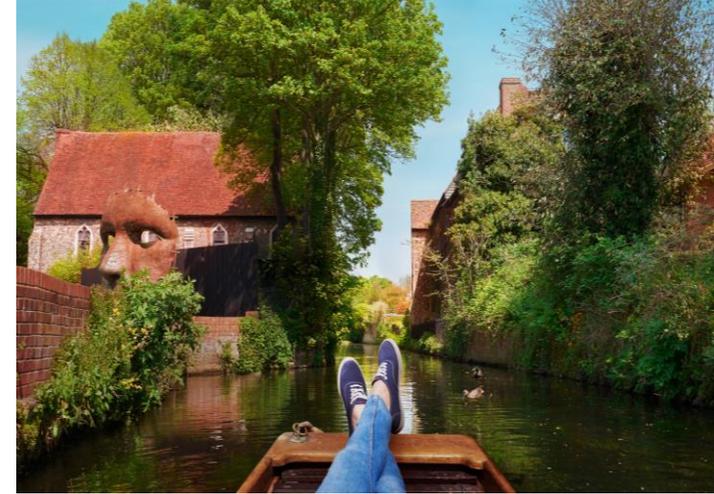


A Review of Accommodation Provision in The Garden of England

Executive Summary

October 2020



Foreword

We are delighted to present this report on the accommodation sector in Kent which has been produced in collaboration with Canterbury Christ Church University and Kent County Council.

At the start of this year, we could proudly say that the county of Kent – *The Garden of England* had a thriving visitor economy. In 2019, the county attracted over 65 million visitors and was the UK's third most visited destination outside of London for international visitors. Had it not been for the current pandemic, this year would have seen the county holding a number of high profile events such as the 149th Open and the commemoration of the 100th birthday of the Scenic Railway, the anniversary of Thomas Becket's murder and 150 years since the death of Charles Dickens.

There is no question of course that tourism and hospitality businesses in the county have been badly affected by the impact of COVID-19, but fortunately, Kent is well placed to recover quickly due to its strong tourism offer – a rich heritage, areas of outstanding natural beauty, iconic chalk cliff coastline and blue flag beaches, quality local produce, excellent transport connectivity into London and Europe and a vibrant cultural and arts scene.

Our aim is to return to pre COVID-19 visitor spending levels by 2023 and Visit Kent's marketing strategy is developed around a strong experiential place-based offer. Together with a wide variety of projects in which Visit Kent is active – from the successful Wine Garden of England Partnership to the four year Interreg Experience programme – we are confident that this activity will provide a strong foundation for growth and recovery in domestic and inbound markets.

Kent is also investing heavily in its visitor economy. Recent projects include the £90m expansion of Ashford Designer Outlet which added 50 premium brands along with a new food piazza and Europe's largest living wall; the completion of the Cave Hotel, a new luxury hotel and golf resort; Canterbury Cathedral is undergoing a major 5-year development project with a new Welcome Centre and the Slatters Hotel development, a new 129 bed city-centre hotel is due for completion in early 2021. In addition to this, the London Resort development planned for the Swanscombe Peninsula has moved to consultation and English Heritage recently announced £26m of investment in the visitor experience at Dover Castle over the next ten years – all of these developments will bring accommodation demand during construction.

It is clear that the pandemic is forcing a re-think of how our high streets and places can adapt to the new opportunities arising from a reduction in commuting and the growing trend for local work-space hubs and periodic meetings and events to bring together scattered workforces. Fortunately, Kent is in a strong position to capitalise on these changing working behaviours and we have seen an uptick in enquiries from businesses that are keen to move out of London.

We are confident therefore that Kent's location and quality of life will attract more businesses (and business visitors) than ever before and together with Produced in Kent and other stakeholders in the 'Promoting Kent' partnership – we will ensure that there is a joined-up approach and strong leadership for the promotion of Kent as a great place to visit, study, live and work.

A key part of a vibrant and growing visitor economy is of course a variety and choice of high quality accommodation to suit all budgets and tastes. Kent has many superb accommodation options, but strong anecdotal evidence has suggested that accommodation stock is currently not meeting demand in some areas with the right type or standard of accommodation simply not available. This study was commissioned therefore to provide an up to date database of accommodation provision across Kent and to understand where the key opportunities exist for development and future growth.

Key findings from this research confirm that there are significant accommodation gaps in the county and the Visit Kent and Locate in Kent teams would be delighted to share a copy of the full research and detailed dashboards for each individual district in Kent with your business.

Please do get in touch to find out how to become part of the Kent success story!



Deirdre Wells OBE, CEO
Visit Kent



Gavin Cleary, CEO
Locate in Kent

Background

The future success of Kent's visitor economy is partly dependent upon the provision of an optimum level of accommodation stock, to meet the demand of domestic and inbound markets, and to support Visit Kent's recovery strategy post COVID-19.

Gradually increasing overnight stays in the county is a key component of Visit Kent's strategy for recovery, alongside the stabilisation and growth of leisure and MICE tourism to achieve key growth targets, boost local economies, and drive inward investment and job opportunities in the sector. High quality and competitive hotel provision across the county is regarded as a critical determinant of the Kent visitor economy's capacity to build on the increased demand witnessed pre-pandemic, in order to stimulate recovery, competitiveness and resilience.

Visit Kent has identified the need for a robust evidence base from which to assess the adequacy of current accommodation provision (level and type) for supporting growth, and identify potential hotspots for future development. As Visit Kent has identified that there is currently no up-to-date database of accommodation provision across Kent, and strong anecdotal evidence exists that accommodation stock is currently not meeting demand in some areas, an accommodation study was developed to:

- understand current provision (supply) – i.e. accommodation type and ratings, capacity, and location; and,
- assess the adequacy of the current level and type of accommodation stock, in light of visitation trends (across the county and by district), and future drivers of demand (supply/demand evaluation) to uncover areas where there are/could be significant gaps in provision.

Phase Two of this study was commissioned in Summer 2020, with the aim of building on the Phase One 'district dynamics' findings through online interviews with key personnel within each district responsible for strategic planning, economic development and/or the visitor economy. The Phase Two findings add the district voices to the exploration of the ways in which the visitor economy and accommodation fit into the DNA of the districts across Kent, and into current and future strategic planning and development.

It is important to bear in mind that whilst Phase Two of this study took place during the COVID pandemic, Sections three and four of the main report (*Strategic Context – National and regional perspectives on growth, and Kent Perspective – Accommodation supply and demand in the county*) were written under pre COVID-19 conditions. The implications of the COVID crisis for the study are reflected in the district findings in the main report, and are also summarised in the Executive Summary of the full report.

Gradually increasing overnight stays in the county is a key component of Visit Kent's strategy for recovery



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Headline Findings: PHASE ONE



Headline Findings- Phase 1

The study was conducted in two phases. Phase One was carried out over Summer 2019, and pre-dates the outbreak of the COVID pandemic. Phase Two was completed in July and August of 2020, during the period of lockdown and early emergence from lockdown. Detailed consideration of the impacts of the pandemic on the national strategies and trends identified in Phase One such as the Government's Tourism Sector Deal and Industrial Business Events Action Plan 2019 – 2025 would be premature, and beyond the scope of this study. However, the Phase Two research was able to pick up on some of the impacts of COVID recovery strategies on Local Plans, and in addition, some of the regional references from Phase One have been updated to take account of the evolving regional response.



The Accommodation sector in Kent is highly fragmented with independent SMEs and micro- organisations forming a significant part of the accommodation offer.



Harnessing key trends - consumers are increasingly sophisticated and the strength of the experience economy has carved out a significant niche for operators who can offer more experience-led, place-based provision – as reflected in the wider growth of boutique/lifestyle brands within the UK. From a UK property development perspective, trends are also being highlighted linked to increasing hotel conversion and particularly to mixed-use developments. These development trends have a closer fit to the policy agenda for repurposing buildings and the revival of high streets struggling to maintain a strong retail offer, and are likely to become increasingly salient in the context of post-COVID recovery.



Distribution of accommodation stock across Kent (bed density) – when the combined serviced and self-catering provision is mapped across Kent, bed density hotspot mapping reveals main concentrations of provision centred on key business and leisure destinations (i.e. Canterbury, Tunbridge Wells, Ashford and Medway), transport routes (particularly strong along the M20 corridor) and the Kent coast (i.e. Whitstable, Margate, Broadstairs, Ramsgate, Dover and Folkestone). In contrast to the more concentrated supply of serviced accommodation, self-catering provision is far more widely dispersed centring on key destinations with medium-level concentrations more widely distributed across rural Kent.



County accommodation stock (star rating) – provision of 3*/budget and 4* accommodation is very patchy across the county, with 4* accommodation in particular being completely absent in some districts. There is no 5* rated hotel provision in the county.



Group-ready accommodation – only 30 properties in Kent have over 100 bedrooms, reflecting a low number of hotels with a clear ability to accommodate larger group sizes.



Ability to capture the MICE market (hotels with meeting/venue space) – the largest MICE venue within a hotel is in Maidstone, and there is limited MICE provision within hotels in key districts/areas where connectivity could be seen to be a key asset for business events e.g. Ashford.

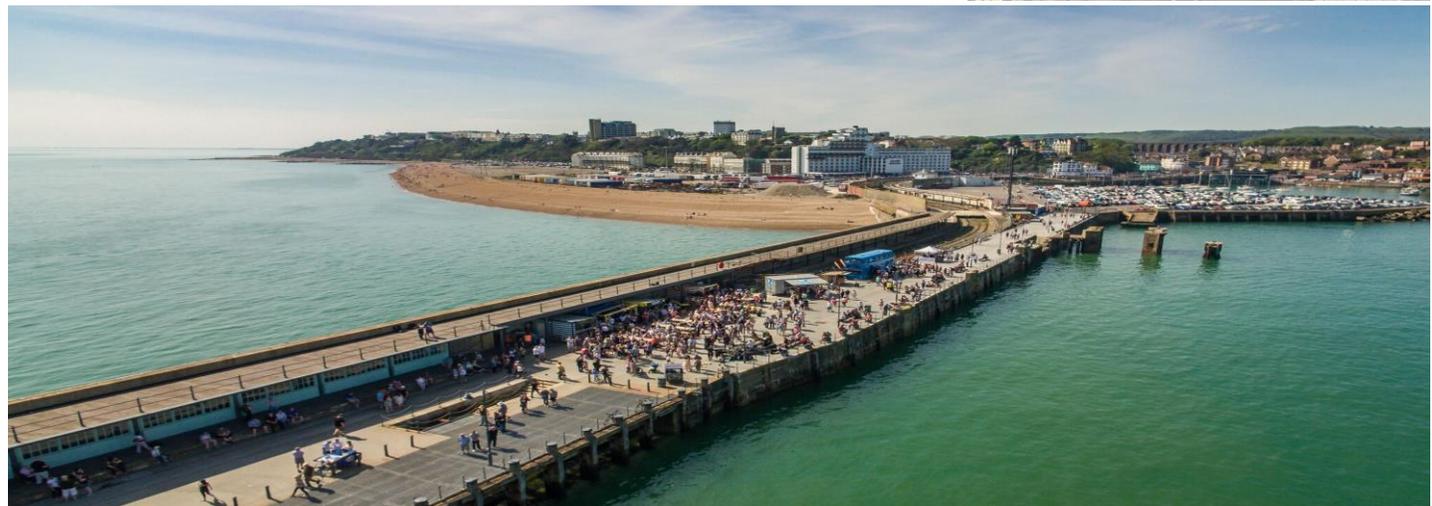
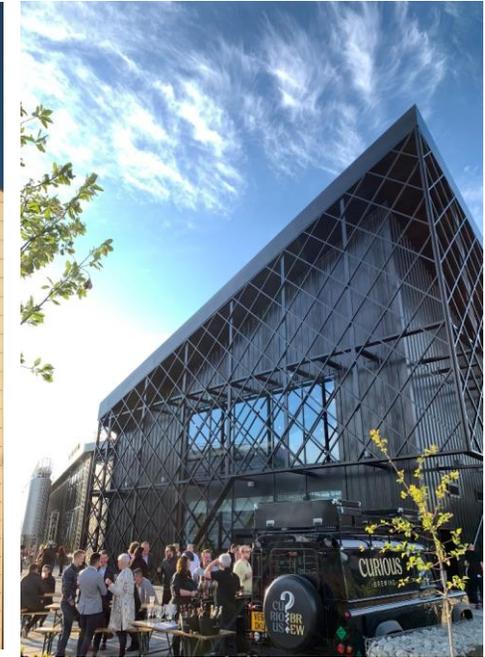
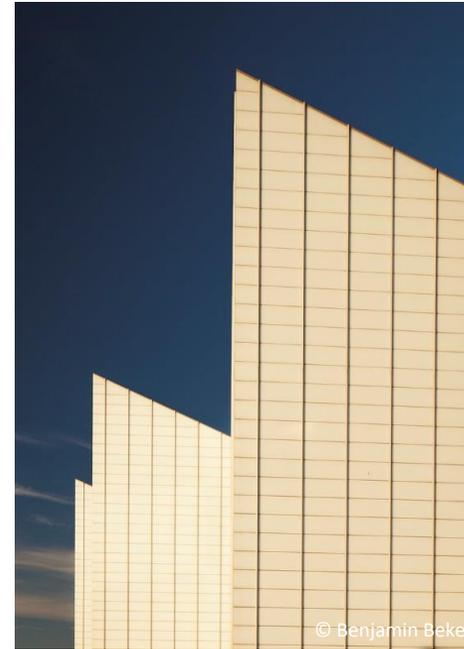


Airbnb: often regarded as a key disruptor to the accommodation sector, Airbnb has a growing presence in Kent, particularly in locations such as Thanet and Canterbury. The accommodation sector needs to learn from what this indicates about changing consumer needs and focus on how they can incorporate some of the strengths of the Airbnb product into a more formal accommodation setting – i.e. flexibility, value for money and the attractiveness of authentic place-based experiences/accommodation settings. Key concentrations of Airbnb have become established in Kent where traditional accommodation provision is lacking – one question which needs further consideration is whether there is evidence to support the assumption that Airbnb is attracting the near-London markets and demographics to areas such as Folkestone and Hythe and how far this is due to limited accommodation supply in the area or due to the attractiveness of the Airbnb offer.

Headline Findings- Phase 1

District Dynamics – Section Five of the main report gives an individual district dashboard and summary for each district across the county, to provide a further understanding of the dynamics of supply and demand within each district. There is a complex and, at times, contradictory picture of supply and demand at a district level, and some districts are particularly notable for these contradictory patterns, for example:

- **Ashford** – ranked 4th out of 13 districts for business nights, but lowest for venue space and group provision.
- **Canterbury** takes the lion's share of demand across the county, but scores surprisingly low in terms of 3*/4* accommodation provision, venue space and group provision.
- **Folkestone & Hythe** is very buoyant in terms of holiday demand, coming second only to Canterbury, but is at the bottom of the pack for business nights. 3* and budget accommodation provision is high, but 4* provision very limited. This district has experienced the highest levels of Airbnb growth, predominantly in areas of the district with very limited accommodation stock.
- **Thanet** – an area of high and growing demand, but supply is limited for total venue capacity, and 3* and 4* and group ready accommodation providers. Airbnb provision is high, focused on the coastal towns, but is most notable for having the lowest level of Airbnb rental demand in the county.



2

Headline Findings: PHASE TWO



Headline Findings- Phase 2

Phase Two interviews with local authority officers confirmed the findings and trends identified in Phase One of the study, whilst putting them within their locality-specific context.

The interviews identified six key drivers at work shaping the visitor economy of Kent. These operate in various combinations and with differing degrees of significance. In each of the district summaries in the main report, this is reflected in the ranking of the key drivers as *key*, *supplementary*, or *potential*. The unique combination of drivers in each district brings diverse impacts in each of the local authority areas, and, in many cases, across local authority boundaries. Comparison across the interviews highlights a number of significant trends, which are summarised under the six 'key driver' headings below:



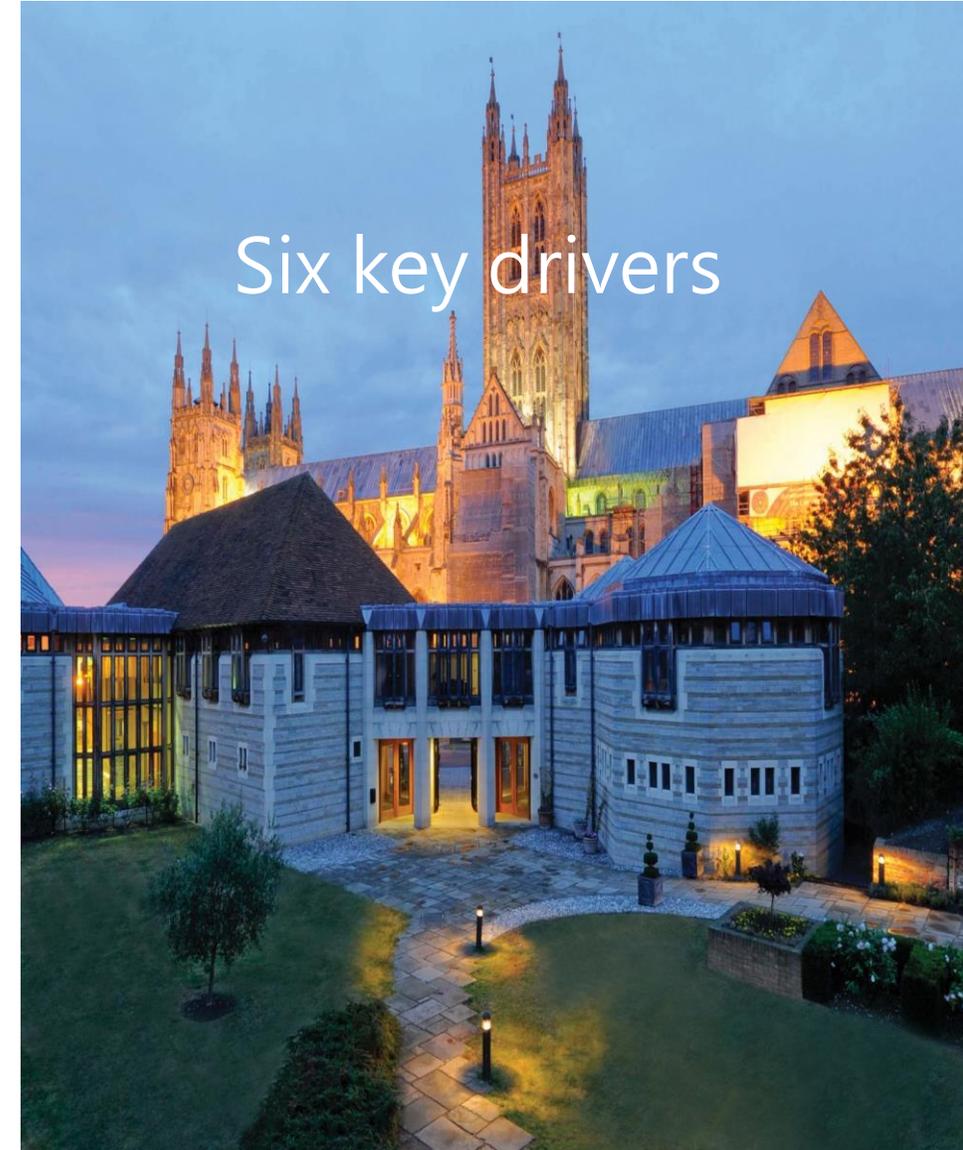
Connectivity – refers to the extent to which national, international and local transport connections represent a strategic advantage for the district. A varied pattern emerges across the county: in some cases the degree of connectivity plays an important role in driving business investment, and, in turn business tourism. In other districts, and particularly those of North Kent, infrastructure bottlenecks and traffic congestion effectively isolate the area from potential markets, and limit the capacity to welcome group tours, independently of accommodation capacity.



Location – refers to proximity to major markets and gateways, and to other attractions or economic activities across the county, which enables some places to act as an accommodation hub for the surrounding area.



Visitor offer – in some districts, the visitor economy is driven mainly by the quality of the visitor offer – for example, flagship attractions and events, iconic landscape and heritage, areas of outstanding natural beauty or special scientific interest, pristine beaches, or an outstanding arts and cultural offer. In other areas, the visitor offer plays a supportive, but more secondary role, in comparison to other drivers.



Headline Findings- Phase 2



Policy – local public sector policy plays a crucial part in driving a district’s visitor economy in two main ways: firstly, by investment in public realm infrastructure and improvements to enhance the visitor offer; secondly, by the strategic importance accorded to tourism within the local authority’s wider economic development planning. In some cases, the visitor economy is regarded as a key driver, at the core of public sector regeneration strategies, particularly with regard to town centre planning, or economic diversification strategies for rural areas. The role of policy as a driver of the visitor economy varies substantially across the county, and is dependent largely on the relative significance of the other drivers in each location.



Infrastructure projects – Kent is experiencing a period of substantial infrastructure investment, including the construction of major new housing developments and Garden Cities, and transport infrastructure, such as the Lower Thames Crossing. Infrastructure projects affect the visitor economy in a number of ways: by enlarging the local domestic market; increasing the potential VFR market from outside the area; creating new ‘town centre’ and mixed-use sites for potential visitor accommodation development; introducing new visitor attractions; improving connectivity; creating new business opportunities; and creating a demand for accommodation, meetings and services for construction and other workers during the project lifetime. The significance of some of these infrastructure projects is thus far ‘potential’ rather than actual, with completion dates some way in the future.



Knowledge economy – universities and science parks have an important role in driving the visitor economy, in terms both of leisure/recreation and business tourism/MICE, as well as attracting their own VFR market. They have an impact on the visitor economy infrastructure through their plans for campus or estates expansion. Businesses can also stimulate the knowledge economy by creating a demand for training, with associated venue and accommodation requirements.



The districts also vary in terms of the kinds of inward investment support they offer. Whilst none currently have a formal incentives scheme in place, all offer a supportive ‘enabling environment’ that varies from planning support on a case-by-case basis, to, in one district, a digital data-sharing hub to support public sector collaboration with potential investors. The capacity of local authorities to enter into joint venture partnerships with private sector investors is dependent on the extent and location of public sector landholdings, which in some cases is very limited or non-existent. Finally, in a couple of districts it may be possible to access support via assisted zone-type arrangements, either now or in the future.

For more information and enquiries please contact:

David Curtis-Brignell, Deputy CEO, Go To Places

David.Curtis-Brignell@visitkent.co.uk

Research conducted by



Senior Researchers:
Dr Julie Scott
Dr Karen Thomas

Mapping technician:
John Hills

Research Assistants:
Simon Bradshaw
Romana Muzikova

Tourism and Events Hub, Christ Church
Business School, Canterbury Christ Church
University

