

Hotel Market Watch - Coventry

This month's Market Watch focuses on Coventry.

Overview

Coventry is the ninth largest city in England and eleventh largest in the UK. Coventry is at the centre of the UK and, with direct access to five motorway links; the whole of England is within five hours drive. Air and rail communications are very good as well - 55 minutes to Euston on the train and only 11 miles from the city centre to Birmingham International Airport.

The sub-region of Coventry and Warwickshire promotes itself as a historic city of invention and culture in the heart of the UK. Key visitor attractions in the direct Coventry region include the Museum of British Road Transport, Sandwell Valley Country Park, Lickey Hills Country Park, Highbury Hall and Cadbury World. Other attractions in and around Coventry include the Belgrade Theatre, Ricoh Arena, Sky Dome Arena, Coventry Cathedral, Warwick Castle, the Herbert Art Gallery and Museum, Kenilworth Castle and events at Birmingham National Exhibition Centre.

Coventry is within easy reach of Stratford upon Avon, the birth place of Shakespeare and home to a number of Shakespeare related theatres, historic houses and gardens.

Here is a snapshot of what's happening in Coventry now:

Current Performance : Modest Hotel Performance

The market performed moderately in 2010 – figures show occupancy performance was around 60% (a 3% increase on 2009 figures). The ARR for 2010 was £49.10, down 2% on 2009 figures but this is not surprising given the economic climate. Under continuing economic conditions hotels are struggling to make headway in 2011. There is an indication that hoteliers have dropped rates in an attempt to maintain occupancy.

Key Drivers - Economic and Tourism Indicators are reasonably stable

The City has a great deal to offer but the main drivers include:

- The Coventry and the Warwickshire sub-region have a significant number of companies in the aerospace, automotive, information communications technology, environmental technologies and medical technologies sectors. There are currently some 3,470 companies from all the above mentioned sectors employing around 80,000 in the sub-region. Local corporate business will make constitute a key demand segment moving forward;
- There were over 32.15 million tourism nights in The West Midlands in 2009 for leisure, business, events, outdoor activities and the historic and cultural attractions on offer in the local area;
- Coventry city is a regional shopping hub with an extensive catchment. There are several shopping centres and shopping areas in the city centre – the Ikea is a notable regional draw;
- Coventry is close to two international airports, Birmingham International (15 minutes drive) and East Midlands (40 minutes drive);
- A number of festivals take place annually in Coventry. Other regular events in the area include the Folk Festival and the British Science Festival in Warwick plus numerous Shakespeare related festivals and events in Stratford upon Avon;

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Regeneration Activity and Developments in the Market – Potentially Significant

There are a number of regeneration projects underway and planned in Coventry. The new £60 million seven storey Severn Trent Centre in St John’s Street (open 2010) accommodates 1,700 staff. Other projects include the redevelopment of Friargate, Far Gosford Street, Swnaswell Initiative, Bishops Place and the £160 investment into Coventry University over the next 10 years. These factors are likely to have a positive impact on hotel performance.

Future Supply – Reasonable Developer Interest

RGA have identified seven potential new hotel developments and extensions. If all new developments go ahead (an unlikely scenario in present conditions), there would be over 800 bedrooms added to the market. These developments are spread across the centre of Coventry, and to the north of the city, towards the M6.

To discuss the market or a scheme in more detail please feel free to contact Max Gaunt in our Edinburgh office on 0131 343 1115 or bounce him an email max.gaunt@rgaconsulting.co.uk

Key Comparative Metrics	Status	Trend/Impacts
Macro Economic		
Current Hotel Performance		
Demand Drivers		
Future Supply		

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