Liverpool -HOTEL MARKET PERFORMANCE

Hotel Occupancy

Room occupancy at Liverpool Hotels is generally strong throughout the year with weekend occupancy particularly strong for all types of accommodation. Annual average occupancies in Liverpool's higher-grade hotels increased from 68.9% in 2004 to 73.6% in 2005, dropping slightly in 2006 to 73.1%. Occupancy has dropped during 2007 to 71.3% with a new hotel opening and weaker market conditions. (Source LJ Forecaster).

Total number of rooms sold has risen steadily to March 07 increasing by 3.9% over the previous financial year.

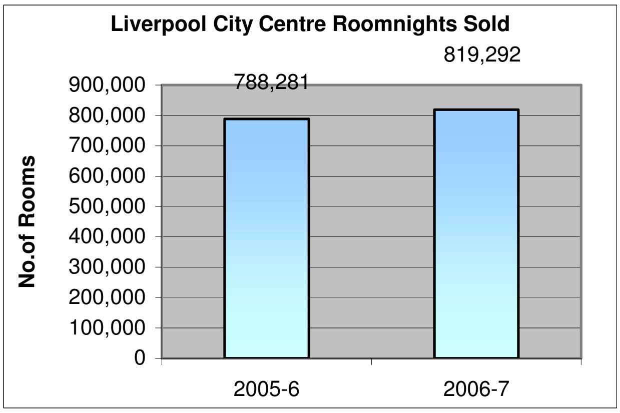
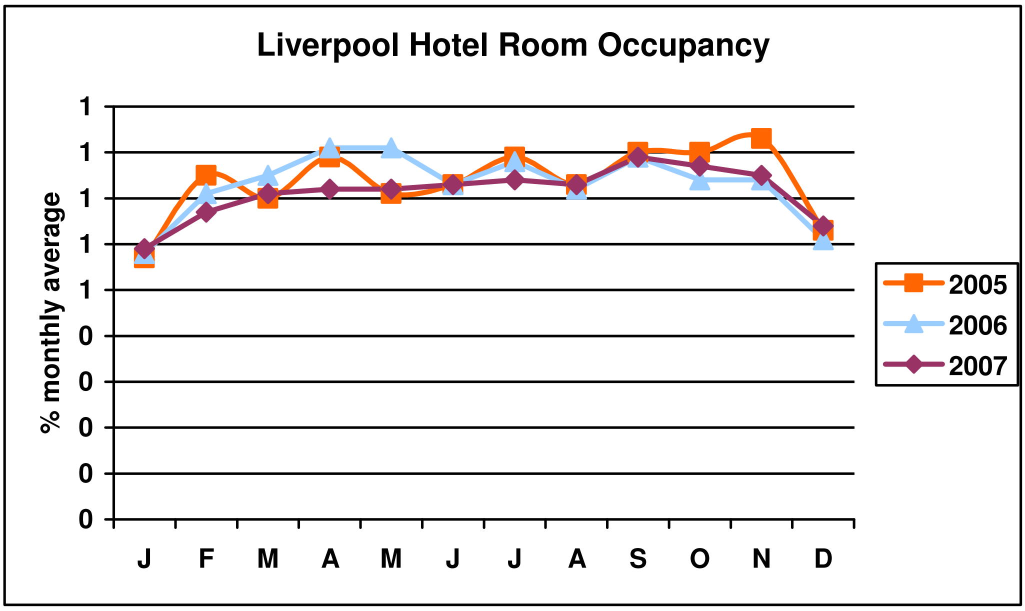


Table 3: ROOM OCCUPANCY IN LIVERPOOL HOTELS 2005-2007



Source LJ Forecaster

Some budget hotels continue to turn away hundreds of potential guests on football weekends.

Hotel Rates

Average Room Rates achieved (ARR) have risen steadily over the past 8 years in the city's 4 star hotels increasing 15% in 2005 to £71.24. Rates are now in line with other city destinations, although there are significant variations in performance between hotels with the top 3 four-star hotels achieving over £80 in 2005.

Table 4: LIVERPOOL CITY CENTRE HOTELS – ACHIEVED ROOM RATES 1999-2005

	Liverpool - Average Achieved Room Rate £			
	UK Provincial 3/4 star Chain Hotels[1]	All hotels	4 Star hotels	Budget hotels
1999	n/a	n/a	49.72	36.63
2000	59.23	45.74	57.92	38.25
2001	62.12	48.60	59.64	40.40
2002	62.50	48.13	60.35	40.60
2003	62.60	49.24	61.62	42.78
2004	63.72	50.63	61.69	43.83
2005	65.08	54.92	71.24	46.47
2006*	69.61		65.19	

Source: Liverpool Hotel Futures 2005 – Tourism Solutions
**PKF Hotel Report 2006*

Data from the LJ Forecaster indicates that from 2006 to 2007 there was a slight reduction in Average Room Rate – from £68.89 to £68.71. Over the same period there was likewise a slight decrease in REVPAR from £50.39 to £48.90 (still above the 2005 figure of £46.15).

Liverpool's 4 star hotels achieved average room REVPAR of £50.02 in line with the regional UK average of £50.44 in 2006

In 2006 many of Liverpool's 4 star hotels denied business mid-week, particularly Tuesdays and Wednesdays, as they were full. However, mid-week denials reduced in 2007. Most continue to deny business on match-day Saturday nights.

Hotel Markets

Key markets for Liverpool's 4 star hotels are the corporate market, derived primarily from local companies, government agencies and construction projects in the city, followed by leisure breaks (particularly driven via corporate promotions), and the football market. Secondary markets include residential conferences, weddings and functions, clubbers and group tours.

Liverpool City Centre 4 Star Hotels
Weekday/ Weekend Market Mix

Market Segment	Weekly Market Mix	Weekday Market Mix %	Weekend Market Mix %
Business – Rack Rate	4	6	1
Business – Corporate (Discounted)	40	64	6
Residential Conferences	10	14	4
Leisure Breaks	18	8	33
Football	17	3	37
Weddings/ Functions	4	-	10
Clubbers	3	-	7
Group Tours	2	3	1
Other	2	2	1
	100	100	100

Source: Liverpool Hotel Futures 2005: Tourism Solutions

Budget Hotel Performance

Average annual room occupancy for budget hotels in the city centre increased sharply in 2004 to 74% from 68% in 2003, This increased further to 78% in 2005. (Source: Liverpool Hotel Futures 2005). Friday and Saturday night occupancies were exceptionally high in 2005, averaging between 91% and 96%.

LIVERPOOL HOTEL SUPPLY

The Current Offer

By the end of 2007, Liverpool city centre had 36 hotels offering over 3,000 rooms. 4 star and budget bedrooms still dominate the supply, representing almost 28% and 33% of the city's bedrooms respectively. However, three star hotels now account for 30% of the stock.

Liverpool City Centre - Current Hotel Supply – 2007

Standard	Establishments	Rooms	% of Supply
4 star	6	793	27.7
Town house/ boutique	2	18	0.6
3 star	5	864	30.2
Budget	9	946	33.1
Serviced apartments	2	71	2.4
Lower grade hotels	7	167	5.8
Total Supply	**31**	**2,859**	**100**

Many of the UK and international brands are represented in the city centre, including Radisson, Marriott, Crowne Plaza, Holiday Inn, Thistle, Britannia, Premier Inn, Travelodge, Ibis, and Campanile.

Current Hotel Supply – Liverpool City Centre – 2007

Hotel	Standard	Rooms	2007 Weekday Tariff Single £	Double £
Radisson SAS	4 star	194	140.00	140.00
Marriott City Centre	4 star	146	119.00	119.00
Crowne Plaza	4 star	159	100.00	100.00
Atlantic Tower (Thistle)	4 star	226	85.00	85.00
62 Castle Street	4 star	20	99.00	99.00
Hope Street	4 star	48***	125.00	125.00
Britannia Adelphi	3 star	402	49.00*	59.00*
Holiday Inn City Centre	3 star	139	160.00	160.00
Sir Thomas	3 star	39	80.00*	80.00*
Malmaison	3 star	130	145.00*	145.00*
Hanover	2 star	27	43.00*	70.00*
Liner at Liverpool	3 star	154	88.00*	98 .00*
Parr Street	Boutique	12	88.00	88.00
Print	Boutique	6	150.00	150.00
Express by Holiday Inn Liverpool Albert Dock	Budget	135	70.00*	70.00*
Travelodge Central	Budget	105	55.00	55.00
Travelodge South	Budget	32	55.00	55.00
Premier Inn City Centre	Budget	165	58.00	58.00
Premier Inn Albert Dock	Budget	130**	70.50	79.00
Campanile	Budget	100	54.95	54.95
Ibis	Budget	127	51.95	51.95
Dolby	Budget	65	45.00	45.00
Formule 1	Budget	87	33.00	33.00
Liverpool Racquet Club	4 star Restaurant with Rooms	8	115.00	115.00
Feathers	4 star Guest Accommodation	66	50.00*	60.00*
Aachen	3 star Guest Accommodation	17	35.00*	55.00*
Lord Nelson	2 star Guest Accommodation	27	35.00*	50.00*
Antrim	N/A	20	36.00*	45.00*
Belvedere	N/A	8	23.00*	46.00*
Regent	N/A	21	35.00*	58.00*
Serviced Apartments				
Merchant Living	5 star Serviced Apartments	9 (apts)	130.00	130.00
Premier Apartments	4 star Serviced Apartments	62 (apts)	85.00	85.00

Notes: Tariffs are room only inclusive of VAT, unless otherwise marked.
*=Tariff inclusive of breakfast A/G = Awaiting Grading
** adding 56 room in 2007
*** adding 32 rooms in 2007

Recent Changes to The Liverpool City Centre Hotel Supply

The city centre hotel supply has increased by 83% over the past 10 years. Since 1997, 18 new hotels with an additional 1,275 new hotel bedrooms have opened in the city centre. In addition a further 38 new rooms have been added to existing hotels. Set against these increases in supply, the Moat House closed in 2005, with a loss of 263 rooms.

Growth in Liverpool's Hotel Supply 1997-2007

Year	Number of Hotels	Number of Bedrooms
1997	13	1,523
1998	16	1,867
1999	17	1,984
2000	17	1,843
2001	20	2,196
2002	22	2,333
2003	25	2,636
2004	27	2,878
2005	26	2,623
2006	28	2,650
2007	31	2,798

The new hotels that opened in the city by end 2007 are listed below:

Liverpool City Centre - New Hotels - 1998-2007

Hotel	Standard	Rooms	Year Opened
Marriott City Centre	4 star	146	1998
Crowne Plaza	4 star	159	1998
Sir Thomas Hotel	4 star	39	1998
Express by Holiday Inn	Budget	117	1999
Ibis	Budget	127	2000
Formule 1	N/A	87	2000
Premier Apartments	4 star Serviced Apartments	49	2001
Travelodge Central	Budget	105	2002
Travelodge South	Budget	32	2002
Premier Inn Liverpool City Centre	Budget	165	2003
Premier Inn Liverpool Albert Dock	Budget	130	2003
Radisson SAS	4 star	194	2004
Hope Street	4 star	48	2004
Hanover	2 star	27	2004
Liverpool Racquet Club	4 star Restaurant with Rooms	8	2004
Nightingale	N/A	32	2005
Blackburne Arms	4 star Inn	7	2006
Malmaison	3 star	130	2007
Print	A/G	6	2007
Extensions to Premier Inn and Hope Street		88	2007/8
Total new rooms		**1690**	

In addition to the new hotels that have opened, the former St George's Hotel was upgraded to 4 star standard and re-branded as the Holiday Inn City Centre at the end of 2000. The Campanile added 20 bedrooms in 1998. The Express by Holiday Inn added 18 bedrooms in 2002. Premier Inn have added 56 rooms in 2007, while Hope Street Hotel plan to open an extra 32 rooms during 2008.
In terms of changes in supply by standard of hotel, the past 8 years have seen significant growth in the city centre's 4 star and budget hotel supply, but a reduction in 3 star stock (with the redevelopment of the St George's Hotel). The 4 star supply has increased by over 80%, while the budget supply has increased more than 6 times over. The city has also begun to see the development of boutique hotels in 2004 and 2005, with the opening of the Hope Street Hotel, and the redevelopment of the Trials and Sir Thomas as boutique hotels.

Projected Hotel Development

There are a number of hotel proposals that could see further growth in the supply of hotel rooms in the city and wider region. Figures beyond 2009 are speculative.

Number of Hotel rooms

Location	**1998**		**End 2007**		**End 2008***		**End 2009***		**End 2010***	
	Hotels	**Rooms**	**Hotel**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**
Liverpool City Centre	13	1523	31	2798	37	3548	39	3994	42	4275
Liverpool suburbs	8	260	11	572	11	572	13	828	13	828
Total Liverpool	**21**	**1783**	**42**	**3370**	**48**	**4120**	**52**	**4822**	**55**	**5103**
Knowsley	6	238	6	332	6	352	6	352	6	352
Halton	9	564	10	657	10	657	10	657	10	657
Wirral	22	567	18	584	19	623	19	623	21	803
Sefton	60	944	66	1111	68	1403	68	1403	68	1403
St Helens	7	539	11	590	12	650	12	650	12	650
Total rest of Merseyside	**104**	**2852**	**111**	**3294**	**115**	**3685**	**115**	**3685**	**117**	**3865**
Total Merseyside/ Halton	**125**	**4635**	**158**	**6664**	**163**	**7805**	**167**	**8507**	**172**	**8968**

Source TMP: February 2008

*Please note figures include speculative development proposals from 2009 onwards, some of which are unlikely to be realised