/1789 (Maidstone Borough Council)	Full	22-26 Tonbridge Road Maidstone ME16 8RT	Accor Hotels	Demolition of existing buildings and erection of a 48 bedroom budget style hotel with associated bar/restaurant and on site parking. Proposed to be an Ibis Hotel.	Decision pending
8	24.10.07	07/2007 (Maidstone Borough Council)	Full	King Street Hotel Maidstone ME14 1BH	King Street Hotel	Erection of first floor extension to provide 11 additional bedrooms (currently 14 bedrooms)	Granted 3.12.07
9	14.11.08	MC2008/1984	Full	2 High Street Rainham Gillingham ME8 7JE	Whitbread Hotels	Erection of 26 Premier Inn limited service hotel bedrooms with associated parking.	Decision pending

Source: RGA and as advised by Medway Borough Council

RGA also note the Big Blue Building at Chatham Maritime obtained planning permission for a 180 bedroom three star hotel in 2007 but Council departments confirm this project is unlikely to go ahead. Two hotels, a 150 bedroom full service hotel with conference facility and a boutique hotel are included in the Masterplan for Rochester Riverside. No detailed planning application has been submitted on these to date.

Map 4.4.1: Locations of Proposed New Hotel Developments



Source: RGA Research/ Micorsoft Autoroute

Swale Borough Council has no potential hotel development applications within the market area. There is currently an outline application for a potential 140 bedroom hotel at Faversham but this is outside of the ten mile market area.

Tonbridge & Malling Borough Council refused an application for a 139 bedroom hotel on London Road, Wrotham on the basis of it being designated green belt. An appeal against this decision was lodged in August 2008 and is still awaiting the outcome. There were no other potential hotel developments with Tonbridge & Malling Borough Council.

There are also plans for a three/four star brand hotel and a smaller boutique style hotel on the Rochester Riverside Development. These may become viable as the market matures, if Medway becomes more of a short break leisure destination and the business base improves.

4.6 FINDINGS

A number of conclusions can be drawn from this section:

- There are 30 competitor hotels within the market area, with a total of 2,017 bedrooms. The hotels are concentrated around Rochester, Chatham, Gravesend, Maidstone and the M2 and M20;

- Four star hotels in the market represent the largest hotel category, providing 37% of room supply, followed by three star hotels with 32%;

- The average quoted rack rate for the competitor set is £88.22;

- The hotel set contains a number of international and nationally branded hotels alongside independent properties;

- The hotel visits suggested that the hotel stock in the area is of a mixed standard with some outdated independent hotels of poor quality, such as the King Charles Hotel and the Medway Manor Hotel, and others, such as the Ramada Encore and Holiday Inn, which are large, modern and benefit from a strong brand;

- Performance of M2/M20 hotels and hotels in Maidstone and Medway has been broadly positive over the last decade. Average Room Rates and Yield have improved at better rates than Occupancy;

- The rate check exercise indicates that the local hotels are targeting different markets (leisure and corporate) and subsequently apply demand-based pricing to suit. RGA believes that hotels have not maximised their revenues through competitive pricing; this is likely to be due to a lack of knowledge of their market segments and poor implementation of a demand-based pricing strategy;

- We estimate that the competitor set achieved room occupancy of 75.8% at an average rate of £58.88 in the year to September 2008.

- There are a number of potential hotel developments in the pipeline in the market area. There are several proposals for new hotels in Rochester, Strood, Gillingham and Maidstone. The market requires continued monitoring to keep track of these developments.

- RGA believe there is potential for an increase of a further 550 bedrooms in the market (in the period 2008-2015) before market performance will be jeopardised. This is assuming current demand assumptions remain valid. At present we do not believe that there is an opportunity for a five star or luxury boutique hotel within the market. This may change as regeneration activity occurs over the next 10 years.

5. THE CONFERENCE AND SPECIAL EVENTS SECTOR

5.1 INTRODUCTION

RGA has examined the conference and special events sector in the market area and in the UK overall to assess the potential scope for conference business in Medway. This is a highly competitive sector and to fully assess the potential demand for conference and events facilities it is first important to understand the nature of the UK market. Appendix A presents a detailed analysis and a summary is presented below for reference.

The definition of a 'conference' can vary according to the source of information, but the UKCMS (2007) and the BCVS (2007) both detail a meeting/conference to be 'an out of office meeting of at least four hours duration involving a minimum of eight people'.

5.2 SUMMARY OF THE UK CONFERENCE AND EVENTS SECTOR

It was estimated that £7.6 billion of income was generated through conferences in 2006, which was a decrease on the £10.3 billion generated in 2005. Two thirds of revenue generated was from residential conferences which are in line with the 2005 results.

The number of corporate events has decreased in 2006 from three quarters of all conferences to just less than half, which has been a continuing trend since 1999. Association events have remained almost stable.

Average delegate capacity at events for associations was 96 (21% decrease on 2005) and for the corporate sector was 180 (29% increase).

Tuesday, Wednesday and Thursday remain the most popular days for corporate and association sector events. There is therefore potential for facilities to expand this market throughout the whole week, whilst attracting a weekend market through the weddings and celebratory events sector.

The duration of meetings has begun to increase with 1.4 days for associations and 1.3 days for corporate. 29% of the corporate sector's events are residential versus 33% of association events.

The average daily rate being paid by the corporate sector is £49.60 (27% increase on 2005) and £47.40 for associations (2.6% increase on 2005).

The average 24 hour rate being paid by the corporate sector is £173.50 (5.5% increase on 2005) and £166.80 (12.5% increase on 2005) for associations.

City centre hotels are the most sought destination to host an event for 73% of the corporate sector and 62% for associations.

The top three cities in each sector remain London, Birmingham and Manchester with London the clear leader. Medway has shown increasing popularity as a conference destination in the last year.

5.3 MARKET AREA CONFERENCE AND SPECIAL EVENTS SECTOR

RGA has profiled the key conference and events venues within the ten mile market area and has found a strong supply. Table 5.3.1 provides an overview of the competitive set within the market area of ten miles (including hotels identified as part of the accommodation stock in Section 4).

Table 5.3.1: Overview of Key Competitor Conference and Events Venues within the Market Area

Type of Venue	Number	% of Total Supply	Average Rack Day Delegate Rates	Average Room Hire Rate	Average Maximum Theatre Capacity
Hotels	19	46%	£42.53	£226.66	189
Purpose built	5	12%	£34.83	£715.00	538
Other	17	42%	£33.80	£502.14	226
Total	**41**	**100%**	**£35.11**	**£450.00**	**261**

Source: RGA Research

Table 5.3.1 highlights the developed nature of the conference and event venue supply, with 41 venues within the market area. Almost half (46%) of the conference supply is based in hotels; 67% of the hotel competitors (see Section 4) offer conference facilities.

Within the market area there are five purpose built conference centres. These offer the largest facilities (average 538 delegates, theatre style). The largest local non-hotel provider is the Kent Event & Exhibition Centre at Detling, which can cater for 2,000 delegates, theatre style.

Alternative (other) venues offer a choice and flexibility of facilities (average 226 people, theatre style).

Hotels charge on average the highest day delegate and purpose built centres the highest room hire rates.

RGA notes that 77% of hotel venues offered delegate rates. This highlights the developed nature of the conference market in local hotels. Almost two thirds of non-hotel venues (64%) offered room hire rates only.

Table 5.3.2 presents an overview of the key hotel facilities, examining the average capacity, day delegate rates and 24 hour delegate rates.

Table 5.3.2: Overview of the Conference Facilities within Hotels in the Market Area

Hotel	Number	Average Maximum Theatre Capacity	Average Day Delegate Rate	Average 24 Hour Delegate Rate	Average Room Hire Rate
4 star	8	220	£53.88	£169.38	*
3 star	8	200	£33.00	£109.70	*
2 star	3	208	£28.00	£90.00	£283.33
Limited Service	1	50	*	*	£150.00
Ungraded	2	65	*	*	£180.00
Total	**22**	**189**	**£42.53**	**£136.62**	**£226.66**

Source: RGA Research
* Rates not offered

As would be expected, average delegate rates and room hire rates decrease with the standard of hotel. The three star and four star sectors each provide 36% of the hotel-based meeting supply.

The largest average maximum theatre capacities are found within the four star hotel sector (220 people theatre style).

These results indicate there is a reasonable supply of meeting and event facilities within the three and four star hotel market. Table 5.3.3 provides an overview of the main hotels within the market area, their maximum theatre capacities and rates where available.

The two ungraded hotels included are not part of the original hotel set due to the small number of bedrooms available.

Table 5.3.4 provides details of the non-residential conference venues and all venues are plotted on Map 5.3.1.

Table 5.3.3: Hotel Conference Venues

Map Ref.	Hotel	Grade	Meeting Rooms	Max. Theatre Capacity	Day Delegate Rate	24 hr Delegate Rate	Room Hire Rate
1	Royal Victoria & Bull	2	2	100	*	*	£250.00
2	St George Hotel	2	4	300	£28.00	£90.00	£350.00
3	King Charles Hotel	3	3	200	£32.00	£98.00	*
4	Ramada Encore	3	1	20	£30.00	£109.00	*
5	Bridgewood Manor Hotel	4	9	200	£55.00	£180.00	*
5	Holiday Inn Rochester-Chatham	3	8	80	£35.00	£120.00	*
6	Inn on the Lake	3	5	400	£30.00	£103.50	*
7	Best Western Manor Hotel	3	5	200	£35.00	£120.00	*
8	Premier Inn, Gravesend Central	LS	2	50	*	*	£150.00
9	Lakefield Priory Hotel	3	4	80	£30.00	£102.00	*
10	Village Hotel, Maidstone	4	9	200	£55.00	£175.00	*
11	Best Western Russell Hotel	3	4	300	£35.00	£120.00	*
12	Hilton Hotel, Maidstone	4	8	200	£66.00	£220.00	*
13	Stone Court Hotel	UG	2	80	*	*	£210.00
14	Marriott Tudor Park	4	9	250	£55.00	£165.00	*
14	Grange Moor Hotel	3	3	100	£30.00	£105.00	*
14	Oakwood House	3	16	300	£42.00	£120.00	*
15	Holiday Inn Maidstone Sevenoaks	4	10	70	£35.00	£125.00	*
16	Brands Hatch Place Hotel	4	5	160	£75.00	£215.00	*
16	Ramada Hotel & Resort, Maidstone	4	14	600	£55.00	£155.00	*

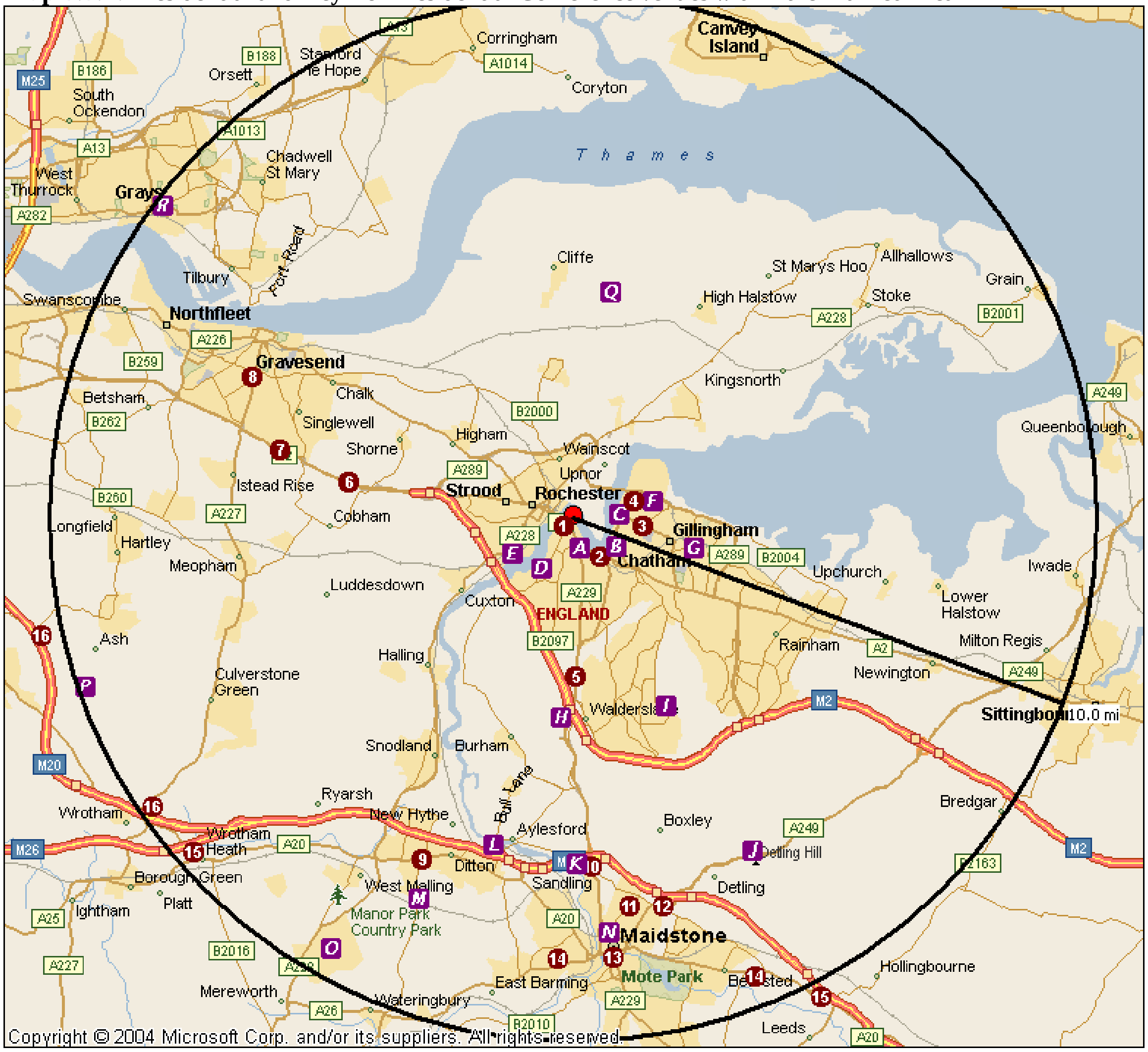
Source: RGA Research
* Rate not available

Table 5.3.4: Overview of Non-Residential Venues within the Market Area

Map Ref.	Venue	Type of Venue	Conference Rooms	Max. Theatre Capacity	Day Delegate Rate	Room Hire Rate
A	Gainsborough House Conference Centre	Purpose Built	6	50	£33.50	£360.00
A	The Corn Exchange	Other	2	300	*	£300.00
B	The Brook Theatre	Theatre	5	400	*	£1,100.00
C	Historic Dockyard Chatham	Other	4	370	*	£800.00
C	Royal Museum of Military Engineering	Museum	1	60	*	£550.00
D	The Roffen Club	Other	3	175	*	£75.00
E	Diggerland	Leisure	2	275	*	£550.00
F	St Georges Centre	Purpose Built	1	300	*	£350.00
G	Franklin Rooms	Other	5	180	*	£350.00
G	Prestfield Stadium	Sports Venue	27	700	£29.00	£240.00
H	Buckmore Park Karting	Sports Venue	5	200	£40.00	£600.00
I	Lordswood Leisure Centre	Leisure	1	200	*	£150.00
J	Kent Event & Exhibition Centre	Purpose Built	7	2000	*	£1,500.00
K	Mary Bonner Ltd	Other	2	90	*	£395.00
L	The Friars	Historic	7	100	£25.00	£305.00
M	East Malling Conference Centre	Purpose Built	4	200	£36.00	*
N	Sessions House	Other	1	110	*	£600.00
N	Maidstone Town Hall	Other	2	100	*	£275.00
O	Kings Hill Conference Centre	Purpose Built	15	140	£35.00	£650.00
P	The London Golf Club	Sports Venue	6	140	£45.00	*
Q	Cooling Castle Barn	Historic	3	150	£30.00	*
R	Thameside Complex	Other	2	300	*	£740.00

Source: RGA Research
* Rate not available

Map 5.3.1: Residential and Key Non-Residential Conference venues within the Market Area



Source: RGA Research/ Microsoft Autoroute

Universities at Medway is a new partnership which has brought together the University of Greenwich, the University of Kent, Canterbury Christ Church University and Mid-Kent College at a shared campus at Chatham Maritime. The £120 million "multi university" scheme is the first of its kind in the country.

All of the four University Campuses have conference facilities but they are mainly utilised outside of term time; at Easter and during the summer. The facilities have therefore not been included in the main overview of conference venues within the market area. Details of University conference facilities are provided in table 5.3.5.

Table 5.3.5: Medway University Campus Conference Facilities

University Campus	Conf Rooms	Day Delegate Rate	24 Hour Delegate Rate	Student Bedrooms Available	Daily Room Hire Rate	Maximum Theatre Capacity
University of Greenwich	2	*	*	*	£440.00	250
Canterbury Christ Church University	19	£40.00	£89.60	Holidays only 510	£390.00	159
University of Kent	4	£39.50	*	*	£600.00	300

Source: RGA

* not available

The University of Greenwich and the University of Kent do not make student bedrooms available for conference bookers at the Medway Campus. They all recommend the Ramada Encore or Holiday Inn Rochester-Chatham to conference organisers. Informal conversations indicate that the smaller hotels within Rochester and Chatham town centres are felt to be of a poor standard and car parking is a problem.

There is future growth planned for events and festivals within Medway, in particular linked to the development of Medway Park which will be hosting the Pentathlon World Cup in 2010 and will also attract other key sporting events in the future.

5.4 WEDDING MARKET

This section concentrates on the weddings market, but it should be noted that the special occasions market could be defined many more ways, to include anniversaries, christenings or birthday celebrations.

The weddings business traditionally peaks in the summer months of June to September, primarily due to holidays and the opportunity to take advantage of the more pleasant weather. However, more and more weddings are taking place outside this traditional season. Couples are choosing honeymoon destinations such as the Caribbean and Mauritius and time their wedding in the UK to fit in with summer seasons in these resorts. Saturday is still the most popular day of the week to get married but couples have to consider Fridays and Sundays in order to get the venue they want.

Since 1992, there have been more civil ceremonies in England and Wales than religious ceremonies. In 2006, civil ceremonies accounted for 66 per cent of all ceremonies, an increase from 59 per cent in 1996.

Conversations were held with the Registrar's offices in Medway. The statistics provided show that the number of civil marriage ceremonies has fallen in recent years, although there has been growth in the number of approved premises. Registrars report church weddings to be down by 50% in the last two years. Findings are presented in Tables 5.4.1.

Table 5.4.1: Wedding Statistics for Medway (2000-2007)

Year	Civil Marriage Ceremonies	Approved Premises
2007	677	568
2006	646	533
2005	643	539
2004	773	556
2003	769	580
2002	784	541
2001	824	234
2000	833	162

Source: National Statistics

Weddings ceremonies in approved premises are forecast at over 600 for 2008. Weddings in Medway range in size from 2 to 100 people. The registrars outlined that flexible wedding space with a number of different sized rooms would compete well.

A range of venues are also used, and castles, hotels and historic houses were identified as popular choices. The registrars believe that there is currently a moderate supply and choice of approved venues currently in the area and that a new venue would be very welcome as it would increase the choice set for couples. The registrars also indicated castles as being the most popular choice. However this type of venue consistently runs at capacity and alternative venues with strong marketing are also in demand.

5.5 FUTURE SUPPLY OF CONFERENCE AND EVENT FACILITIES

Informal discussions were held with Medway Council, Maidstone Borough Council, Swale Borough Council and Gravesham Borough Council Planning Departments to identify any future increase in the conference and meeting supply in the market area.

Council representatives were not aware of any planned conference developments. However Section 4.4 outlines several other new hotels, some of which may include meeting and conference facilities.

5.6 FINDINGS AND RECOMMENDATIONS

Key findings from this section include:

- There are 41 conference and meeting venues in the market area. 46% of the total supply is hotel based, 42% can be classified as 'other' venues and 12% are purpose built. The supply is widely dispersed, with clusters around Rochester, Chatham and Maidstone;

- Of the 30 primary hotels, 19 (63%) offer conference and meetings facilities. The hotel conference supply has an average theatre style capacity of 189 delegates. The average day delegate rate offered is £42.53 and the average 24-hour delegate rate is £136.62;

- The conference supply contains an additional 22 properties, a mix of purpose built and 'other' venues. Theatre capacities range from 50 to 2,000 delegates and room hire rates range from £75.00 to £1,500.00 per day. Eight non-hotel operators offer day delegate rates ranging from £25.00 to £45.00;

- The market opportunity for weddings and celebratory events seems positive. Popular venues are castles, historic properties and hotels;

- There are no significant new conference and events developments identified in the market area. However, the new hotels outlined in section 4.4 are likely to include conference facilities.

APPENDIX A: UK CONFERENCE AND EVENT SECTOR OVERVIEW

A.1 INTRODUCTION

RGA have examined the UK and the market area's conference and events sector. This is a highly competitive sector and to fully assess the potential demand for conference and events facilities it is first important to understand the nature of the UK sector. There are two key publications which examine the sector:

- The UK Conference Market Survey 2007 (UKCMS), commissioned by the Meetings Industry Association gathers information year on year from 300 corporate conference organisers and 300 national association conference organisers.

- The British Conference Venues Survey 2007 (BCVS) is the new name for the annual survey undertaken since 1993 previously known as the British Conference Market Trends Survey. This survey is based upon information gathered from conference venues.

The definition of a 'conference' can vary according to the source of information, but the UKCMS (2007) and the BCVS (2007) both detail a meeting/conference to be an event involving a minimum of eight people for a duration of four hours during one day or more. This is most frequently held outside of the company's premises.

A.2 OVERVIEW OF THE UK CONFERENCE AND EVENTS SECTOR

The UK meetings and conference market is classified into two general categories with the following characteristics:

- Corporate for-profit organisations: e.g. company meetings and training courses, annual general meetings, boards meetings, sales meetings, products launches. These constitute just under 50% of the UK market.

- Not-for-profit organisations: association and government events held by professional groups, trade associations, trade unions, clubs, political parties, charities, government agencies, local authorities, National Health Service, educational organisations and similar public bodies.

A wide variety of venue types are available for conferencing, and as more 'unusual venues' such as visitor attractions enter the market it is becoming increasingly competitive.

- Purpose built venues: specially designed to host conferences. Usually with a large auditorium and supporting breakout seminar and meeting rooms. Large international conference centres in cities fall under this category

- Conference/training centre: venues devoted to the conference or training market comprising specifically designed 'learning spaces' with three or more lecture rooms. They host residential and non-residential conferences

- Multi-purpose venues: usually local authority owned and used for many types of events besides conferences. At least one large community auditorium or hall. For example, community centres, leisure centres or town halls. This type of venue does not include overnight accommodation.

- Urban/airport hotels: hotels located in large towns or cities or next to an airport.

- Rural hotels: hotels in countryside, smaller towns and villages.

- Educational establishments: universities or other educational institutes.

- Unusual venues: museums, theatres, castles, sporting venues, visitor attractions etc.

A number of trends can be drawn from the surveys published on the UK conference sector:

The BVCS indicates conferences in 2006 generated an estimated £7.6 billion of income for conference venues (this excludes additional delegate spend). Two thirds of this was generated by residential conferences. This is significantly lower than in 2005, when the market was estimated at £10.3 billion.

The UKCMS detailed varied change this year with the number of corporate meetings increasing by 27% since last year and the association sector increasing the number of their events by 1.4% (this shift in demand was also evident from BVCS research)..

Overall the BVCS estimate there were 1.37 million conferences in the UK in 2006 – an average of 392 conferences per venue. This compares to 1.58 million in 2005 – a decrease of about 13% per annum.

The UKCMS highlight the number of events for associations has remained similar since last year; however there has been an 11% decrease in the average number of delegates attending their regular events from 123 to 96.

In the case of corporate events the average size has increased by 28% to 180. There has been a shift in trends with the majority of corporate meetings now of a larger size and are most often staff conferences, management meetings and training.

In contrast the BVCS found that the average conference size was 53 delegates. This is slightly higher than in 2005 (average 49) but the same as in 2004, when the average conference size was also 53 delegates.

TableA.2.1 details the five most popular types of events per sector:

Table A.2.1: Five Most Popular Types of Events

Association Sector	Corporate Sector
▪ Annual meeting (59%)	▪ Management Meeting (39%)
▪ Education (48%)	▪ Staff Conference (38%)
▪ Regular member communication (46%)	▪ Sales Conference (34%)
▪ Technical information updates (21%)	▪ Presentation / Communication (34%)
▪ Fund raising (6%)	▪ Training (24%)

Source: UKCMS 2007

The duration of meetings has begun to increase with 1.4 days for associations and 1.3 days for corporate. 29% of the corporate sector's events are residential versus 33% of association events (UKCMS).

The BVCS research indicated the average conference duration was 1.7 days, although most conferences (62%) lasted a day or less. This varied from 1.4 days for non-residential conferences to 2.2 days for residential conferences. This was similar to the previous two years.

In addition BVCS results highlight that under a third of conferences (27%) were residential at the conference venue – this represents a slight decrease from 2005. A further 8% were overnight conferences, with delegates staying in the wider destination but not at the conference venue itself. This remainder (65%) were day conferences.

UKCMS surveys results detail Tuesday, Wednesday and Thursday are the most popular days with each sector and spring and autumn months remain most popular. Venues and suppliers keen to attract business for the other days of the week and other months of the year will need to be increasingly creative with special rates and added value.

Average lead time for associations is 11.6 months compared to 5 months from the corporate sector, both of which have decreased since last year.

Budgeted average day delegate rates paid have increased by 21.4% to £47.40 for the association sector and decreased by 1.8% to £49.60 for the corporate sector. The BVCS results show actual paid delegate rates are down 18.6% from last year to £35.00 per delegate. All rates are inclusive of VAT.

The budgeted 24 hour delegate rates also increased by 12.5% to £166.80 for associations, and increased by 5.5% to £173.50 for the corporate sector. The BVCS shows that the actual paid average 24 hour delegate rate for conferencing was found to be £121.00 which was a decrease of 11% on the previous year.

Table A.2.2 details the most popular venue types for conferences per sector.

Table A.2.2: Most Popular Venue Types

Association Sector	Corporate Sector
▪ City centre hotel (62%)	▪ City centre hotel (73%)
▪ Purpose built convention centre (36%)	▪ Purpose built convention centre (28%)
▪ University / academic venue (28%)	▪ Multi Purpose Venue (25%)
▪ Unusual Venue (19%)	▪ Out of Town Hotel (21%)
▪ Out of Town Hotel (15%)	▪ Unusual venue (18%)

Source: UKCMS 2007

The corporate sector had a slightly higher overall annual budget for events than the association sector; however this had decreased by 4.5% from 2005 to £134,600.
The Association sector on the other hand had a major increase of 34.5% this year with an annual budget at £125,600.

The top three cities for each sector remain London, Birmingham and Manchester with London the clear leader as choice of destination. It was detailed that 68% of the corporate sector expected to host an event in London in 2007.

The percentage of events taking place outside the UK has remained the same at 7% to for the corporate sector and increased slightly to 4.2% from 3% in 2005 for the association sector.

Influences on destination selection were most often location, price/value for money and access for each sector. The top factor influencing venue selection for each sector also remains location.

Table A.2.3: Top Factors Influencing Venue Selection

Association Sector	Corporate Sector
▪ Location (93%)	▪ Location (93%)
▪ Price / value for money (84%)	▪ Price / value for money (68%)
▪ Access (78%)	▪ Access (45%)
▪ Availability (46%)	▪ Availability (42%)
▪ Quality of service (42%)	▪ Quality of service (42%)

Source: UKCMS 2007

Table A.2.4: Top Five Sources of Help with Venue Selection

Association Sector	Corporate Sector
▪ Own knowledge (79%)	▪ Internet/website (65%)
▪ Internet (69%)	▪ Own knowledge (49%)
▪ Word of mouth (53%)	▪ Directories/guides (24%)
▪ Directories/guides (30%)	▪ Word of mouth (21%)
▪ Venue Finding Agency (16%)	▪ Event Management Company (18%)

Source: UKCMS 2007

Own knowledge and the internet are the most important sources in helping with venue selection. Overall these findings indicate associations and the corporate sector are becoming more confident in finding and booking events.

Meetings and Incentive Travel remains the most popular trade publication with each sector. This was followed in second place with Conference and Incentive Travel and then Conference News for Associations and Marketing Week for the corporate sector.

The percentage of association organisers who attended trade shows during 2006 decreased by 14% to 35% while the corporate sector decreased by 43% to 26%.

The top three audio visual items used by both corporate companies and associations were a PC/data projection, a sound system and a flipchart.

Corporate Social Responsibility and Environmental Issues are expected to have an impact on event organisation over the next ten years. 41% of associations outlined that this was expected to be somewhat influential and 23% thought it would be extremely influential. This was also apparent in the corporate sector where 55% outlined that this was expected to be somewhat influential and 22% thought it would be extremely influential.

Teleconferencing and video conferencing are now established as the forms of communication used in addition to meetings, as are e-mail and web sites.

67% of corporate organisers say that business results were improved significantly or slightly by conferences or live events, although it is questionable whether they really know as 62% admitted they do not measure return on investment from events.

36% of associations and 16% of corporates said that delegates were satisfied with events all the time. The recurring reasons for this dissatisfaction were with food, content, speakers and organisation.

A.2 CONCLUSIONS

Key findings from this section include:

- It was estimated that £7.6 billion of income was generated through conference in 2006, which was -26% from 2005. Two thirds of conference and events revenue was generated through residential conferences

- The number of corporate events has increased in 2006, association events have remained almost stable;

- Average delegate capacity at events for associations was 96 (11% decrease on 2005) and for the corporate sector was 180 (28% increase);

- Tuesday, Wednesday and Thursday remain the most popular days for corporate and association sector events. There is therefore potential for facilities to expand this market throughout the whole week, whilst attracting a weekend market through the weddings and celebratory events sector;

- The average daily rate being paid by the corporate sector is £49.60 (-1.8% reduction on 2005) and £47.40 for associations (21.4% on 2005);

- The average 24 hour rate being paid by the corporate sector is £173.50 (5.5% increase on 2005) and £166.80 (12.5% increase on 2005) for associations.

- City centre hotels are the most sought destination to host an event for 73% of the corporate sector and 62% for associations;

- The top three cities in each sector remain London, Birmingham and Manchester with London the clear leader.

APPENDIX B. MARKET BACKGROUND

B.1 INTRODUCTION

This market background provides a comprehensive investigation of the local economy. Medway is the name of the conurbation and the unitary authority for the part of North Kent that includes five towns known as the Medway Towns – Strood, Rochester, Chatham, Gillingham and Rainham. The administrative area includes many smaller villages and parts of the North Kent Marshes, environmentally-significant wetlands. A 20-year plan is in place – the Medway Regeneration Framework – to regenerate the waterfront and the surrounding area.

B.2 THE LOCAL ECONOMY

B.2.1 Population

The total population of Medway was estimated by the Office of National Statistics (ONS) at 252,200 in 2007. The population of the South East was 8,308,700. Medway's population therefore represents around 3% of the population of the South East of England.

Table B.2.1: Total Population Medway, 2007

	Medway		South East	Great Britain
	Number	**%**	**%**	**%**
Males	124,200	49%	49%	49%
Females	128,000	51%	51%	51%
Total-All People	**252,200**	**100%**	**100%**	**100%**

Source: Nomis

Population projections indicate that Medway will experience an overall population growth of 12% between 2006 and 2031. Kent is expected to experience growth of 23%, compared with 19% in England as a whole. Much of the growth in Medway is driven by the population over working age, which is expected to increase by 73% over the period. In comparison with regional and national growth projections the younger age cohorts will experience very limited growth.

Table B.2.3: Population Projections for the Market Area 2006-2031

	Medway	Kent	England
Under working age	5%	16%	14%
Of working age	1%	12%	10%
Over working age	73%	72%	63%
Total	**12%**	**23%**	**19%**

Source: National Statistics

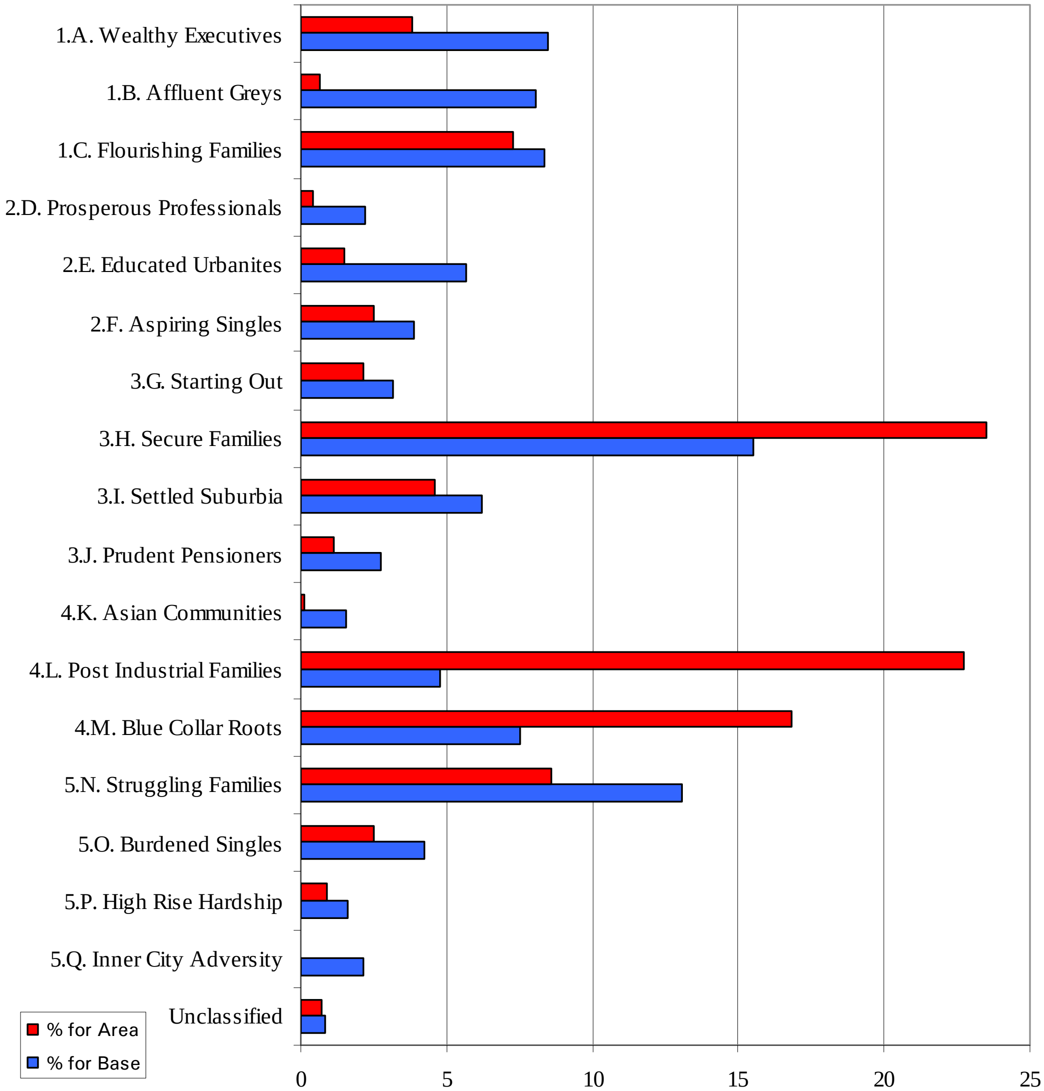
B.2.2 Working Population

ONS statistics state that the working population in Medway represents 63% of the total population. By 2031, the working population is forecast to grow in Medway by 1%. The national forecast is for the working population to grow by 10% over the same time period.

B.2.3 Population Profile

The ACORN population profile for Medway (below) shows the noticeably high percentage of "Secure Families" in the area compared to the UK (base). There is also a higher percentage of "Post Industrial Families" and "Blue Collar Roots" households. The proportions of very affluent and very poor households are both below national averages.

Chart B.2.3.1: Population by ACORN Group – Medway



Source: EGI

B.3 ECONOMIC STRUCTURE, PERFORMANCE & REGENERATION

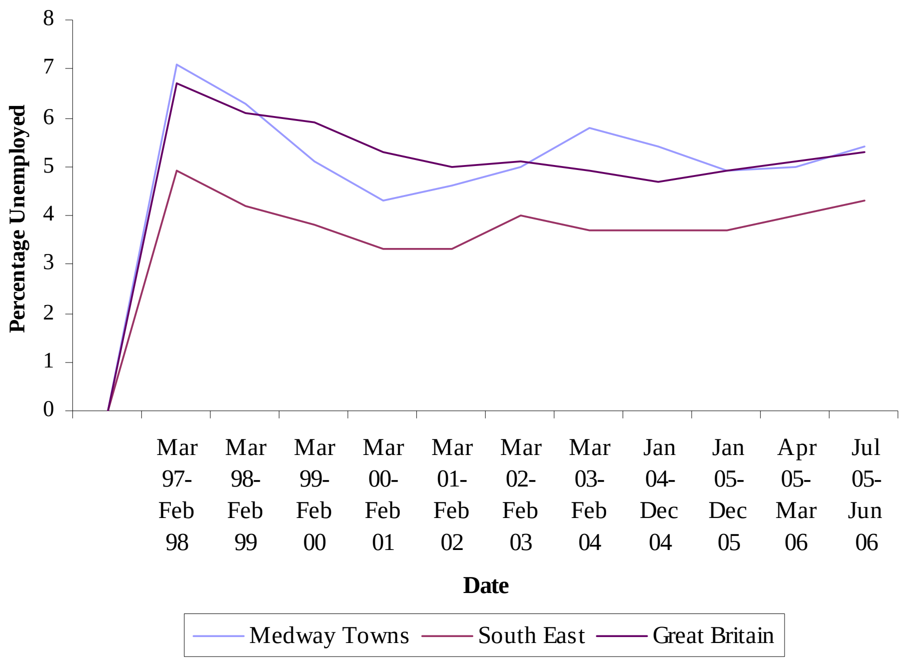
B.3.1 Economic Activity

The rate of economic activity in Medway is 82%. This is in line with the South East (82%) and higher than Great Britain (77%). The “enterprise base” as indicated by the annual growth in VAT Registered Businesses in Medway is 2%, in line with regional and national averages. Informal conversations with the Economic Development Officer at Medway Council indicate that the number of businesses in Medway has risen from 8,000 to over 13,000 in the last ten years.

B.3.2 Unemployment

The unemployment rate in Medway is currently 5%. This is slightly higher than in the South East (4%) and in line with national figures (5%). The graph below shows the historic trend in unemployment, which in Medway has fluctuated around the level for the South East.

Chart B.3.2: Market Area Unemployment



Source: Nomis

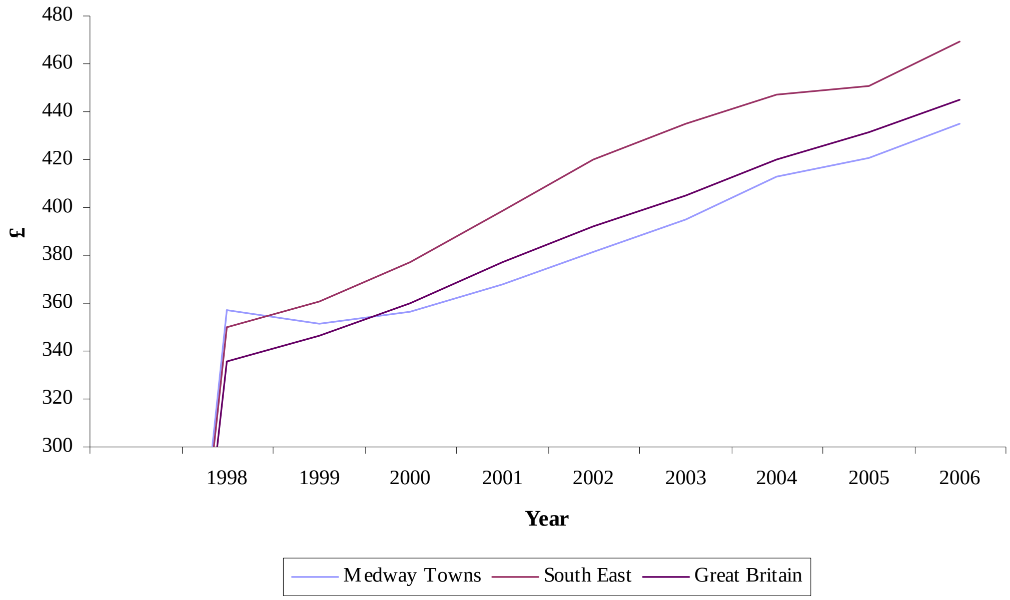
B.3.3 Employment Sectors

According to ONS data the largest employment sector in Medway is the service sector, which accounts for 83% of employment (the average for Great Britain is also 83%). The largest employment sector in Medway, accounting for 30% of all employment is “public administration, education and health”. This sector accounts for 25% of jobs in the South East and 27% of jobs nationally. Medway has a higher level of part time employment (34%) than regionally and nationally (both 31%).

B.3.4 Earnings

The average weekly (£463.10) and hourly (£11.42) pay rates in Medway are lower than in the averages for the South East (£480.70 / £12.11) but broadly in line with Great Britain as a whole (£458.60 / £11.49). Chart b.3.4 shows the trend in gross weekly wages for Medway compared with regional and national averages since 1998. The higher wage levels are consistent across the period, although there is some fluctuation in the differentials.

Chart B.3.4: Average Gross Weekly Wages, 1998-2006

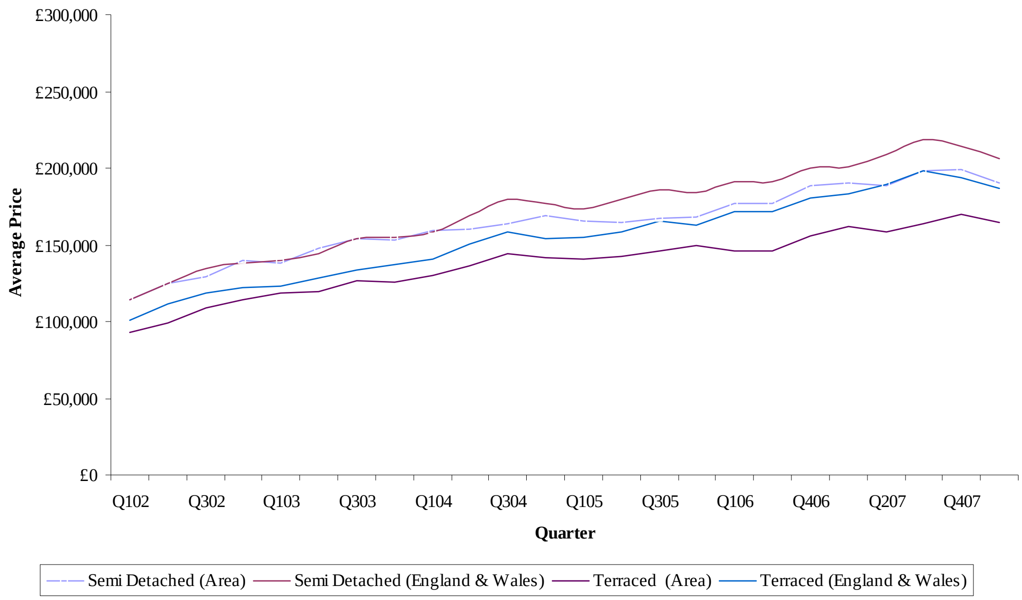


Source: Nomis

B.3.5 Residential Property Performance

Chart B.3.5 from EGI increases in property value across the most popular property types (terraced and semi-detached houses) since 2002; however, the average house price in Medway is slightly below the UK average.

Chart B.3.5: House Price Changes Medway



Source: EGI

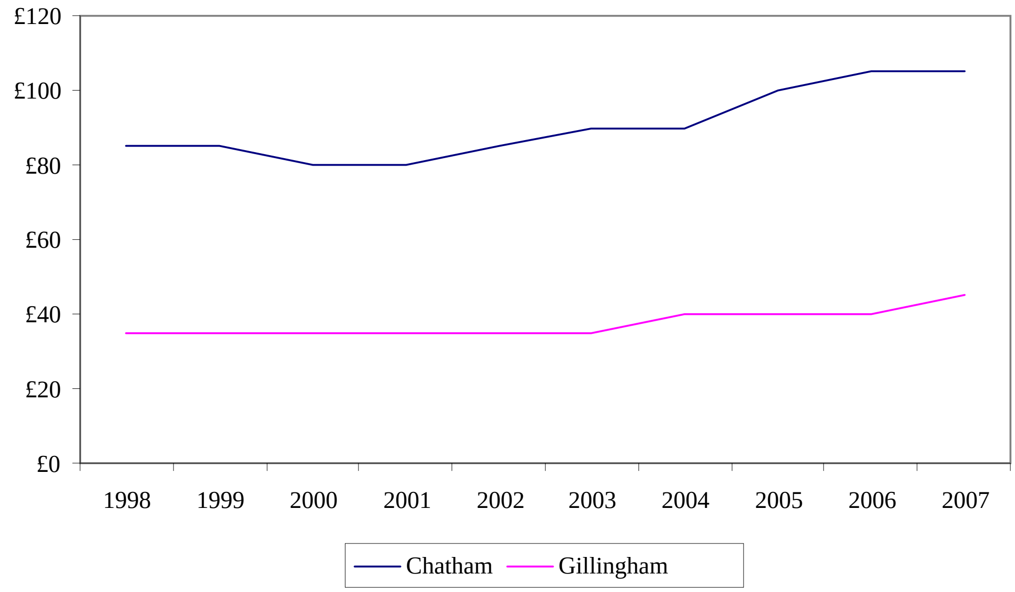
B.3.6 Retail Performance

The Dockside Retail Outlet in Chatham has seen a number of units leased in recent months. Retail rental figures for the area are only available for Chatham and Gillingham and are displayed in Chart B.3.6. Rental values in Chatham have been consistently higher over the past decade.

Other local retail centres include Hempstead Valley shopping centre, the Pentagon centre in Chatham and Gillingham town centre.

The nearest retail centre to Medway is Maidstone (8 miles), which is home to a host of high street names including Marks and Spencer, BHS and House of Fraser. Information provided by Experian shows that there are 521 retail outlets occupying over 1.3 million square feet of floor space in Maidstone. 11% of outlets and 8% of floorspace are vacant, compared with UK averages of 11% and 9% respectively. Total retail expenditure for the town centre is £2,155 million per year.

Chart B.3.6 Retail Rental Figures for Chatham and Gillingham 1998-2007



Source: EGI

The Bluewater Shopping & Leisure Complex is located 11 miles from the centre of Meday. Bluewater has 330 shops, restaurants, a 12 screen cinema, Treejumpers Sky Park, Climbing Wall, Discovery Trail, cycling and boating. There is also a fun fair and market and Christmas Ice Rink throughout October, November and December.

Rochester is a traditional small cathedral city with an abundance of small specialist shops selling a range of produce, including antiques, arts and crafts.

B.3.7 Office Sector

The price of office accommodation currently available on the market in Medway ranges from £55 per square metre for High Street, Rochester to £220 per square metre for Bredgar Road, Gillingham.

B.3.8 New Developments & Regeneration Activity

Informal enquiries were made to the planning and regeneration office within the immediate market area to identify key regeneration developments. Medway is at the heart of the Thames Gateway, only 30 miles from central London and is the largest conurbation between the capital and continental Europe.

Medway Renaissance is a Local Regeneration Partnership in Medway which has been set up by Medway Council and is funded by the Communities and Local Government (CLG) through the Thames Gateway Programme.

Medway Renaissance is directly responsible for projects involving over £120million of CLG funding and in partnership with the private sector and other agencies and takes a lead role in major physical regeneration and development projects for Medway. The team has now completed the Regeneration Framework for Medway which sets out the delivery plan for Medway – the city of learning, culture, tourism and enterprise. This 20-year regeneration programme will draw in more than £1billion of private sector investment. Key projects include:

Rochester Riverside
Rochester Riverside is a flagship regeneration project in Medway Renaissance - Medway Council's regeneration programme. The site is within the Government's Thames Gateway growth area and is being managed by the Council in partnership with the South East England Development Agency (SEEDA). Rochester Riverside is a 74 acre scheme and will comprise 2,000 mixed tenure homes, offices, cafes, bars, restaurants, two hotels, shops, a 1.5 mile river walk, open spaces, parks and play areas, creeks and bridges. It is within easy reach of Gillingham, Strood, Chatham, Gravesend and Maidstone and the M2 and M20 motorways. Rochester Bridge is within Rochester Riverside and Medway Council has proposed the development of a quality branded hotel at this prominent site. There are also plans for a smaller boutique style hotel on the Riverside development.

Chatham Centre & Waterfront
Medway's £1billion regeneration programme will transform Chatham as Medway's new city centre. Plans for the Chatham Waterfront regeneration site, between Sun Pier and the Command House pub, include striking apartments, a waterfront park, cafes, restaurants and a major new arts and entertainment venue. The area around Chatham railway station will become a busy new business quarter and there are big retail and residential ambitions for The Brook. There will also be a new bus station next to the Pentagon Shopping Centre.

Strood Riverside
Strood Riverside is one of Medway's key development sites. It is part of an ambitious 20-year programme for the regeneration of the waterfront. Priorities for the site are: to provide between 500 and 600 new homes; to develop a recreational waterfront, with new public spaces and leisure facilities; to improve access to Strood station, the town centre and the Medway City Estate and to provide community support facilities. The first phase of development for Strood Riverside, including homes and a landscaped play area called Watermill Gardens, was completed in the 1990s.

Temple Waterfront
This 70-hectare riverside site, situated between Junction 2 of the M2 and the heart of Medway, overlooking Rochester's castle and cathedral, offers potential for mixed development, enhanced open space and a site of nature conservation interest. Around 600 homes and 15,000m^2 of commercial floorspace are proposed. The land owner intended to submit a planning application in Spring 2009. As part of the preparation of the development brief, a sustainability appraisal has been prepared to assess the effects of the proposals.

Strood Town Centre
Strood is in line for a huge economic boost, as more than £1billion is invested in Medway over the next 20 years. Strood is likely to experience significant pressure for change in the coming years, as it is well placed to benefit from wider regeneration initiatives, including the strategic plans for the Thames Gateway, as well as the Medway Renaissance Waterfront Strategy. It is vital that Strood becomes a healthy and vibrant centre that new residents and workers will use for day-to-day goods and services.

Gillingham Town Centre
Consultants Barton Willmore and Medway Council have developed the Gillingham Town Centre Development Framework. Its aim is to make central Gillingham vibrant and viable by exploiting its strengths and addressing its weaknesses – in particular, the scattered layout of its long high street. It is viewed as a vital step towards the future successful regeneration of Gillingham.

Medway Park
Medway Park is the area’s developing flagship multi-sport facility and has been approved as a pre-Games training camp venue for 13 Olympic sports: athletics; badminton; basketball; boxing; fencing; artistic gymnastics; rhythmic gymnastics; indoor volleyball; judo; modern pentathlon; taekwando; trampolining and wrestling. It has also been approved for eight Paralympic sports: athletics; boccia; goalball; judo; volleyball; wheelchair basketball; wheelchair fencing; wheelchair rugby.

Medway’s regional Centre of Sporting Excellence is an £11million project, including £5million from the Thames Gateway and £3million from the University of Kent at Medway. The plans are designed to deliver benefits both for 2012 and beyond. They are anticipated to benefit the sporting elite and the community at large, including the Universities at Medway campus and the new Mid-Kent College development. The first phase in this scheme centres on the site of the existing Black Lion Leisure Centre, where work is already underway.

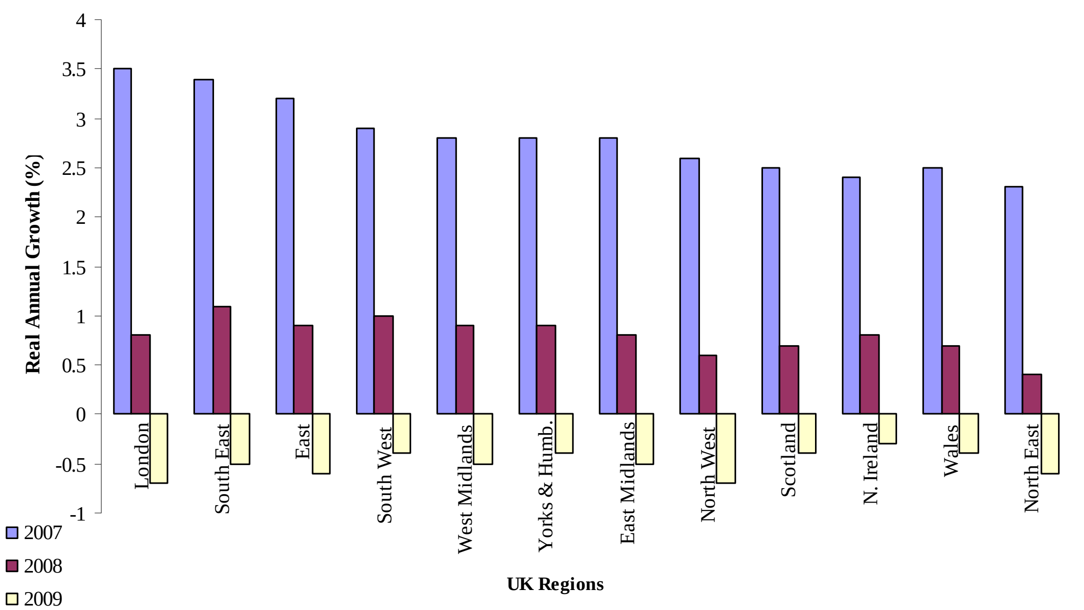
It is clear that the area is in the process of significant change, driven by massive regeneration activity. There is strong potential for long term economic growth and development.

B.3.9 The Regional Economy

The UK economy is currently experiencing a downturn due to a number of factors including the global credit crunch. In its report titled 'UK Economic Outlook' (November 2008), PricewaterhouseCoopers forecasts UK GDP growth to slow from 3% in 2007 to 1% in 2008 and a further decline to -0.5% in 2009. This is primarily due to the effects of slow real earnings growth, rising unemployment, falling house prices, reduced credit availability and slower global growth, which are pushing the UK into a recession. Consumer spending growth is also expected to slow more markedly to around -0.5% in 2009, reflecting the severe squeeze on household spending power from credit constraints and higher inflation as well as earlier described factors.

In the following graph, PricewaterhouseCoopers presents a forecast of regional growth to 2009 based on the UK main scenario (detailed above). The projected growth differentials between regions are driven in part by variations in industry structures, although the model also takes account of relative regional growth rates for particular sectors. It is highlighted that the regional estimates are subject to wider margins of error in comparison to national data, which is based on more up to date information.

Figure B.3.9.1: PricewaterhouseCoopers Regional Growth Profile (November 2008)



Source: PricewaterhouseCoopers

London and South East are expected to suffer sharp slowdowns as the business and financial services sectors come under pressure. It is expected that differing areas within the regions will vary with regard to actual economic position.

In light of the current economic climate and as the UK struggles to recover, consumer related sectors are being particularly hard hit, especially those reliant on discretionary spending. Manufacturing ,which in earlier forecasts was more optimistic, is now expected to suffer the greatest decline as the housing markets in the UK slows considerably and the impact of the global credit crunch takes effect on exports.

The business and financial services, distribution and transport sectors are all expected to suffer sharp falls in their rates of growth in 2008, as weaker domestic demand from consumers and business impact these sectors the most.

The construction sector is expected to slow in response to the cooling of the housing market and tighter credit conditions brought about by ongoing financial market instability. With the exception of government services, manufacturing and utilities, all other sectors will experience further decline by 2009.

B.4 TRANSPORT AND COMMUNICATION

B.4.1 Road

Medway sits on the M2 motorway, which is a main route linking Canterbury and London. The M20 motorway is less than three miles from the Medway area and links to the M25 and routes into London and Folkestone. The Channel Tunnel is located 33 miles from Medway and offers road and rail links to France and, therefore, easy access to mainland Europe.

B.4.2 Rail

Rochester, Gillingham, Strood and Chatham Railway Stations are all within 2 miles of one another. The stations are operated by South Eastern Rail and offer regular services to London Victoria, London Charing Cross, London Cannon Street, Ramsgate and Faversham. Trains to London Victoria run four times per hour off peak and have a total journey time of around 40 minutes.

From December 2009 a new faster service will operate with bullet trains which will decrease train journey times between Medway and London slightly. The new service will be supplementary to the current services and terminate at St Pancras Station. Upton 6 trains per hour will operate during the morning peak service (arriving in London between 07:00 and 10:00).

During the morning peak service period from Rochester, from December 2009, there will be 26 train services operating into London.

B.4.3 Air

Medway is within reach of four international airports within one hour’s drive.

- London City Airport is 22 miles from central Medway and is the smallest but most central of all the London Airports. Although the newest airport in London, it handled almost 3 million passengers in 2007. The airport currently services 31 European destinations, including Amsterdam, Zurich, Copenhagen, Paris and Milan.

- Gatwick Airport is located 35 miles from Medway. It serves 23 million passengers a year, flying to over 212 destinations worldwide. A second runway for the airport is being considered for development in 2019.

- Stansted handles approximately 25 million passengers per annum. Like Gatwick and Heathrow, it is owned by BAA and is 36 miles from Medway.

- Heathrow is the world’s busiest airport, serving 67.7 million passengers per year with five terminals, flying to 186 national and international destinations. It is 43 miles from Medway.

B.4.4 Sea

Dover ferry port is 39 miles south east of Medway. It offers hourly ferry and hovercraft crossings to Calais in France. Due to well-developed train and road links, ferry links to the continent from the south east of England are easily accessible and extremely popular; in 2006, over 18 million passengers used the Dover Calais service, as well as over 1,667,000 freight vehicles. Tilbury Docks receive several cruise liners per year which benefits Medway and a cruise ship is due to use Chatham Docks for the first time ever in September 2009.

B.5 TOURISM

B.5.1 Volume and Value

Table B.5.1 displays the volume and value of domestic and overseas tourism in the South East of England. Domestic tourism to the region has decreased by 2% between 2005 and 2007 and expenditure has decreased by 11% in the same period. In contrast, the volume of overseas visitors to the South East has increased by 10% and overseas tourism expenditure has increased by 7% to £1,578 million in 2007.

Table B.5.1 Volume and Value of Tourism in the South East and United Kingdom (2005-2007)

(Area)	2005	2006	2007	% Change 2005-2007	% Change 2005-2007 United Kingdom
Domestic Tourism					
Tourism Trips (m)	18.2	18.1	17.9	-2%	-11%
Tourism Nights (m)	51.3	52.7	50.0	-3%	-11%
Tourism Expenditure (£m)	2,644	2,429	2,353	-11%	-6%
Overseas Tourism					
Tourism Trips (000)	4.1	4.3	4.5	+10%	+9%
Tourism Nights (m)	32.7	35.9	32.4	-1%	+1%
Tourism Expenditure (£m)	1,470	1,679	1,578	+7%	+12%

Source: Visit Britain/Statistics

In 2006, overnight visitors made 555,625 trips to Medway, spending £78.5 million. 72% of these overnight visitors were domestic and 28% from overseas. There were 3.1 million day trips to Medway in 2006 with a total spend of £113.1 million. The total tourism spend in the Medway area for 2006 was £265.7 million. The day visit market dominates in terms of volume, but the 16% of staying visitors are responsible for 42% of all tourism spend in the area.

B.5.2 Purpose of Trips

Tables B.5.2 and B.5.3 show the reason for domestic and overseas visits to the South East of England (excluding London) from 2005 to 2007.

Table B.5.2 Purpose of Domestic Trips in the South East by Type of Visitor (2005-2007)*

Type of Visitor	2005	2006	2007	UK (2007)
Holiday	60%	56%	56%	62%
Visiting Friends and Relatives (VFR)	21%	26%	28%	20%
Business	17%	15%	14%	15%
Other (incl. study)	2%	3%	2%	3%

Source: Visit Britain

The main reason for domestic visits to the South East is for a holiday, followed by visiting friends and relatives. In comparison with UK figures, domestic tourists to the south east are more likely to be visiting friends and relatives and less likely to be on holiday.

Table B.5.3 Purpose of Overseas Trips in the South East by Type of Visitor (2005-2007)*

Type of Visitor	2005	2006	2007	UK (2007)
Holiday	29%	26%	27%	33%
Visiting Friends and Relatives (VFR)	37%	37%	38%	30%
Business	27%	26%	24%	27%
Other (incl. study)	7%	11%	11%	11%

Source: Visit Britain

Visiting friends and relatives was the main reason for overseas visitors to the South East of England from 2005 to 2007, followed by holidays and business trips. In comparison with UK figures, overseas tourists to the south east are also more likely to be visiting friends and relatives and less likely to be on holiday or on business.

It is estimated that 60% of staying visitors in Medway stay with friends and relatives, a much higher level than in the South East as a whole.

B.5.3 Tourism Demand Generators

Table B.5.4 lists the top five visitor attractions in Kent and their visitor numbers. Map B.5.1 shows the attractions in relation to Medway. Most of the major attractions are located to the south of the M20.

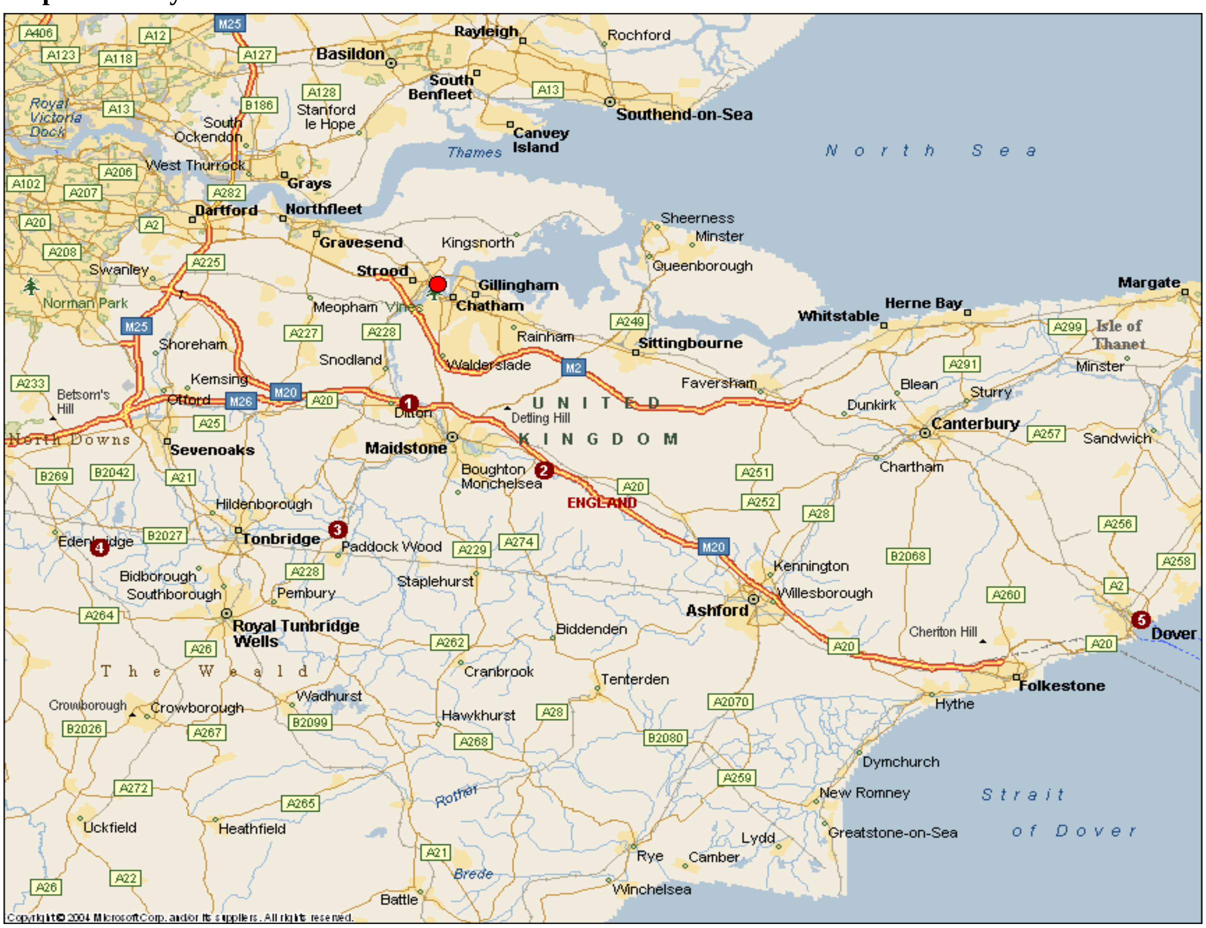
Table B.5.4: Key Visitor Attractions and Places of Interest in Kent

Name	Visits 2005	Visits 2006	% Change	Free / Paid	Map Ref.
Canterbury Cathedral	1,000,000*	1,000,000*	0%*	Free	1
Leeds Castle	407,076	413,655	+2%	Paid	2
Hop Country Farm	503,000	500,000*	-1%*	Paid	3
Hever Castle & Gardens	251,138	232,851	-7%	Paid	4
Dover Castle	290,732	301,450	+4%	Paid	5

Source: Visit Britain Visitor Attraction Monitor

* Estimated figure Medway Council

Map B.5.1: Key Visitor Attractions in Kent



Source: Microsoft Autoroute/ RGA Research

Rochester Castle, Rochester Cathedral, Diggerland, Chatham Historic Dockyard and Dickens World in Chatham are popular visitor attractions within the area. Charles Dickens grew up in Chatham and later lived in Rochester and many of his books feature places and buildings in and around the city. Chatham Historic Dockyard is hoping to become a World Heritage Site in 2012. Table B.5.5 lists the top ten visitor attractions within Rochester and Chatham.

Table B.5.5: Top Ten Visitor Attractions and Places of Interest in Rochester and Chatham

Name	Visits 2006	Visits 2007	Visit 2008	Free / Paid
Dickens World	N/A	130,000*	180,000*	F
Rochester Cathedral	150,000*	150,000*	150,000*	F
Chatham Historic Dockyard	119,111	146,033	142,561	P
Diggerland	114,447	95,356	79,086	P
Guildhall Museum	64,308	65,730	60,526	F
Rochester Castle**	57,757	48,287	54,131	P
Six Poor Travellers House	21,098	23,532	22,211	F
Upnor Castle	20,361	20,577	20,011	P
Kingswear Castle Paddle Steamer	18,536	16,070	13,489	P
Royal Engineers Museum	16,898	15,003	14,690	P

Source: Medway Tourism Office
* estimated figure
** Partially closed for conservation work in 2007

Brands Hatch Race Circuit is 11 miles from Rochester, hosting car, motorcycle and truck events almost every weekend.

Rochester Farmers' Market attracts many visitors and is held on the third Sunday of each month.

Britain's last surviving coal-fired paddle steamer operates cruises on the River Medway on a regular basis throughout the year.

Rochester Airport is a private historic aerodrome and is located within Medway.

The Sweeps Festival held annually in Rochester and attracts around 40,000 visitors per year. There are two Dickens Festivals per year, one in the summer (attracting around 50,000 visitors) and one in early December (attracting around 60,000 visitors).

Medway Park is the area's new flagship multi-sport facility and has been approved as a pre-Games training camp venue for 13 Olympic sports. As part of preparations for the 2012 Olympic Games in London, Medway also offers a pre games training camp, Callum Park Riding Centre, a £1 million purpose built table tennis centre, Medway Badminton Association Centre and hockey club.

B.5.4 Key Tourism and Cultural Projects

Medway is a developing tourism destination with two mature products (Historic Rochester and the Historic Dockyard, Chatham). Its appeal is mainly heritage based but it is hoped that the regeneration agenda will offer great opportunity to diversify the tourism product. The destination is felt to have tremendous strengths, but also a number of inherent weaknesses, which the Council's Strategic Tourism Unit (along with its partners), is addressing.

This is regarded as a watershed period for Medway. Committed investment and project development in tourism and culture over the next five years have the potential to transform its image, status and economic prospects as a tourism destination. There are several specific cultural and tourism projects at various stages of development at present, some of which will require further partner engagement and funding to progress.

National Museums at Chatham – This project, bringing the national collection of maritime ship models to Chatham (from the National Maritime Museum, Science Museum and Imperial War Museum) will see the No. 1 Smithery building (the last at risk monument on site) transformed into a new exhibition space, including a temporary exhibition hall. This £13 million project, now fully funded, is set to open in 2010

World Heritage Site Status – There is a current bid to secure World Heritage Site Status for Chatham Dockyard, set to be delivered to Unesco in 2012. The project, if successful, will deliver international recognition and also begin the process of turning Fort Amherst and the Lower Lines into an urban heritage park and key link between existing tourist sites.

Waterfront Theatre and Cultural Hub, Chatham – the need for a cultural attraction at Chatham waterfront is widely recognised. It is believed that such a facility would help to link the tourist offer in Rochester with the Dockyard and Chatham Maritime. It would assist enormously with the overall destination profile of Medway as a city break destination and help to turn around the present image of Medway as an under-achieving conurbation in cultural terms. Early proposals suggest that the need is for a new theatre and visual arts gallery.

Royal Engineers Museum – the only museum collection in Kent with national designation, is currently developing a HLF bid to develop its galleries and unite the library and museum collections. With the adjacent development of the new Mid Kent College campus and Medway Park, and its core position within the prospective World Heritage Site, the RE Museum is believed to be capable of fulfilling its potential over the next 5 years.

Rochester Castle and Cathedral **–** the setting of these two monuments is perhaps Medway's most iconic sight and greatest tourist strength. However, the public space between the two is poorly executed and the shared history of the two buildings is under represented. Emerging plans to conserve the two monuments and create an improved public realm and visitor interface will assist Rochester's revival as one of the UK's most potent microcosms of British history. The Cathedral has been awarded £1 million of HLF funding for new visitor interpretation.

Eastgate House – the Dickens Centre closed in November 2004 and work is now well underway on an innovative scheme to restore this Grade 1 listed building into a centre for the literary arts, with a £3 million bid to the HLF.

The Guildhall Museum – For the museum to move forward, major investment is now required in the displays and visitor facilities. A key challenge over the next five years will be to devise and implement a strategic development plan and to sustain the museum service for the next generation.

B.6 FINDINGS AND OBSERVATIONS

Key points highlighted from this section:

– Population growth, employment levels and wages in Medway are all below the regional averages. The public sector is the largest employer in the area;

– The outlook for the UK by PwC suggests that the current economic climate is pushing the UK towards a recession. The regional growth state and projections for the South East are forecast at 1.1% for 2008 and the forecast is for further decline in 2009, with real annual growth expected to fall in light of current economic turmoil;

– Transport links are good. Medway is well located for London and Dover and is within easy reach of four major airports;

- Medway itself is not an established overnight tourism destination, although there are some major demand generators in the wider area and there is every prospect that it will become a major short break destination within 5 to 7 years;

– Medway is the focus for a major regeneration programme, with some activity already underway. If delivered successfully, the programme has strong potential to increase economic and tourism performance.

Project 1414C 004 Medway Hotel Overview Report Final

Head Office:
7 Dean Bank Lane
Edinburgh EH3 5BS
Tel: 0131 343 1115
Fax: 0131 343 2273

London Office:
45 Great Guildford Street
London SE1 OES
Tel: 0207 981 9777

Registered Office:
30-31 Queen Street
Edinburgh EH2 1JX

Registered in Scotland
Number 96808

E: info@rgaconsulting.co.uk www.rgaconsulting.co.uk