

Hotel Needs Assessment Report

Former Tollgate Hotel Site
Junction A2 Trunk Road and A227 Wrotham Road
Gravesend
Kent

Prepared for BP Pulse

Prepared on behalf of Graham + Sibbald LLP

Date: September 2024

Our Ref: GLA-2022/03/0169



Contents

Executive Summary

1.00	Introduction
2.00	The Site and Tollgate Hotel Background Summary
3.00	Factors Affecting Viability and Re-establishment of the Hotel
4.00	Conclusions Relating to Need

Appendices

Appendix 1: Site Location Plan

Appendix 2: Existing Site Layout Plan

Appendix 3: Proposed Hotel Layout Plans

Appendix 4: Hotel Market Commentary

Appendix 5: Tourism and Related Public Documents



Executive Summary

This report has been prepared on behalf of BP Pulse (BP) to consider and evaluate the potential re-instatement of the hotel as a commercially viable business on the former Tollgate Hotel site ('the Site').

The A2 trunk road is one of the most important strategic routes in the United Kingdom. It is a radial route running out of London in a south-easterly direction, crossing the M25 at its Junction 2 and continuing to serve the north Kent coastal towns of Northfleet, Gravesend, Strood, Chatham, Rochester and Gillingham before heading south towards Canterbury and Dover and the coastal ports. The traffic flows on the route are commensurate with its strategic importance and are very high in absolute terms.

There has been a long-standing hotel operation on the Tollgate site ('Site'), which previously traded successfully with 114 bedrooms and a range of accommodation, including restaurant, bar and meeting/conference facilities. The business only ceased to trade due to the impact of the A2 widening scheme in 2006, although subsequently the works have improved accessibility to the Site.

According to the research commissioned by Visit Kent, the Kent Accommodation Survey (updated 2021) shows that when the distribution of accommodation stock is mapped, "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). The report clearly identifies gaps in provision of hotel accommodation in the local market.

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

The subject Site clearly benefits from proximity to national, international and local transport connections, which represent a strategic advantage for hotel use. The degree of connectivity to the site would in our opinion play an important role in driving transient business and tourist demand to a hotel on the site.

The Kent Accommodation Survey (last updated in 2021) carried out by Canterbury Christ Church University, clearly identifies the current gaps in Kent's hotel provision and opportunities for future growth. It also stated that in North Kent, where there are infrastructure bottlenecks and traffic congestion, these may effectively reduce potential hotel demand in those locations. The Site would therefore satisfy unmet hotel demand and capitalise upon the excellent accessibility and visibility afforded by the location.

The Site would also be able to benefit from other economic activities in the surrounding area, which combined with the services and facilities surrounding Junction 2 (including the existing Travelodge) would facilitate the area being perceived as an "accommodation hub". The location of the Site and its proximity to the A2 would allow the hotel to benefit from the large yearly traffic flows, as well as benefitting from the large demographic in the locality and wider region.

Graham + Sibbald are of the professional opinion that there would be demand for the Site to be re-established as a hotel from an operator's perspective, whether through refurbishing the existing buildings, extending them or via delivery of a new build operation on the Site.

Our conclusions are that the Site would be capable of being re-established as an hotel, with established market interest in the following:

- The reuse of the existing buildings;
- The extension or alteration of the existing buildings;
- The provision of a new building.



1.00 Introduction

- 1.01 This report has been prepared to consider and evaluate the re-instatement of the hotel on the former Tollgate Hotel site ('the Site'). The Site adjoins Junction 2 of the realigned A2 trunk road at its intersection with the A227 Wrotham, Park Road at Gravesend in Kent.
- 1.02 This report has been prepared in connection with a Planning Application to be made to Gravesham Borough Council ('Gravesham') for the following:
- "Full planning permission for the demolition of existing buildings to provide an Ultra-Fast Charging Hub and petrol filling station, including 24 charging bays and supporting electrical infrastructure (12 charging upstands, three substations and two network cabinets), six pump islands with canopy above, a forecourt shop/amenity building, customer parking, two air and water spaces and associated hardstanding and landscaping, accessed from the Wrotham Road/eastbound A2 roundabout junction. ("Development").
- 1.03 In considering the re-instatement of the former hotel buildings that still stand on the Site, it is necessary to provide commentary in the context of the current hotel sector and market, we would refer you to the information and commentary provided in Appendix 4.
- 1.04 Graham + Sibbald have also considered the potential deal structures that might facilitate the development of a hotel and supporting facilities (also covered in Appendix 4), together with the current economic climate and wider factors facing the hotel sector, including cost inflation.
- 1.05 This Report also contains a review of the existing and proposed hotel supply within the immediate area and within a 5-mile radius of the Site, to assess existing competitor supply and any proposed hotel schemes that may constitute future competition.
- 1.06 This Needs Assessment has had regard to details of the traffic flows passing the Site, including the scale of these flows and the relevant routes that passing traffic takes. This information has been taken from the Transport Assessment undertaken in May 2024 by Markides Associates.
- 1.07 We have also taken into account relevant information that is in the public domain in respect of hotel demand, including tourism and the published strategy documents for the area as outlined in Appendix 5.
- 1.08 Gravesham Borough Council Tourism and Heritage Strategy – Destination Gravesham (Published 2021) also provides summary conclusions on the degree of unsatisfied need for hotel accommodation on this stretch of the strategic road network.
- 1.09 We also provide commentary on the Site and its suitability for re-instatement, potential demand from operators and the potential of the Site to satisfy this need.

This Report has been prepared by Hugh Anderson BSc (Hons) MRICS, a Partner and Hotel & Leisure specialist at Graham + Sibbald and a member of the RICS. He is a RICS Registered Valuer and has been undertaking professional and advisory work in the hotel and leisure sector as a recognised hotels and leisure specialist since September 1996.

2.00 The Site and Tollgate Hotel Background Summary



- 2.01 A Site Location Plan at Appendix 1 of this Report shows the location of the Site. It lies about 7 miles south of junction 2 of the M25, 46 miles from the Channel Tunnel; 53 miles from the Dover ports and 33 miles from Gatwick Airport.
- 2.02 An operational hotel would serve traffic using the strategic A2 trunk road in Kent which connects the M25 London Orbital motorway, just South of the Dartford River Crossing with Canterbury and the Channel Ports. It would also serve the A227 which connects Gravesend immediately to the north with Wrotham to the south.
- 2.03 The Site immediately adjoins the north-eastern quadrant of the junction which has been constructed to carry the newly aligned A2 trunk road over the A227.
- 2.04 The road scheme to upgrade the A2 trunk road, constructed between 2006 and 2009, moved this section of the road some 180 metres to the south of its historic alignment, away from the southern residential areas of Gravesend. This required the compulsory acquisition of part of the original Tollgate hotel site and the demolition of two cottages.
- 2.05 This adjoining grade separated junction is fully integrated and so accommodates all traffic turning movements. Consequently, the Site would be readily and conveniently accessible to all traffic approaching this junction.

The Site – General Characteristics

- 2.06 An Existing Site Layout Plan is included at Appendix 2 of this Report. The Site extends to approximately 2.29 acres. The Site is readily capable of returning to its previous use as hotel, together with food and beverage and ancillary accommodation. The Site is highly visible from the A2.
- 2.07 Originally built as The Tollgate Pub, the hotel operated with 114 bedrooms prior to being acquired by the Highways Agency under the A2 realignment scheme compulsory purchase order and has not been operational since 2006. The hotel was an independently run business, with the hotel use of the Site having been long established. The scheme involved the demolition of one of the bedroom blocks that was originally sited.
- 2.08 Following the use of part of the former hotel site for the A2 road widening and junction changes, the remaining accommodation at the hotel comprised 54 bedrooms, a separate restaurant and administration building, together with a function room and conference facilities. This was served by an extensive car parking area. A substantial proportion of the original hotel buildings, including the restaurant, conference facilities and bedrooms survive on the Site.
- 2.09 The buildings comprise three separate groups. A general layout plan is also included in Appendix 2 of this Report. The oldest is located toward the front of the Site, appearing to date from the 1930s and is a two-storey building of brick-built construction, with a pitched tiled roof. This building accommodated the main restaurant areas, as well as a function room and administration areas. This building has extensive first floor and basement accommodation.



- 2.010 Additionally, there are two separate ranges of accommodation (which were constructed in the 1960s) containing a total of 54 bedrooms. These buildings are two storey structures of brick and timber construction under flat roofs. These buildings stand to the northern and eastern parts of the Site, which as a result of the sloping nature of the land have been built on a staggered basis. A small central building provided conference facilities, with a separate kitchen and toilet facilities.
- 2.011 It is understood that the combined buildings provide an estimated 2,800 sq m of accommodation, this floor area being taken from scale drawings. It is considered by Graham + Sibbald that the overall floor area would be deemed sufficient by the market in respect of the size and scale of hotel appropriate for the location.
- 2.012 It is evident that a trading hotel business was established on the Site over a considerable period of years, prior to the commencement of the junction and highway improvements scheme in 2006. There would have been considerable blight to the site during the construction phase resulting in the hotel ceasing to trade. However, the finished highway works have improved the status of the Site, and leave in place suitable conditions for a new hotel operator to establish a viable trading business.

Condition

- 2.013 The hotel has not been in operation for a number of years due to the impact of the A2 improvement works. In drafting this Report we have considered the findings and conclusions of a report on the buildings prepared by Halliday West Ltd Chartered Building Surveyors on behalf of BP.
- 2.014 The Report is dated 23 April 2024 and was prepared following an inspection on 18 April 2024. The findings of the report confirm that they found “the principal building and the accommodation block to be permanent, substantial, of relatively sound construction and currently structurally stable and hence capable of reinstatement”.
- 2.015 Furthermore, it is understood from BP that works have been undertaken to ensure that the condition of the buildings has not materially deteriorated over the period of .
- 2.016 In respect of the re-purposing of the existing former Tollgate hotel buildings or a new build hotel on the Site, the current level of construction costs is likely to be at a similar level, although re-instating the existing buildings may be more cost effective at the present time due to current levels of cost price inflation.
- 2.017 The provision of roadside accommodation tends to be within modern purpose-built structures, that by their nature are generally more energy efficient. We would expect any scheme to adopt a considered design and layout, encompassing today’s guest requirements. We would also expect the layout to create an efficient operational model to minimise operational costs, particularly wage costs.
- 2.018 Having regard to the significant cost price inflation within the construction industry over the last two years, G+S are aware that many developers, brands and operators are currently favouring the re-purposing of existing buildings based on cost/viability, particularly as such schemes often provide stronger ESG credentials against a new build scheme.
- 2.019 The ability to achieve an energy efficient and operationally efficient scheme may be more challenging working with the current layout and existing structures. But a viable scheme could in our opinion be created and ESG credentials met, particularly by the re-instatement of an existing structure.



- 2.020 If the proposed scheme is to attract a recognised brand or operator then it will have to comply with that brand's requirements, together with current legislation and any policy on ESG of both the operator and funder.

Hotel Options - Market Testing

- 2.021 A considered scheme for the existing buildings has been prepared by Leach Rhodes Walker (LRW), an architect experienced in the design and layout of hotels.
- 2.022 The instruction to LRW was to consider both the option of creating a scheme utilising the existing structures and an alternative new build scheme of similar scale, but in each case having regard to current "best" hotel design practices, operational requirements and legislation. Please see the attached plans at Appendix 3.
- 2.023 We would expect any development of the Site to be undertaken in tandem with a recognised hotel brand.
- 2.024 In Q4 2023 G+S made a number of direct approaches to a targeted list of brands and operators – including the main roadside and select service brands that in our experience would be most likely to consider a hotel at the Site.
- 2.025 The following parties were provided with details of the Site, the indicative LRW schemes and background to the location. From this exercise G+S have identified clear appetite for hotel development in this location.
- 2.026 All parties were asked to provide specific feedback, including their initial interest in the Site, either for re-use of the existing buildings or a new build scheme and comments on room count and layout. Our findings can be summarised as follows:

Travelodge – They would be unlikely to consider the Site, as they would have concerns regarding the proximity to their existing hotel Travelodge.

Premier Inn/Whitbread – has an active site requirement list to expand its Premier Inn and hub by Premier Inn brands. Their requirement is split into two subsections. The operator is reviewing sites or existing hotels that can accommodate a standalone Premier Inn hotel with 80-200 bedrooms in city, town centre or edge of town locations. The second element of the requirement is for edge or out of town locations that work for a branded restaurant and 80+ bedroom Premier Inn. Whilst they already have two hotels in the surrounding area, they would certainly consider the Site, either as a redevelopment or new build.

Mollies Diner – A new roadside Motel concept with diner, they most likely would require a new build, but in principle the Site and location are of interest (part of Soho House group).

IHG Holiday Inn Express/Garner Brands – the Site and location would be of interest, but this is most likely to be focussed on the Express brand on new build and Garner in respect of developing the existing buildings (as more flexible).

Accor – The Site would be of interest for one of their budgets/limited-service franchises such as Ibis, Ibis Budget, Ibis Styles – either a new build or re-instatement of the existing buildings would be considered subject to achieving brand standards.



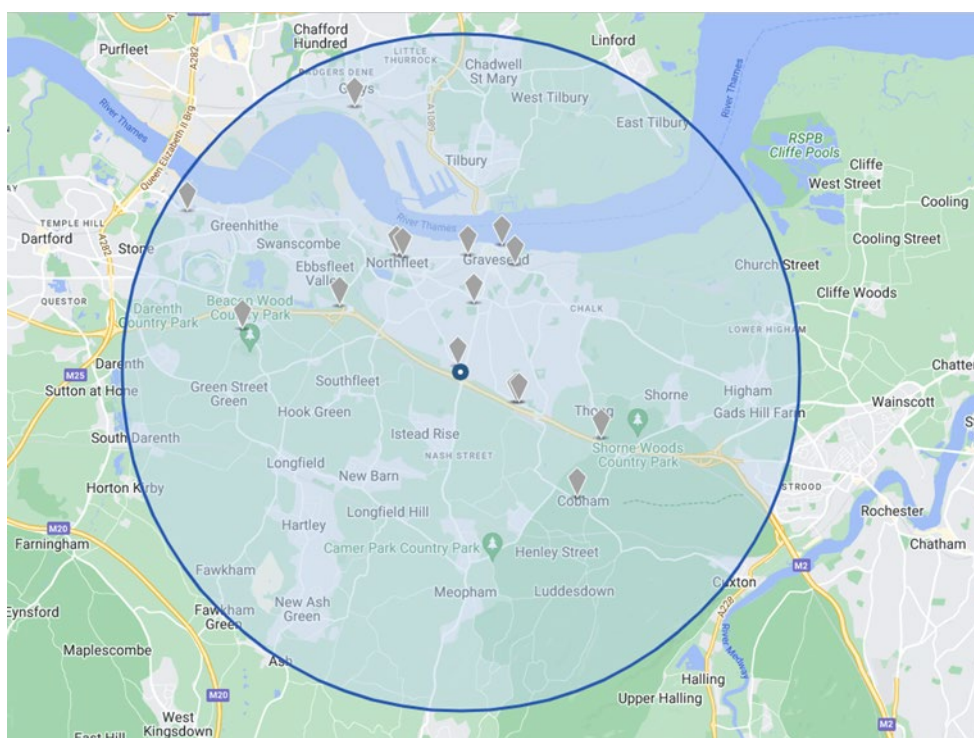
- 2.027 From the above exercise and high level initial market testing, G+S have identified a clear level of market demand for the re-instatement of a hotel at the Site, either through the refurbishment of the existing buildings or a new build approach – both being viable options which could feasibly be taken forward by the market
- 2.028 Interest from the majority of brands is currently based upon a franchise model (as set out in Appendix 4), which would necessitate a Third Party Management Agreement or a deal with a developer operator.
- 2.029 We can therefore conclude that were G+S to further engage with the market that a viable route forward could be progressed with a hotel operator, based upon the strength of the location and trading fundamentals provided by the Site.



3.00 Factors Affecting Viability and Re-establishment of the Hotel

Local Hotel Market

- 3.01 We have researched the local hotel provision that will compete with any proposed hotel operating on the Site. Within a 5 mile radius of the Site (marked with a blue dot) there are currently 15 hotels supplying 601 bedrooms, these include 7 economy hotels, 1 midscale, 5 upper midscale, and 2 upscale, hotels. These hotels are set out on the map and in the table below:



Source: STR Data

- 3.02 Of the 15 hotels in the surrounding area there is a mix of independently run hotels, coupled with a number of limited service operators, namely Travelodge, Premier Inn Campanile and Best Western.

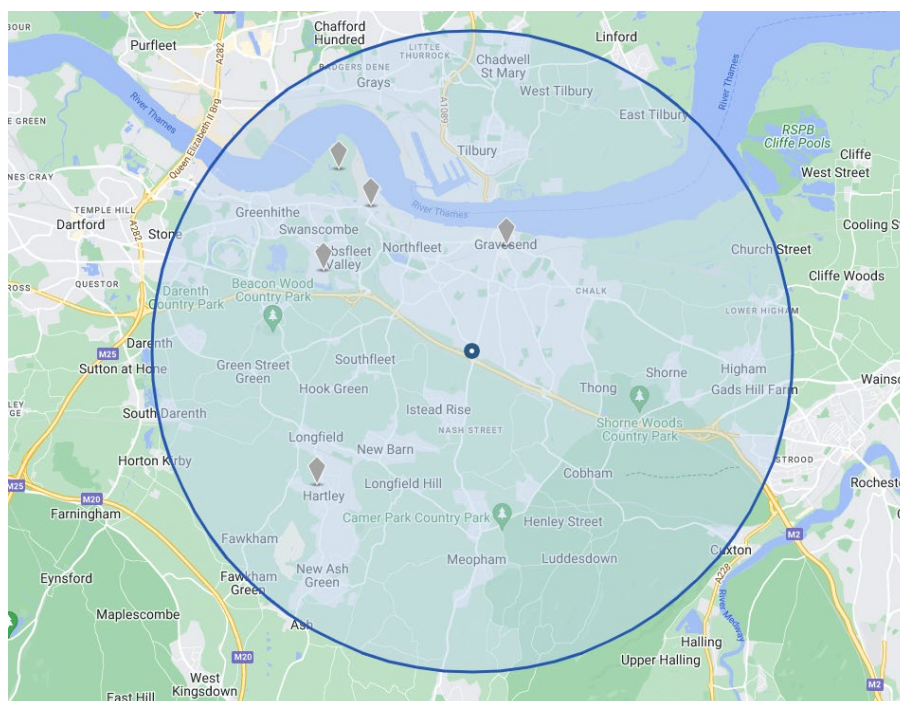
Title	Grade	Rooms
Travelodge Dartford Hotel	Economy	65
Best Western Manor Hotel	Midscale	63
Jessamine Guest House	Upper Midscale	10
Shamrock Guest House	Economy	22
The Overcliffe Hotel	Upper Midscale	24



Royal Clarendon Hotel	Upscale	20
Premier Inn Gravesend A2 Singlewell	Economy	31
Spring River Ebbsfleet	Economy	104
The Leather Bottle	Upper Midscale	7
Granby Hotel	Upscale	34
Premier Inn Gravesend Central	Economy	69
Travelodge Gravesend	Economy	61
Black Horse Cottage	Economy	4
White Hart Inn	Upper Midscale	7
The Inn On The Lake	Upper Midscale	80

3.03

Pipeline - Within a 5 mile radius of the hotel site there are currently 5 hotels potentially capable of being delivered, including two corporately branded hotels – Holiday Inn Express (HIX) and Radisson Blu, which could supply a further 556 bedrooms. The two corporately branded hotels are currently on hold. In the case of the Radisson Blu, we understand that this is likely due to the London Resort not proceeding. These hotels are set out on the map and in the table below:



Source: STR Data



Title	Grade	Rooms	Status
The Chalk Yard	Economy	17	Final Planning
Eastern Quarry Public House	Economy	17	Deferred
Parrock Street Hotel	Upper Midscale	37	Deferred
Holiday Inn Express Gravesend	Upper Midscale	55	Deferred
Radisson Blu Hotel Swanscombe London Resort	Upper Upscale	430	Deferred

Source: STR Data

- 3.04 G+S have undertaken our own research into the factors affecting the viability of re-instating a hotel on the Site and comment as follows below:

Demand for Accommodation

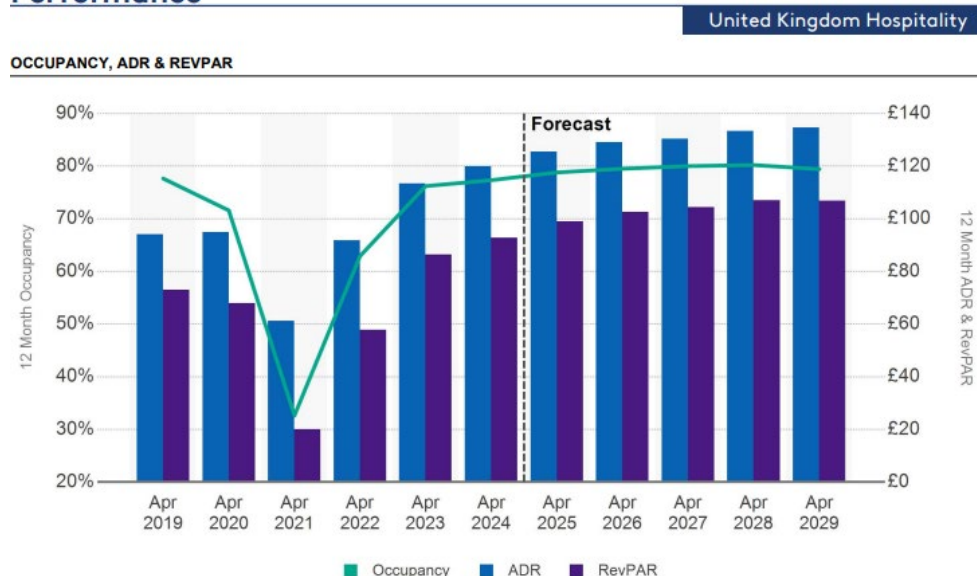
- 3.05 The UK economy emerged from recession in the first three months of this year with the fastest quarterly growth in two years. Gross domestic product increased by 0.6% in the first quarter of 2024. It follows the cumulative 0.4% decline in economic output in the second half of last year and marks the official end of recession.
- 3.06 GDP per head grew for the first time in two years. Growth was driven by a 0.7% expansion in the UK's dominant services sector. The transport and storage subsector led the way with growth of 3.6%, followed by professional, scientific and technical services at 1.3%. The production sector expanded by 0.8%, helping to offset a 0.9% decline in construction amid a sharp decline in new projects.
- 3.07 Monthly figures and positive survey data point towards increasing momentum moving into the summer. The economy grew by 0.4% in March, up from 0.2% in February and the most substantial monthly growth rate since June last year. The S&P Global UK composite purchasers managing index surged to 54 in April, its highest level in a year and well above the 50 mark, which indicates growth. Services output jumped to 55, helping to offset a modest decline in manufacturing.
- 3.08 Receding inflation (down to 3.2% in March), rising real wages, and recent reductions to national insurance are also supporting consumer confidence. GfK's consumer confidence index rose by two points to minus 19 in April, its highest level in two years. It is likely to rise further should the Bank of England start cutting interest rates from their current level of 5.25%, as expected, over the summer.
- 3.09 Oxford Economics recently revised its gross domestic product forecast upward for 2024, from 0.5% to 0.6%, to reflect positive momentum and favourable revisions to historical data. Growth is expected to accelerate to 2% in 2025 as the recovery solidifies amid lower inflation and interest rates. This should pave the way for the hoped for increase in occupier and investment activity in the real estate market from the latter part of this year and into next year

UK Hospitality Sector



- 3.10 CoStar market data for the first four months of 2024 suggests there has been a deceleration in demand growth within the UK hotel sector as a whole, impacting revenue improvements. Revenue Per Available Room (RevPAR) has experienced a marginal increase of 1% up to April, as occupancy and rates turned negative in the last month.

Performance



- 3.11 Operator sentiment is suggesting a strong summer in the coming months, although 2024 will likely be a year of more moderate growth when compared with 2023, supporting CoStar's revenue forecast.
- 3.12 General demand for good quality hotel sites in the United Kingdom remains reasonable in strong trading locations. The UK short-stay, affordable leisure market has continued to lead the recovery for hotels nationally, but critical to achieving a robust recovery has been the return of traditional demand drivers, in particular corporate and events business.
- 3.13 Supported by resilient domestic demand and the continued recovery of international travel, Regional UK hotels achieved a seven-percentage point uplift in occupancy and 3.5% growth in the ADR for the 12-month period ending September 2023. This resulted in strong rooms revenue growth with a 15% uplift in RevPAR.
- 3.14 It is anticipated that the price point and value proposition of budget and select service hotels will continue to support the recovery in occupancy. This is in our opinion the most likely brand proposition that would be secured at the subject Site, which is supported by our direct market approaches.
- 3.15 There remains significant variation in trading performance between different regional hotel datasets, with Select Service, Upper- Midscale hotels and Golf & Spa hotels all improving their performance versus the wider regional UK market since 2019. For example, Golf & Spa hotels has seen its RevPAR index increase to 149% (133% in 2019), driven by a 46% surge in its ADR since 2019.

Hotel Demand in the Context of The Site



- 3.16 The Economy hotel sector is expected to continue to outperform the Midscale hotel sector. Currently, a cautiously optimistic picture is forecast: one of solid RevPAR growth, facilitated by the ongoing recovery of international travel, a combination of strong business and leisure demand and visibility in terms of future supply growth.
- 3.17 The budget hotel sector continues to show the strongest growth within the wider hotel market. Market information suggests that whilst this sector makes up approximately one third of the UK hotel market it accounts for over 40% of the current development pipeline.
- 3.18 In respect of the Site, hotel demand in the area has traditionally been focused alongside the A2 corridor and local traffic flows identify a clear opportunity for a hotel in this location. The characteristics of the Site and its convenient location would in our professional opinion suggest it is ideally placed to satisfy demand in the area.
- 3.19 Visit Kent commissioned a comprehensive two-year study completed in 2020 (update published in 2021) titled “Kent Accommodation Study – Supply and Demand – County and District Study” that explores the supply and demand for new hotel accommodation across the county. We are of the opinion that in the absence of any obvious material change in circumstances since the date of the report, its findings remain valid.
- 3.20 The study was carried out by Canterbury Christ Church University and identifies the current gaps in Kent’s hotel provision and opportunities for future growth. The report outlines the following:
- Annual room occupancy recorded from 2014-2018 for the UK and England show a year on year rise from 68% to 77% for the UK. 10 Regional Visit England data from STR for Southeast England (not including Greater London) reports monthly room occupancy levels ranging from 63% in January 2019 to 86% in July 2019 (Table 3).*
- Data supplied for Kent by STR Global, based on a sample of larger and chain hotels across the county, mirror the general regional seasonal patterns of occupancy, with a stronger performance from July 2019 – September 2019 than the regional average. For Kent the % change from the previous year shows a general trajectory of growth in occupancy rates, despite a dip in May/June 2019.*
- The Business Barometers report that this dip mirrors a decline in overnight visitors nationally, and suggest other contributory factors, such as a wet summer, and a decrease in major events hosted. Business sentiment linked to Brexit at this time also reflected concerns over traffic disruption, welcome, and perceptions of ease of access. Following this period, July and September 2019 saw an increase from the previous year’s performance.*
- 3.21 The report also notes the following key points:
- 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.



- 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.
- 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.

3.22

The Kent Accommodation Study – Supply and Demand – County and District Study refers specifically to the Gravesham area and highlights the following:

- The borough has significant tourism assets: heritage (National Trust, links with Dickens – including his country home, Gad's Hill Place – riverside heritage, and the Sikh Guru Nanak Darbar Gurdwara, the largest in the country, which is attracting a growing visitor and wedding market), and countryside, including villages, Kent Downs AONB, country parks and Cyclopark.
- The Borough's commercial attractions have been enhanced by the opening in central Gravesend of The Panic Room - a multi award winning escape room experience believed to be the largest in the UK, which is attracting visitors from all over the world. In addition, the London International Cruise Terminal at Tilbury has also seen growth in the number of cruise ship arrivals.
- Gravesham's current mix of accommodation reflects its proximity to transit routes, with the A2 corridor in particular attracting 3*/budget accommodation. The MICE market is not yet significant, and the conferencing + accommodation package has not been developed, although this may change in the future.
- The Borough and Ebbsfleet Development Corporation want to attract inward investment into the accommodation sector, with hotels planned for Ebbsfleet Garden City, and in the regeneration plans for Gravesend town centre; whilst the London Resort plans include 3,500 rooms in the leisure core. The Borough is keen to encourage a mix of accommodation.

3.23

Whilst the report does not provide hard data regarding specific areas within the county, the commentary and findings would strongly suggest that there is an immediate undersupply of suitable hotel accommodation in the immediate area. The report in our professional opinion provides support for the re-instatement of the hotel at the Site, which would contribute to satisfying the need for further quality hotel accommodation identified therein.

Hotel Market Data – The Kent West Regional Hotel Market

3.24

According to the latest CoStar market data (May 2024) The Kent West Regional submarket is made up of about 87 hotels, containing a total of around 4,100 rooms. The average property contains 47 rooms, just slightly above the 40-room-per-hotel market average.

3.25

Average Room rates are also similar to the UK Regional market norm. The 12-month ADR in the submarket has averaged £64 over the past three years, not far from the corresponding £68 UK market average.

3.26

In the past 12 months, monthly occupancy has averaged 77.6%, moderately above the market average of 76.0% for the same period. As of April, 12-month average RevPAR in the Kent West Regional hotel submarket was showing positive growth climbing at an annual rate of 5.1%.



Showing a much stronger position than the 1.4% increase observed in the broader Kent GBR market.

Overview

Kent West Regional Hospitality				
12 Mo Occupancy	12 Mo ADR	12 Mo RevPAR	12 Mo Supply	12 Mo Demand
77.6%	£71.73	£55.64	1.5M	1.2M

3.27

According to the below data, sourced from CoStar, the 12-month ADR in the midscale and economy segment of the market has averaged £64.40 with an occupancy of 79.6%.

KEY INDICATORS

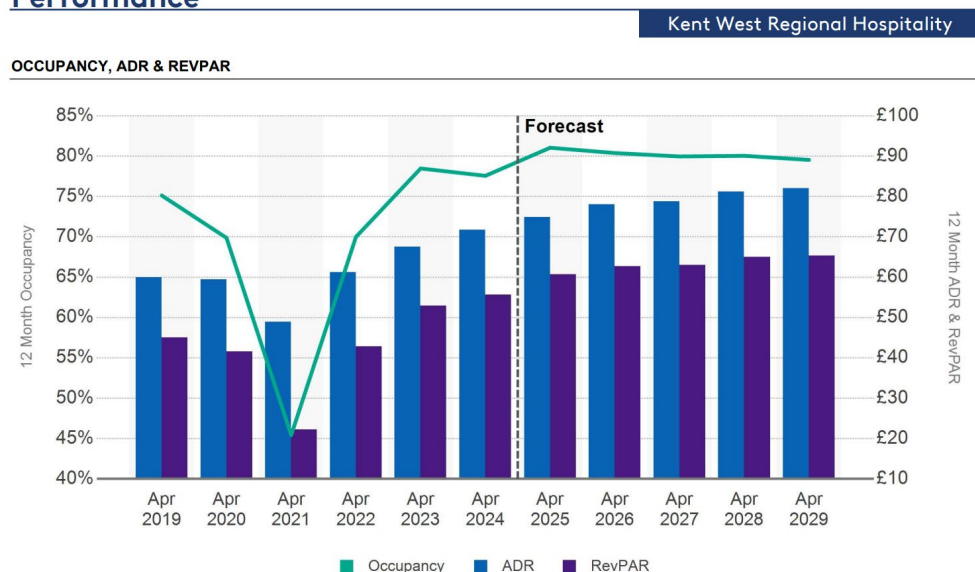
Class	Rooms	12 Mo Occ	12 Mo ADR	12 Mo RevPAR	12 Mo Delivered	Under Construction
Luxury & Upper Upscale	114				0	0
Upscale & Upper Midscale	1,936	74.7%	£82.58	£61.72	0	0
Midscale & Economy	2,024	79.6%	£64.40	£51.29	0	0
Total	4,074	77.6%	£71.73	£55.64	0	0

Average Trend	Current	3 Mo	YTD	12 Mo	Historical Average	Forecast Average
Occupancy	77.2%	75.1%	72.9%	77.6%	68.7%	80.2%
Occupancy Change	-4.4%	-2.8%	-2.7%	-1.2%	0.6%	0.5%
ADR	£68.75	£66.56	£65.20	£71.73	£63.26	£79.12
ADR Change	-1.6%	-0.1%	1.3%	6.3%	3.7%	2.8%
RevPAR	£53.10	£49.96	£47.52	£55.64	£43.43	£63.45
RevPAR Change	-5.9%	-3.0%	-1.5%	5.1%	4.3%	3.3%

3.28

However, it is noted that the 12-month average RevPAR in the Kent West hotel market was climbing at a strong 9.6% annual growth rate, being similar to the national trend, which increased at an even stronger pace over the same timeframe.

Performance



3.29

It should be noted that there are currently no new hotels under construction within the Kent West regional market.



Accommodation Demand

- 3.30 It is our opinion that having considered the market opportunity and the transient nature of the largest segment of demand for accommodation (derived from passing traffic), the most viable option for the hotel would be for it to be re-established as a budget/limited service hotel. As indicated earlier in this Report, initial market testing demonstrates such brands have confirmed positive interest in the Site, either re-using/adapting the existing buildings or as a new build hotel.
- 3.31 Generally, the majority of brands operating in the market tend to require a minimum of 60 bedrooms, based upon an efficient base operating model. Premier Inn for example has more recently adopted a policy of a minimum of 80 bedrooms, unless a location is exceptional. We would expect most parties to require between 60 and 80 bedrooms in this location.
- 3.32 The nearest hotel to the Site is the recently constructed 61 bed Travelodge, which is accessed from Junction 2 of the A2 trunk road. This opened in 2018 following a reported investment of £5.5 million, including an adjoining Toby Carvery Restaurant. This clearly demonstrates demand in the immediate area from a strong corporate brand.
- 3.33 This Travelodge hotel is further away from the junction than the Site, lying to the north of the old alignment of the A2, but does constitute competition. If re-established, the subject hotel on the Site would occupy a commercially stronger position because of its immediate proximity to the junction.

Construction Costs

- 3.34 As part of this exercise we have undertaken benchmarking against new build projects of a similar nature. Given the expected market position of the hotel these are based upon budget/limited service brands.
- 3.35 Whilst the upscale segment of the market is currently leading supply growth, accounting for about a quarter of all projects. Economy and Upper Midscale hotels are not too far behind, however, and together account for about 40% of rooms under construction. Brands such as Premier Inn, Hub by Premier Inn and Hampton by Hilton continue with their expansion plans.
- 3.36 Whilst the estimated cost will be dependent on brand and market position, a new build scheme is likely to cost between £75,000 per bedroom and £95,000. Assuming 80 bedrooms in any hotel scheme on the Site, this would suggest an overall cost to complete on the basis of new build would be between c.£6 – £7.6 million. We are of the opinion that the cost differentiation between new build and re-use of the existing buildings is likely to be relatively narrow.



- 3.37 We have also considered available market data from recently completed schemes (where we have direct knowledge or involvement), that were full service hotel schemes, trading at a mid to upper tier level. These would typically cost in the region of £120,000 -£150,000 per bedroom to develop. It is not believed that a development at this level would be viable, given the underlying market demand and expected trading performance.
- 3.38 Whilst we have not undertaken a detail cost analysis at this stage, as this would be dependent on the actual hotel brand secured and market position, we are of the opinion that a robust build cost is likely to range between £75,000 and £95,000 per bedroom.
- 3.39 From our engagement with the likely brands/operators we are of the opinion that the following deal structures could readily be secured in respect of the Site:
- Lease;
 - Hotel Franchise with Third Party Management Agreements (TPMA).
- 3.40 It is concluded that the Site is readily capable of being developed for hotel purposes and that a good level of demand exists from credible brands and operators. Further, that a sustainable trading position would be attainable given the location and Site characteristics.
- 3.41 It is also evident from the available market information, reports and studies undertaken by Visit Kent and the supporting Policy considerations, that there is a clear need in the Gravesham area for additional, quality hotel accommodation.
- 3.42 This is further supported by the 12-month average RevPAR in the Kent West hotel market, which has shown a strong annual growth rate, similar to the national trend, which increased at an even stronger pace over the same timeframe.
- 3.43 In conclusion, in the absence of planning permission for the Development Proposals or similar proposals, there would in our opinion be a good level market demand to re-establish the hotel at the Site, either using the existing building and taking advantage of the established use or through further new development.



4.00 Conclusions Relating to Need

- 4.01 It is evident that there has been a long-standing hotel operation on the site, which previously traded successfully with 114 bedrooms and a range of accommodation, including restaurant, bar and meeting/conference facilities. The business only ceased to trade because of the compulsory purchase related to the A2 realignment project that commenced in 2006.
- 4.02 According to the research commissioned by Visit Kent, the report clearly states that 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.
- 4.03 Our research and engagement with hotel branded operators demonstrates that the Site could be re-established as a quality hotel offer that would add to and enhance accommodation stock in the area.
- 4.04 Further, 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.
- 4.05 This re-activation of vacant hotels is supported by Visit Britain's growth targets and Visit England's Strategic Framework policy. Tourism is a strong contributor to the Kent economy, with 10.5% of jobs being within the tourism industry, above the national average. Gravesham has seen a significant increase in employment in this segment since 2015.
- 4.06 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) has identified areas where there are/could be significant gaps in provision.
- 4.07 The Visit Kent commissioned report identifies such gaps in the current mix of accommodation, which the Site could assist in satisfying.
- 4.08 The CoStar data for the hotel sector generally and more specifically within the Kent region demonstrates that robust trading fundamentals currently remain in the market, which are expected to continue during the course of 2024 into 2025.
- 4.09 The location of the Site is generally midpoint between an extended gap between existing facilities and convenient for ingress to and egress from the nearby A2 trunk route. Further, it is at an important nodal point able to serve cross-traffic on the A227 as well as the A2, and for those heading from Gravesend and Wrotham to access the strategic road network.
- 4.10 We are of the opinion that following our discussions with the branded operators, our findings outlined herein demonstrate a clear opportunity to re-establish the previous hotel use of the Site, either through a new build scheme or re-use of the existing hotel building stock.
- 4.11 The positive appetite for hotel development on the Site is supported by robust trading fundamentals, backed up by the CoStar market data. The location of the Site and its proximity to the A2 would allow the re-established hotel to benefit from the large annual traffic flows



along the strategic route, as well as benefitting from the large demographic in the locality and wider region.

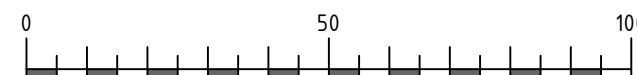
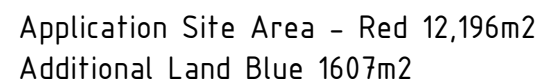
4.12 The prevailing hotel/tourism market data assessed in this Report, initial market interest and condition of the buildings on the Site all indicate there is a strong opportunity to re-establish a hotel use on the Site.

4.13 Given the level of brand/operator interest in the Site we would recommend that discussions are progressed with the key operators and brands. In conclusion we can confirm the following:
-

We consider that the market would have the confidence to make the necessary investment to re-instate a Hotel on the Site given the quality of the location and the potential trading performance that would underpin the necessary gross development value.



Appendix 1: Site Location Plan



SCALE - METRES - 1:1250

**	*****	*****								
**	*****	*****								
**	*****	*****								
**	*****	*****								
E	10.05.24	REDLINE AREA CO ORDINATED TO OTHER DOCS								
D	30.04.24	FURTHER ADJUSTMENT TO BLUELINE								
C	19.04.24	FURTHER ADJUSTMENT TO REDLINE								
B	25.03.24	AMENDED RED AND BLUE LINES TO HIGHWAYS INFO								
A	01.02.24	AMENDED AREA								
NR	DATE	DESCRIPTION								
REVISIONS										
STATUS		PLANNING								
										
BP Pulse Breckland, Linford Wood Milton Keynes Buckinghamshire MK14 6GY		TOLLGATE SERVICE AREA WATLING STREET GRAVESEND KENT DA11 7NP								
DRAWN: PB DATE: JAN 24 DESIGN CHECKED: AM DATE: JAN 24 APPROVED: DATE: *****		OS LOCATION PLAN								
DATE: JAN 24 SCALE: 1:1250@A3										
SCALED DIMENSIONS SHOULD NOT BE TAKEN FROM THIS DRAWING (APPROPRIATE FOR A1 ONLY)		<table><tr><td>BP DRAWING NUMBER</td><td>REV</td></tr><tr><td>EV005-PS-LAY-000-GB00015044-0001-001</td><td>B01</td></tr><tr><td>MBH DRAWING NUMBER</td><td>REV</td></tr><tr><td>14170-LOC</td><td>E</td></tr></table>	BP DRAWING NUMBER	REV	EV005-PS-LAY-000-GB00015044-0001-001	B01	MBH DRAWING NUMBER	REV	14170-LOC	E
BP DRAWING NUMBER	REV									
EV005-PS-LAY-000-GB00015044-0001-001	B01									
MBH DRAWING NUMBER	REV									
14170-LOC	E									
		ARCHITECT: MBH								
This drawing has been produced in accordance with BP Chargemaster design standards & current legal requirements. Copyright © BP Chargemaster. Illegal use is prohibited. Reproduction only with permission of BP Chargemaster.										



Appendix 2: Existing Site Layout Plan

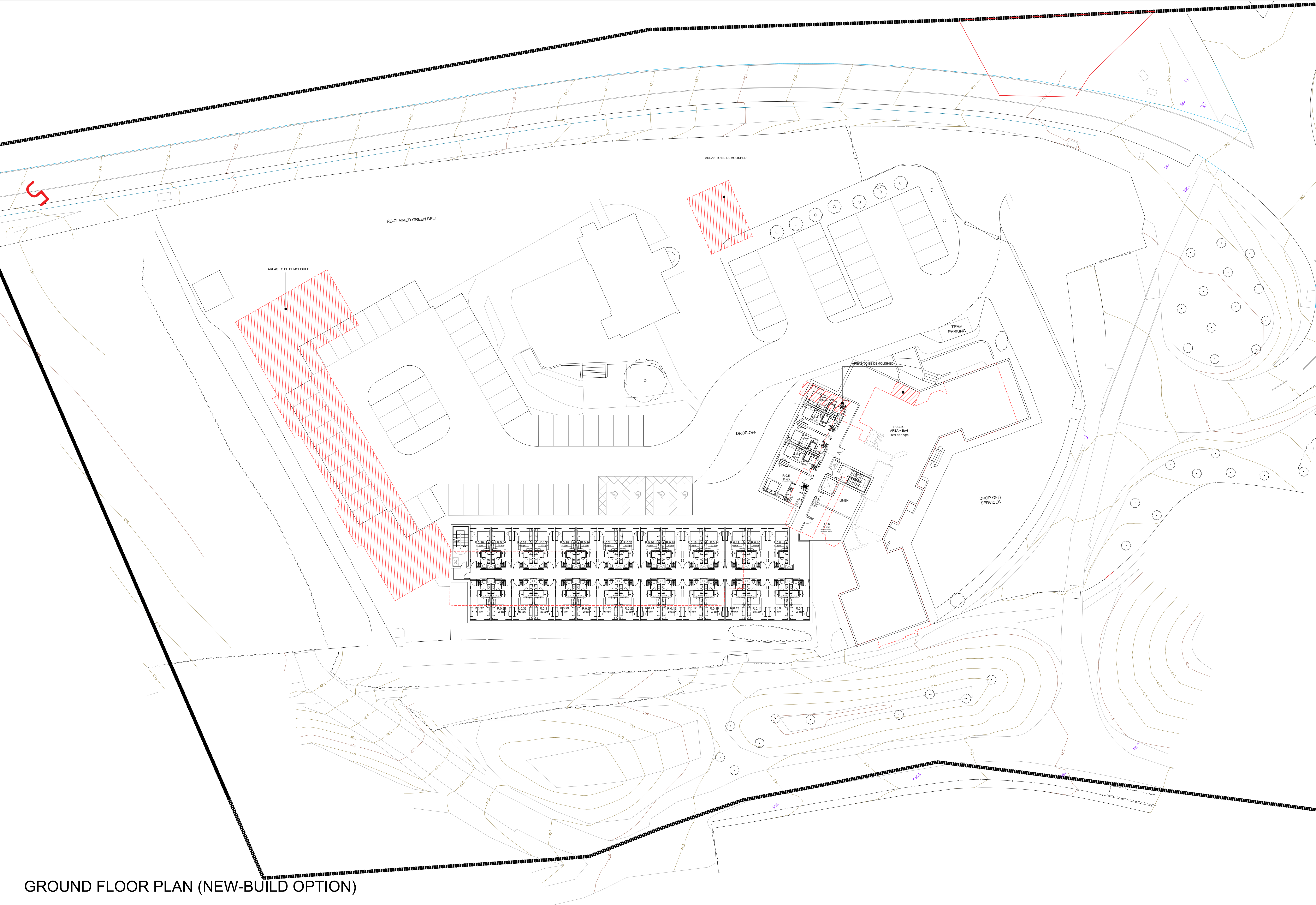




Appendix 3: Existing Hotel General Layout Plans



GROUND FLOOR PLAN (ADAPTED OPTION)



GROUND FLOOR PLAN (NEW-BUILD OPTION)



Appendix 4: Hotel Market Commentary



Hotel Market Commentary

The UK Hospitality Market performance results for 2023 illustrates that the hotel sector ended the year on a positive note from a top-line perspective, with RevPAR (Revenue Per Available Room) up by 15%, driven by gains in both occupancy and rates.

A strong rebound in international demand and the return of the corporate segment has helped support growth in the past 12 months, with inbound visitation expected to increase further as 2024 progresses. VisitBritain forecasts inbound visitation to increase by around 4% to 39.5 million visits in 2024, driven by the ongoing recovering of source markets in Asia and the US point to ongoing growth in the UK hotel sector. Room demand growth is stabilising, trending slightly ahead of pre-pandemic performance, with occupancies now on a par with 2019, as trading is returning to more normalised levels.

PERFORMANCE	NATIONAL INDEX	Y-O-Y CHANGE
Occupancy	77.5% ↑	0.2% ↑
ADR	£118.10 ↑	£6.22 ↑
RevPAR	£91.51 ↑	£4.99 ↑
3 Mo Occupancy	80.3% ↑	1.1% ↑
3 Mo ADR	£123.06 ↑	£6.27 ↑
3 Mo RevPAR	£98.87 ↑	£6.08 ↑
YTD Occupancy	77.8% ↑	5.6% ↑
YTD ADR	£119.17 ↑	£9.85 ↑
YTD RevPAR	£92.68 ↑	£12.15 ↑
12 Mo Occupancy	77.1% ↑	6.9% ↑
12 Mo ADR	£118.98 ↑	£10.60 ↑
12 Mo RevPAR	£91.75 ↑	£13.54 ↑

Midweek occupancies (Monday through Wednesday) improved the most in 2023, with occupancies only two percentage points behind 2019 performance, while average room rates continue to achieve growth. Overall, RevPAR continued to experience robust growth.

For 2024, the outlook for the UK hotel sector remains broadly positive. Forward-looking data points to stable growth in occupancy, despite concerns of a possible slowdown in room demand given higher cost pressures facing consumers and businesses, although early signs in 2024 are that growth has slowed.



Some challenges remain for the sector, with living standards likely to remain affected by the interest rate rises that were imposed during 2023. Further, many homeowners will be looking at re-mortgaging in the next 12 months, possibly leading to softer demand patterns from a leisure perspective.

Higher international travel costs are also likely to influence travel closer to home for many households. This could lead to a potential positive outcome for domestic destinations. Meanwhile, from an international travel perspective, visitor numbers are likely to remain strong this year, especially from source markets such as the U.S., visitation from Asia is also starting to improve, with London and Edinburgh being top destinations.

Business trade has continued to rebound. Weekday room nights, though slower to recover overall, are now on par with pre-pandemic performance.

Despite challenges in the construction industry, hotel construction has not decelerated significantly over the past couple of years, largely due to delays to projects that started prior to 2020 or as the pandemic set in, or before the rise in interest rates last year. New supply coming in 2024 is expected to be just above the 10-year average but below what was experienced in 2021 and in 2018, the last peak in supply additions.

Hotel transactions in 2023 were at some of the lowest volumes in recent years as a result of an uncertain macroeconomic picture, making deals more challenging, with transaction activity largely subdued as 2023 ended. The start of 2024 points to significant improvements in the transaction market, with sales volumes fuelled by portfolio deals.

Pricing has remained competitive despite higher debt costs, with bid-ask spreads widely apart and investors remaining cautious given uncertainties in the market. Loan maturity is expected to increase in the coming months, which could trigger some owners to sell given higher debt servicing costs, due to the higher interest rate environment.

Funding and Construction Costs

Funding

Given the nature of the proposed development on Site, we have briefly considered the current funding market for hotels.

Clearing banks have largely continued to be supportive of the hotel sector since the pandemic started, with few enforcements having been reported. Interest rates have peaked and given the recent downward inflationary trend, prospects for rate cuts seem more certain in the months ahead. This is likely to ease funding options and reduce the cost of debt. We also note that many recent finance deals in the sector appear to have been provided by alternative debt funds.

Opportunities remain for investors and developers able to take a clear view of longer-term market fundamentals. Cash-rich investors, in particular, may be able to acquire hotel assets offering significant upside potential as economic conditions normalise. Project funding remains heavily market and opportunity driven.

Development

Hotel construction has not decelerated significantly over the past couple of years, largely due to delays to projects that started prior to 2020 or as the pandemic set in, or before the rise in interest rates last year. New supply coming in 2024 is expected to be just above the 10-year average but below what was experienced in 2021.



UK hotel supply is now some 2.4% smaller than at the end of 2019, when taking into consideration hotels recently opened, hotels which have ceased trading and hotels deemed temporarily closed, either due to renovation or operating under an exclusive-use contract.

Market data shows large scale hotel development is currently in the main focussed on a select number of UK cities, with London accounting for 38% of the pipeline under construction. A further 41% of hotel rooms under development are located in just 15 of the UK's leading regional city centres.

A factor still having an impact on the hotel sector and new development has been the costs of construction. Combined with the failure of several UK contractors and the inflation in material costs, the industry has seen an increase in the development cost of hotels.

BCIS predict that building costs will increase by 15% over the next five years, while tender prices will rise by 17% over the same period, according to their latest March 2024 forecast data. Total new work output in 2023 fell by 2.1%, compared with 2022 and is predicted to fall a further 3.2% in 2024, mainly driven by a contraction in private housing output.

Annual growth in tender prices has continued to ease, falling from 8.6% in Q1 2023 to 2.9% in Q1 2024. BCIS expects annual growth in tender prices to continue to fall, reaching 1.6% by Q4 2024

On the input costs side, annual growth in the BCIS Labour Cost Index is forecast to grow by 18% between 1Q2024 and 1Q2029. Site rates have been rising in line with inflation and the pace of annual growth in labour costs is expected to slow down.

Potential Hotel Deal Structures

The type and nature of deal structures or proposals that hotel operators may be prepared to consider in respect of the subject site are fairly similar. Increasingly, the major brands and operators are becoming more selective in respect of the deal structures they will consider.

Currently within the hotel sector the main types of deal structure commonly in use are as follows:

- Freehold Sale;
- Lease;
- Ground Rent;
- Joint Venture;
- Hotel Franchise with Brand Management;
- Hotel Franchise with Third Party Management Agreements (TPMA).

Freehold Sale

The most straightforward means of a disposal would be a sale of the freehold interest in the property, with the benefit of an historic established use/planning permission.

Lease

A more traditional, but now less common approach would be the securing of a lease to a developer/operator on institutionally accepted terms for a term of say 15 to 25 years. The rent would then typically either be:

- an agreed base rent with top up rent payable based on an agreed percentage of turn over, or;
- a fixed rent with say a 5 yearly rent review pattern being RPI or CPI linked with a cap and collar, or;
- fixed stepped rent typically increasing every 5 years by a pre agreed sum, or;
- turnover based rent based on a percentage.



Typically, the lease would be on Full Repairing and Insuring (FRI) terms with the landlord able to recover the costs of insuring the building via an insurance rent.

Under this model the stakeholders would have to either develop the hotel themselves or find an alternative development partner.

The advantage of a lease structure is that it offers a relatively secure and stable revenue stream from rental income, especially if a base rent is agreed with top ups. It also offers the “landlord” the ability to forfeit the lease and take back the property should the tenant default on rental payments; they are an institutionally understood model with potential to secure forward funding or be sold as an investment at a later date whilst offering potential for rental growth, especially with RPI or CPI indexed rent reviews or stepped rental income. The responsibility of repair and maintenance of the property is the tenants.

The disadvantages include the significant initial capital investment required to develop the hotel, along with possible void periods to find a replacement tenant at the end of the term. However, there is generally a current lack of availability of lease deals in the market and the redevelopment of the existing buildings may not suit some operators.

Ground Rent

Enabling Development - With investors being more aware of the returns that can be generated from ground rent portfolios, pre-pandemic increased competition had driven some investors to forward commit to purchase the freehold ground rent element of a development. This improved the development’s cash flow and helped the developer to secure funding at the pre-development stage, therefore improving development viability.

In recent years, with the increased sophistication of the market, a more measured approach has evolved; specifically forecasting the anticipated income, and then pricing according to risk. Using a set of basic assumptions, the market tends to model the theoretical income stream with different types of ground rent review patterns and length of the unexpired term and the resultant gross income yield.

The market where the unexpired terms is less than approximately 125 years the yield tends to be driven down by increases in the reversionary value of the property. For unexpired terms greater than 125 years, the value of the product is determined by the type and frequency of rent review period combined with the macroeconomic assumptions within the model namely the discount rate, long term inflation expectations and house price growth.

It should be noted that lenders' sentiments towards properties subject to such grounds rents is becoming more cautious with particular scrutiny being given to the level of ground rent as a percentage of the EBITDA (earnings before interest, tax and depreciation) and the ability of the hotel to service this cost without impacting on its profitability.

Many ground rents are subject to annual review, linked to the RPI on an upward only basis, accordingly should the earnings of the hotel fail to keep pace with the increase in ground rents there is the potential for the EBITDA to be eroded, and thus value of any investment.

Joint Venture

Joint Venture (JV) deals can be structured in a number of ways. Generally, the most common structure would be through the creation of a Special Purchase Vehicle split 50:50 between the parties with stakeholders entering into a deal with either a hotel developer or hotel developer/operator.

Under this structure the land owner would expect to put the land in at an agreed sum, with the hotel developer then matching this value with cash – depending upon the development cost this structure generally provides sufficient equity to underpin the development finance.



The SPV would then look to secure development finance for the construction of the hotel; it would also enter into the franchise agreement with the selected hotel brand. The hotel developer may also act as operator, or a third-party manager would be appointed under the terms of a management agreement.

Brand Management Agreement

Under this structure the landowner could enter into a management agreement with one of the major hotel brands to allow it to use one of their brands in consideration of payment of management and brand fees. These would be paid based upon the operating performance of the hotel and would provide access to services such as the brands central booking system, loyalty schemes and global advertising.

The hotel would be directly managed by the brand. Management fees generally comprise the Base Fee, being a percentage of total revenue, with a further incentive fee calculated on the adjusted gross operating profit (AGOP), the owner taking their return from the remaining profits generated.

A manager has no formal rights over the property acting as agent for the owner who typically remains responsible for the building and the employees. Under this structure a Prop CO, Op Co would generally be set up. Typically, Brand Management agreements are for 20 years or more and can prove difficult to terminate and they usually remain in situ when the property is sold.

In recent years the market has largely moved away from Brand Management Agreements, except for the Hotel Groups' premium or new brands. In my opinion the opportunity at the Site would not be of sufficient scale to secure a Brand Management deal.

Hotel Franchise with Third Party Management Agreement

This type of deal structure has become more popular in recent years as the hotel brands have shied away from developing and operating hotels themselves.

As with a Brand Managed structure the developer would have to develop the hotel to meet the specific brand standards of the chosen brand and once complete the hotel would be managed by a Third Party Management Company (TPMC). Typically, third party management agreements or contracts are usually for a term of 10 years or more but crucially are generally terminable on the sale of the asset.

As with Brand Management the "manager" receives a base fee based on a percentage of total revenue at the hotel, with a further incentive fee calculated on the adjusted gross operating profit (AGOP), the owner taking their return from the remaining profits generated. The manager has no formal rights over the property acting as agent for the owner who remains responsible for the building and generally the employees.

This type of structure shares many of the pros of the Brand Managed structure with the added benefit of a shorter tie in to the management contract and even the ability to change management company were the hotel to be sold in the future.

There are some disadvantages to this approach. The first is the significant initial capital investment required to develop the hotel. There would also be an ongoing liability for the payment of franchise fees and the possible fluctuation in revenue stream due to its reliance on the performance of the hotel.



Appendix 5: Tourism and Related Public Documents



Tourism and Related Public Documents

In considering the need assessment for the re-instatement of the hotel on the Site, Graham + Sibbald have had regard to the following publications and information.

Visit England – The UK’s Tourism Recovery Plan (March 2023 - Update on Delivery)

The UK Government set out the Tourism Recovery Plan in June 2021, announced by then Tourism Minister Nigel Huddleston MP, for post pandemic tourism recovery. It acknowledged the economic potential of the sector, set out a clear policy direction for the future, and detailed ambitions for domestic and international tourism recovery.

The Tourism Recovery Plan replaced the Tourism Sector Deal and the International Business Events Action Plan, both published in 2019.

The Tourism Recovery Plan Update on Delivery was published in March 2023. The initial Plan stated an ambition to have recovered annual domestic overnight trip volume to 99 million and spend to £19 billion by the end of 2022, and annual inbound visitor volume to 41 million and spend to return to £28 billion by the end of 2023. This aim was underpinned by activity in three areas: reopening safely, supporting businesses, and stimulating demand.

The picture of recovery is mixed, with some elements of the visitor economy recovering well and others recovering more slowly.

Data suggests that domestic tourism may have broadly recovered: whilst direct comparisons on domestic tourism trips and spend could not be made due to survey changes. Hotel occupancy data suggests domestic trip volume may have recovered to 2019 levels, and hotel revenue data provides an encouraging indication that domestic tourism spending is recovering at or close to 2019 levels.

International tourism is a more complex picture, with some markets such as the US rebounding very strongly, while China – another substantial market – remained largely closed to international travel until early 2023.

Overall in 2022, arrivals to the UK achieved c.73% of 2019 levels and inbound spend reached c.91% of 2019 levels (before adjusting for inflation; 78% in 2019 prices)

Given the ongoing challenges to international travel, the Plan’s original target of recovering inbound tourism to the UK by the end of 2023 was expected to shift, recovering those numbers by the end of 2024. However, this is still a year sooner than some independent forecasts predicted.

However, despite positive trends domestically, businesses in the sector continued to struggle due to the continued shortfall in international visitors and the profit margin erosion created by global inflation, high levels of debt, labour shortages and supply side costs.



Visit Britain, Our Five-Year Strategy 2020-2025

Visit Britain's Five-Year Strategy details that the role of the national tourist agency is to enable Britain's tourism industry to capture its share of global and domestic growth.

Page 6 and 7 of the Strategy outlines that the ambition is to attract 49 million visits by 2025, spending £35 billion. The Strategy details that:

"Our new forecast sets our ambition to grow the value of tourism across Britain, ensuring the nations and regions all benefit from this sustained growth. By extending the season and targeting high value markets and visitors we will help the industry to become more productive.

To enable Britain's tourism industry to capture its share of global and domestic growth across our nations and regions and build on tourism's record of success, our mission is clear:

To make tourism one of the most successful and productive sectors for the UK economy.

- *We are going to work to achieve this by:*
- *Growing the value of tourism;*
- *Driving the dispersal of tourism value across Britain;*
- *Supporting productivity optimisation;*
- *Being the expert body on growth tourism;*
- *Delivering a clear strategy for England."*

Page 13 sets out the strategy for England, which includes increasing domestic marketing activity to encourage people to holiday at home. The strategy for England is also to grow visits and value of leisure and business travel across England.

Gravesham Borough Council Tourism and Heritage Strategy – Destination Gravesham (Published 2021)

This links with Gravesham's Corporate Plan and the Manifesto of the current Administration. The stated strategy and the underpinning action plan provide direction to ensure that the local tourism economy, which is worth an estimated £124 Million and supports an estimated 2,793 jobs, is supported and able to grow and develop, particularly after the Coronavirus Pandemic

The strategy identifies the priorities for tourism & heritage and actions to help recovery of these sectors locally. Despite the benefit to the wider local economy Gravesham attracts a disproportionately low share (approximately only 4%) of Kent's visitors and hence their expenditure and derived employment.

The report suggests that the primary reasons for Gravesham's low tourism draw is that the area has a small stock of visitor accommodation and a limited number of commercial visitor attractions, both of which would help to attract visitors and increase expenditure in the Borough.

However, the report identifies a number of advantages provided by the Gravesham area due to its location:

- High Speed links to London St Pancras, excellent rail connections to London Charing Cross, London Victoria and other Kent destinations, including the Kent coast.
- Proximity to Ebbsfleet International Station with Eurostar connectivity to Continental Europe.
- Ease of connection to the national highway network via the A2/M2, M20 and M25, to the Channel Tunnel, Kent's ports and national airports.
- Gravesend's historic role as the gateway to the Port of London on the River Thames, connection to the London International Cruise Terminal and plans for river commuter services.
- Starting point/way mark for long distance walks and cycle routes - the Weald Way (Gravesend to Eastbourne), Saxon Shore Way (Gravesend to Rye), North Downs Way and National Cycle Route 1.
- Historic crossing point of the Thames between Kent and Essex via the Gravesend & Tilbury Ferry.



- High quality landscapes, characterful villages and heritage interest within the Kent Downs Area of Outstanding Natural Beauty (AONB) and surrounding countryside.

Conclusions from the report suggest Gravesham is hence well placed to benefit from tourism, primarily for day visitors, but with the potential to increase short stay visits, in guest accommodation and stays with friends and family. Key findings that would support a continued hotel uses at the Tollgate Site are:

- The tourism industry is an important sector providing 64,500 jobs and contributing over £1.6 billion to the Kent economy.
- Accommodation & food services contributed £1.1bn in GVA to the Kent economy.
- High speed rail links and passenger ferry ports link Kent with Europe and the rest of Britain.
- Six local authorities have seen an increase in tourism jobs since 2015, the biggest increase being in Gravesham and Dartford which both saw 1,300 more jobs in each district.
- 10.5% of all jobs in Kent are within the tourism industry, just above the national average. As of 2020 there were 64,500 employee jobs in tourism in Kent.
- Gravesham generated the least GVA (£60m) from accommodation and food services.

Visit Kent Business Insight and Resources

Visit Kent's website (<https://www.visitkentbusiness.co.uk/insights-and-resources>) contains the followings statics on the visitor economy. It identifies that COVID-19 significantly disrupted Kent's visitor economy, with an all-time visitor low being recorded. The recovery in 2021 saw a 54.4% increase in trips, which has resulted in a 59.6% increase in value from the visitor economy to £2.6 billion, with a 17.5% increase in jobs in this sector (total 58,791).

The Borough and Ebbsfleet Development Corporation want to attract inward investment into the accommodation sector, with hotels planned for Ebbsfleet Garden City, and in the regeneration plans for Gravesend town centre.

With some current uncertainty about the future viability of the traditional hotel model, the Borough is keen to encourage a mix of accommodation, including provision in rural areas appropriate to the surroundings and the safeguarding of the AONB.

For Gravesham specifically, the visitor economy in 2021 was estimated to be worth £70m in value, with 1.5 million visitors and supporting 1,825 jobs.



KENT'S VISITOR ECONOMY



The COVID-19 pandemic has caused global disruption to the visitor economy. The 2021 economic impact results show a significant recovery in volume of trips and related expenditure, compared to 2020 but still below the levels seen in 2019.

In order to reflect the impact of the pandemic, the Cambridge Model results for 2021 are based on a range of administrative sources, local-level data and modelling work.

51.5M VISITORS



£2.6BN VALUE 58,791 JOBS



KENT'S PERFORMANCE

2020 → 2021

INCREASE IN TRIPS 54.4%

INCREASE IN VALUE 59.6%

INCREASE IN JOBS 17.5%

PURPOSE OF TRIP TO KENT



HOLIDAY 57%
THOSE ON HOLIDAY
STAY 3.7 NIGHTS
IN THE AREA AND
SPEND £215.47
FOR THE DURATION OF THE TRIP



BUSINESS 2%
THOSE ON BUSINESS
STAY 2.8 NIGHTS
IN THE AREA AND
SPEND £238.23
FOR THE DURATION OF THE TRIP



VFR 39%
THOSE VISITING FRIENDS AND RELATIVES
STAY 2.9 NIGHTS
IN THE AREA AND
SPEND £97.19
FOR THE DURATION OF THE TRIP



2%
OTHER PURPOSES
INCLUDING OVERSEAS
STUDY VISITS

VALUE AND VOLUME

TOURISM JOBS



DIRECT EXPENDITURE



VISITOR BREAKDOWN

OVERNIGHT VISITORS
3.2 MILLION VISITORS
10.9 MILLION NIGHTS
£567 MILLION VALUE

DOMESTIC VISITORS
2.9 MILLION VISITORS
9.2 MILLION NIGHTS
£477 MILLION VALUE

OVERSEAS VISITORS
322,400 VISITORS
1.7 MILLION NIGHTS
£90 MILLION VALUE

DAY VISITORS
48.3 MILLION VISITORS
£1.5 BILLION VALUE

Source: Cambridge Model Research, published November 2022. Some of the statistics have been rounded. For further details please see the full report online at www.visitkentbusiness.co.uk



KENT'S VISITOR ECONOMY



DARTFORD (*)

6.4 MILLION VISITORS
£290 MILLION VALUE
7,007 JOBS

SEVENOAKS

3.4 MILLION VISITORS
£174 MILLION VALUE
4,191 JOBS

TONBRIDGE & MALLING

2.5 MILLION VISITORS
£135 MILLION VALUE
2,862 JOBS

TUNBRIDGE WELLS

3.6 MILLION VISITORS
£191 MILLION VALUE
4,505 JOBS

MAIDSTONE

3.3 MILLION VISITORS
£202 MILLION VALUE
4,687 JOBS

ASHFORD

3.4 MILLION VISITORS
£199 MILLION VALUE
4,372 JOBS

GRAVESHAM

1.5 MILLION VISITORS
£70 MILLION VALUE
1,825 JOBS

MEDWAY

3.5 MILLION VISITORS
£202 MILLION VALUE
4,345 JOBS

SWALE

4.6 MILLION VISITORS
£173 MILLION VALUE
3,884 JOBS

THANET

3.9 MILLION VISITORS
£212 MILLION VALUE
5,831 JOBS

CANTERBURY

7.2 MILLION VISITORS
£331 MILLION VALUE
7,572 JOBS

DOVER

4.0 MILLION VISITORS
£201 MILLION VALUE
4,522 JOBS

FOLKESTONE & HYTHE

4.3 MILLION VISITORS
£199 MILLION VALUE
4,412 JOBS

(*)includes a proportion of tourism related jobs at Bluewater)

Source: Cambridge Model Impact Research, published November 2022. Some of the statistics have been rounded. For further information please see the full report online at www.visitkentbusiness.co.uk



The Visit Kent website contains an information dashboard specifically for Gravesham which outlines that:

“Gravesham is one of the lowest districts in the county for both business and holiday bed-nights, as well as MICE capacity (bottom third) and group tour capacity (12/13 – just above Ashford). According to the Cambridge Model Impact Analysis for 2017, Gravesham has the lowest proportion of visitors staying in paid accommodation of all the districts of Kent (48%). The accommodation audit research found no 4 establishments in Gravesham, but Gravesham comes in the mid-third for the county in terms of 3*/budget accommodation. (Page 1)*

Key Drivers for the Visitor Economy

Gravesham is part of the Thames Gateway and location, good transport connections, and infrastructure development are key drivers for its development and growth. With a 24-minute rail journey from Gravesend into central London, direct links to the continent from Ebbsfleet, and potential also for developing fast river services into London, connectivity will be further improved with the completion of the Lower Thames Crossing east of Gravesend between Kent and Essex, scheduled for 2027.

Town centre regeneration in Gravesend will see nearly 1,000 new town centre dwellings, whilst the Ebbsfleet Garden City will add a further 15,000 homes in and to the east of the borough. (Page 2)

Gaps in Provision

Gravesham’s current mix of accommodation reflects its VFR market and proximity to transit routes, with the A2 corridor in particular attracting 3/budget accommodation. The MICE market is not yet significant, and the conferencing + accommodation package has not been developed, although this may change in the future. The Borough and Ebbsfleet Development Corporation want to attract inward investment into the accommodation sector, with hotels planned for Ebbsfleet Garden City, and in the regeneration plans for Gravesend town centre; whilst the London Resort plans include 3,500 rooms in the leisure core. With some current uncertainty about the future viability of the traditional hotel model, the Borough is keen to encourage a mix of accommodation, including provision in rural areas appropriate to the surroundings and the safeguarding of the AONB”.*