

Greater Cambridge Future Hotel Need Study

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APPENDIX 1: GLOSSARY OF TERMS

1 Executive Summary

1.1 This Study

This study focuses on future hotel room supply need for Greater Cambridge to 2045. It has been commissioned by Cambridge City Council and South Cambridgeshire District Council.

The study considers the context for future growth, current supply and demand, a comparison with other cities and presents our projected requirement for future hotel room supply.

1.2 The Context

Future hotel room supply requirements are influenced by changes within Greater Cambridge as well as economic growth in source markets and the desire to travel and stay in the area.

Tourism is very significant to Greater Cambridge but approximately 90% of visitors are estimated to be day visitors. It is one of the goals of the area's draft Destination Management Plan to increase the proportion of overnight visitors, who contribute much more to the economy, jobs, spend in cafes, restaurants and retail, and place making of the destination. Hotel room supply volume and type needs to be appropriate to support this.

Hotel guests in Greater Cambridge stay for a mix of business, leisure, and other overnight stay reasons. Key influences on future demand therefore include: the economy; economic and business development in Greater Cambridge; population growth, which influences events and visiting friends and relatives (VFR); and tourism strategy. Infrastructure to support access is also important.

Key access changes in the future that have relevance to hotel guests are the opening of Cambridge South station in 2026 and East-West rail, including a station at Cambourne, by 2035. This and road improvements to the A428 will increase connectivity within Greater Cambridge, the Oxford-Cambridge Growth Corridor and connections to the new planned Universal theme park near Bedford. Strong access can make a destination easy to visit, it can also make it easy to day visit instead of stay. Accommodation supply and destination strategies are fundamental to securing overnight stays.

Key indices that have a strong correlation or linked relationship to trends in demand for hotel nights show a positive growth context. UK Gross Value Added (GVA) projections show a Compound Annual Growth Rate (CAGR) of 1.5% 2025-2035. Jobs projections for Greater Cambridge show growth of 32% between 2024 and 2045, with a CAGR 2024-2045 of 1.3% in the central sensitivity scenario created for the Local Plan¹. Population projections for Greater Cambridge show significant growth, with a forecast growth of 44% from 2024 by 2045, a CAGR 2024-2045 of 1.8%².

Multiple areas within Greater Cambridge are planned for development. Some changes lie within Cambridge centre but the majority are on the periphery and in South Cambridgeshire. They include Cambridge South and the Cambridge Biomedical Campus, East Cambridge, North East Cambridge including Cambridge Science Park, Eddington and Darwin Green, Cambourne and Bourn Airfield, Northstowe and Waterbeach new towns, and to the south the Genome Campus, Babraham Research Campus, Granta Park and other sites. The nature of the occupiers attracted will be a key influence on hotel provision that is fuelled in part by the development of these sites.

1.3 Supply

We refer to Greater Cambridge in terms of Cambridge (up to a 3-mile radius of the centre) and the Greater Cambridge Wider Area (the area beyond within the South Cambridgeshire boundary). Within Cambridge we note a central area (up to approximately 1.4 miles) and a periphery.

The centre of Cambridge unsurprisingly contains a concentration of hotels, reflecting its status as the primary draw for leisure and other trip purposes, as well as business demand, which is particularly growing in the station / CB1 area. This area is surrounded by a periphery where larger hotels are located in the northwest, north and east. There is very limited supply in the southern periphery at present.

We define hotels for this study to be establishments with 10 rooms or more, trading fully open to the public and commercially, and with a hotel-style. This represents hotels and aparthotels but only hotel-style serviced apartments.

¹ Using projections provided by Iceni Projects Ltd

² Using projections provided by Iceni Projects Ltd

Within a 3-mile radius of Cambridge centre we identify 38 open and trading hotels (with a minimum of 10 rooms) totalling 3,506 bedrooms. Across the three broad class groups the volume of rooms is similar, with a slightly emphasis to the lower scales (35% economy and midscale, 33%, upper midscale and upscale, 32% upper upscale and luxury). 84% of rooms are in branded properties and 81% of rooms are in properties of 110+ rooms (45% of hotels). A notable increase in supply occurred following the pandemic, with a growth of 33% in 12-month supply room nights between Feb 2020 and Feb 2025.

In the Greater Cambridge Wider Area, beyond this radius and up to the South Cambridgeshire outer boundary, we identify 17 open and trading hotels (with a minimum of 10 rooms) totalling 727 rooms. Across the three broad class groups 36% are economy and midscale and 64% are upper midscale and upscale. There are no properties at upper upscale or luxury. 57% of rooms are in branded properties and 64% of rooms are in properties of fewer than 110 rooms (88% of hotels). The growth in 12-month supply room nights between Feb 2020 and Feb 2025 was 19.9%.

Two properties are expected to open in the short term and are assumed to open in our needs projections – Wilde Cambridge (a 227 room upper upscale aparthotel) and The Hobson Cambridge (a 56 unit all-suite upscale property). Both are in central Cambridge. There are also a number of properties or property extensions potentially in the pipeline for development in Greater Cambridge as well as several permissions. We also note that several past hotel permissions have not come to fruition – as is common in hotel development – and flags the need for excess site allocations for hotels in order to achieve projected required room supply.

Past hotel growth has been extensive with a 55% growth of rooms between 2012 to mid 2024 based on data from the 2012 hotel study and subsequent research undertaken during formulation of the Destination Management Plan. This shows a CAGR of 3.7%.

Growth has also been present in the alternative accommodation market. The element of this analysed by AirDNA (Airbnb and VRBO listings) shows 1,050 active rentals in a AirDNA-defined Cambridge submarket area. Listings have grown by 8% between June 2022 and May 2025.

1.4 Demand

In 2024 the Cambridge submarket, as defined by STR³, showed a performance of 77.2% occupancy, £110 Average Daily Rate (ADR) and £85 Revenue Per Available Room (RevPAR)⁴. RevPAR performance ranked 9th amongst the 35 towns and cities compared in the Colliers Hotels Index 2025.

Using STR weighted data for the 3-mile Cambridge area, we can see growth in 12-month demand room nights between Feb 2020 (representing pre-pandemic) and Feb 2025 was 30.4%. This was slightly lower than supply growth of 32.7%. For the Greater Cambridge Wider Area it was 20.4%, which shows growth but to a lesser extent. The Greater Cambridge Wider Area represents approximately 20% of room night demand for the total Greater Cambridge area.

Bespoke STR sets were commissioned to observe demand in the upper and lower tiers of both the Cambridge 3-mile area and the Greater Cambridge Wider Area. As expected, this shows the Cambridge upper tier hotels to be operating at a much higher ADR and so RevPAR than the other sets. Occupancy in the lower tier sets shows that when demand grows further, there will be an undersupply of rooms. A challenge experienced particularly, but not exclusively, by the Cambridge upper tier hotels is a drop in ADR and RevPAR in real terms. This is a result of new supply, the alternative accommodation market growing and driving down rates and a wider trend seen in many other locations, excepting those that are undersupplied for hotel rooms.

Demand is focused on Tuesday, Wednesday and Saturday nights, showing both a business and leisure market. Friday nights are more challenging than in some leisure markets and would benefit from draws to encourage overnight stays. Seasonal demand shows peaks in June-July and September-October, reflecting corporate and conference demand and university events and well as the summer climate. August is a challenging month however when there is little corporate or university-related market and the destination is considered by hoteliers to not be well-aligned for attracting UK families with school-age children during the holidays. There is opportunity as a destination to create draws to encourage more overnight stays at this time.

³ STR is a provider of hospitality analytics. Geographical areas are defined into submarkets. Data is supplied for commissioned sets of hotels and for submarket areas and user-defined areas using weightings to represent the performance of hotels in that area. STR is a subsidiary of the CoStar Group. CoStar provides a real estate database.

⁴ Definitions are provided in the Glossary of Terms.

The demand mix by broad segmentation in hotels is typically in the order of 60% business and 40% leisure, with variation by location and type of hotel.

There is a strong interest in hotel and hotel-style serviced apartment operations in the area, with greatest interest in central locations. As for all parts of the country, hotel operations have become more difficult in recent years however with rising operating costs, and hotel development is challenging at this time due to high construction costs and both the availability and cost of debt funding (indeed challenges that are affecting all development). This combination can create difficulties for delivering opportunities where hotels are in direct competition with other potential use types. Hotels are an important part of city and destination infrastructure however and provide multiple wider economic and social benefits and aid place making.

1.5 City Comparisons

The hotel stock and performance within 4 miles of the centre of Cambridge, Bristol, York, Oxford, Bath, Exeter and Norwich has been compared.

Cambridge has more room stock at luxury / upper upscale positioning than all the other locations and even York and Bristol despite their larger size. The main volume difference for Cambridge to these larger cities is its more limited number of rooms in the upscale / upper midscale sector. Cambridge also a dominance of large and extra large hotels compared to other cities (44% of hotels in Cambridge compared to 32% and less elsewhere).

Cambridge has fewer rooms per head of population than York and Bath. This suggests that there is scope for more rooms in relation to the size of Cambridge, particularly if the Destination Management Plan is successful in raising the profile of Cambridge as an overnight leisure destination – a status enjoyed by York and Bath.

Cambridge shows the greatest demand growth in 12 month rolling room night demand between February 2015 and February 2025, at 89%. Next is Bath at 55% and Oxford at 52%, York at 46%, Exeter 43% and Bristol at 28%.

1.6 Forecast and Recommendations

Demand for hotel room nights grows in relation to source market demand and destination appeal/drivers of visits. Source market growth follows a growing economy influencing travel trends and a growing population that also wishes to travel more. Drivers of demand in the destination are driven by growth in businesses (which drives more business travel), the appeal for leisure stays, awareness of the destination, desirable and appropriate accommodation product, and population growth (which leads to more events and visiting of friends and relatives (VFR) in the destination).

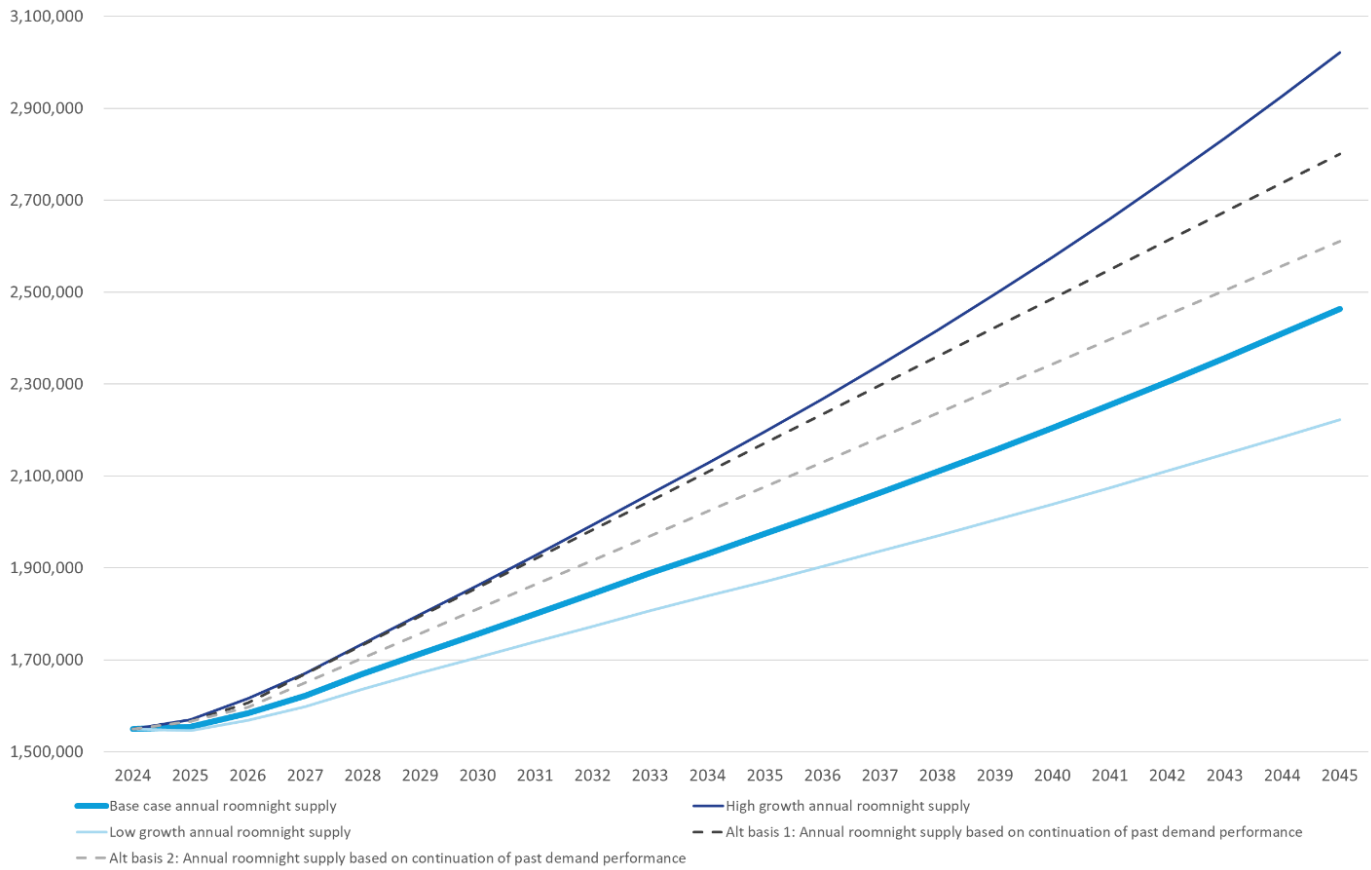
There is an acknowledged trend that GVA growth has a strong correlation with growth in demand for hotel rooms. Further, for destinations with high growth strategies, such as Greater Cambridge, there are additional factors driven by changes beyond national level growth, such as business growth leading to more business travel and population growth leading to more events and VFR stays.

Two approaches have been used to consider future room supply requirement for Greater Cambridge – one using a growth factors methodology applied to different demand segments, and another projecting forward past demand performance trends. The use of two approaches also a cross-check between projections.

All scenarios assume an annual occupancy of 78% to determine future supply need. This is a level that we consider appropriate for this area as a stabilised market based on its weekly and monthly seasonality.

The projections are shown in the following graph and table.

Exhibit 1: Greater Cambridge annual room night supply requirement projections



Source: Colliers

Exhibit 2: Greater Cambridge hotel room supply requirement

Year / Period	Modelled available rooms - average daily [a]	Sold rooms - average daily [b]	Set market occupancy [c]	Available rooms - average daily [d]	Modelled additional room requirement - cumulative [e]	Room requirement growth above available rooms [f]	Average annual room requirement growth [g]
Base case							
Base 2024	4233	3240	77%	4233	-	-	-
2025-2026	4516	3377	78%	4329	-187	-	-
2027-2030	4516	3743	78%	4799	283	283	71
2031-2035	4516	4207	78%	5393	877	595	119
2036-2040	4516	4699	78%	6024	1508	631	126
2041-2045	4516	5250	78%	6731	2215	707	141
CAGR 2024-2045				2.2%		Average	114
High growth							
Base 2024	4233	3240	77%	4233	-	-	-
2025-2026	4516	3443	78%	4414	-102	-	-
2027-2030	4516	3968	78%	5087	571	571	143
2031-2035	4516	4681	78%	6002	1486	915	183
2036-2040	4516	5490	78%	7038	2522	1036	207
2041-2045	4516	6440	78%	8256	3740	1218	244
CAGR 2024-2045				3.2%		Average	194

Low growth

Base 2024	4233	3240	77%	4233	-	-	-
2025-2026	4516	3344	78%	4287	-229	-	-
2027-2030	4516	3635	78%	4660	144	144	36
2031-2035	4516	3986	78%	5111	595	451	90
2036-2040	4516	4345	78%	5570	1054	460	92
2041-2045	4516	4737	78%	6073	1557	503	101
CAGR 2024-2045				1.7%		Average	80

If continued past demand performance (based on 2017-2019, 2024 - Alt Basis 1)

2045	78%	3380			
CAGR 2024-2045	-	2.8%	-	Average	169

If continued past demand performance (based on 2015-2019, 2024 - Alt Basis 2)

2045	78%	2861			
CAGR 2024-2045	-	2.4%	-	Average	143

Source: Colliers

Table column notes:

- [a] – Daily available room supply including 2025 additional expected new openings but not subsequent possible openings.
 - [b] – Expected room demand (rooms sold) based on applying growth factors to rooms sold by each demand segment. Shown as average daily.
 - [c] – Assumed occupancy level set for the market.
 - [d] – Available rooms needed such that when occupancy level [c] is applied the rooms sold [b] is obtained.
 - [e] – Difference between expected room demand [d] and modelled daily available rooms [a].
 - [f] – Room requirement [e] shown as the additional need above available rooms for each time period
 - [g] – Data in [f] shown on an annual basis
 - [h] – Room requirement [e] divided by a scenario of 130 rooms average per hotel.
- Negative numbers represent modelled oversupply for that period. This supply is subsequently absorbed.

The focus of the projections is on rooms supply. How these rooms are delivered in terms of the number and style of hotels will depend on multiple factors, many of which are site and viability specific.

In 2035 nearly 880 additional rooms are expected to be required than in 2024 in the base case. In the high growth scenario this is nearly 1,500 and in the low growth scenario nearly 600. In 2045 more than 2,200 additional rooms than in 2024 are expected to be required in the base case. In the high growth scenario this is nearly 3,800 and in the low growth scenario nearly 1,600.

In the immediate term however it is expected that the supply entering the market in 2025 (assumed to be 283 rooms) will more than cater to the supply requirement until 2028 in the base case, 2027 in the high growth scenario and 2029 in the low one. This period of heightened supply could impact occupancies / ADR in the market until demand has grown sufficiently to absorb it.

The Greater Cambridge market is interrelated with general business and leisure demand overspilling from Cambridge centre to the periphery to beyond. Specific location drivers (such as business parks, access routes, attractions) also add appeal to certain locations. For 2045, we estimate approximately 90% of the room supply requirement to be for the Cambridge 3-mile area

and approximately 10% for beyond. This represents an uplift in demand for the Greater Cambridge Wider Area in comparison to the past.

Key elements in the location of hotels include the ability to successfully attract both a leisure and business market and the quality of access with regard to road, parking, rail and walkability.

We make an assumption that half the Cambridge requirement could be located in the periphery. This could be much greater if suitable hotel sites cannot be found in the central area. With hotels being part of a city's infrastructure and driving the visitor and evening economy however there is good reason to look favourably upon the more central location of hotels.

There is good reason to add new room supply to Greater Cambridge as the demand grows. Hotels and overnight guests are also very beneficial to the day and evening economy and place making. The continuation of adding new supply to Greater Cambridge however does present some challenges to existing providers in periods of lesser demand. It is important to support hotel businesses to help drive demand at these times for the benefit of the wider destination and economy.

Uncapped growth of the underregulated shared economy alternative accommodation market could have notable consequences for current and future hotels. There is also a danger that new housing provision is used for this purpose rather than local resident permanent homes and the creation of communities, and the tourist experience becomes is uncontrolled. The 'playing field' is not level at present between this type of accommodation and hotels, and this is a concern.

It is important to note that a significant proportion of permitted projects do not come to fruition. This means that a greater extent of sites needs to be considered for hotels in order for those that ultimately get developed to fulfil the room supply requirement forecasted.

This study provides an analysis based on the current situation, proposed future changes and forecasted economy. If, how and when those changes materialise, who occupies new business sites, what hotels are opened where and when, to what extent the area is promoted, and how the economy evolves will fundamentally influence the hotel market and need for room supply in Greater Cambridge in the future. It is important to plan

for flexibility therefore and vital to keep monitoring the situation and updating accordingly.

2 Introduction

2.1 This study

This hotel study has been commissioned by Cambridge City Council and South Cambridgeshire District Council. It has been undertaken by the Hotels Advisory team at Colliers, leading commercial real estate experts. Research for the study was undertaken in May 2025.

This study focuses on future hotel room supply need to 2045 and draws on data back to 2015.

This study is undertaken on a different basis and geography to the 2012 Hotel Futures study that informed the Cambridge Local Plan 2018 and the South Cambridgeshire Local Plan 2018. Therefore, absolute numbers of rooms and hotels are not comparable between studies. The growth trend however that has taken place since 2012 is very relevant.

The structure of this report is consideration of the context for future growth, current supply and demand, a comparison with other cities and our projected requirement for future hotel room supply.

2.1.1 Terms used in this report

In this report we refer to the following areas and terms.

- Hotel performance terms are shown in the Glossary.
- Hotel classification uses the standard STR (Smith Travel Research) classification of Luxury, Upper Upscale, Upscale, Upper Midscale, Midscale and Economy.
- The hotel areas we have selected are:
 - Cambridge (up to 3 miles), with the Central area focused within approximately 1.4 miles, which includes the historic area and also CB1 and the station; and the Periphery area surrounding this up to approximately 3 miles and includes many of the new areas for development including Cambridge South, West Cambridge, Cambridge East, and sections of the M11 and A14; and

- Greater Cambridge Wider Area - beyond 3 miles up to the South Cambridgeshire boundary and therefore including Cambourne and Duxford.
- We have made a differentiation between hotel-style serviced apartments / aparthotels (with reception and some public amenity (such as Locke, Wilde and The Fellows House)), and more residential-orientated serviced apartments, such as the apartments operated by Citystay and Your Space. We consider the former part of the hotel supply in this study, and the latter part of the alternative accommodation market.

2.1.2 Methodology

This study brings together research, analysis, experience, modelling and forecasting.

The research inputs included undertaking and analysing the following:

- Research and reports regarding the economy and wider context;
- Research and reports regarding Greater Cambridge, growth plans, and tourism;
- A site visit;
- Interviews with hoteliers
- Interviews with key stakeholders regarding accommodation provision, area growth plans, projects and tourism
- Discussions with investor/developers
- Analysis using CoStar property database;
- Analysis using CoStar STR hospitality submarket performance data
- Analysis using CoStar STR hospitality bespoke sets performance data
- Analysis using AirDNA data

The forecast modelling methodology is described in Section 7.

3 The Context

3.1 Introduction

In this section we consider the context to the current and future drivers of demand for hotels in Greater Cambridge. This includes understanding the context and potential changes to Access, Tourism, Population, Economy and Business, and Locations of Change.

3.2 Drivers of Demand

Greater Cambridge is a very popular destination to visit for business, leisure and other purposes. Demand for the area is very dominantly driven by the city of Cambridge, although there are other attractions such as the Imperial War Museum at Duxford, and wider demand related to the convenience of arterial road connections across Cambridgeshire and beyond.

Cambridge city is renowned for high volumes of what many might call 'tourists'. However, nearly 90% of these people are in fact day trippers to Cambridge. They are not spending the night in the city. The biggest attractor in Greater Cambridge beyond the city, the Imperial War Museum (IWM) at Duxford, is also primarily a day visit attraction. In comparison to day visitors, overnight tourists staying in Greater Cambridge is a much smaller, but it is still significant and demonstrates a growing market. This overnight market has the potential to bring greater benefit to the area.

The focus of this study is on hotels but there are other forms of accommodation used by overnight guests, some of which are also growing substantially and such changes form part of the context for the future demand for hotels in the area.

Key demand drivers for hotel stays in Greater Cambridge include:

- **Business**
 - **Demand relating to commerce** – such as visiting businesses in the area; business-organised events for employees and those they work with; meetings and conferences for businesspeople. The centre, CB1/station area, and business and science parks around Cambridge and Greater Cambridge all play a key part here.

- **Demand relating to other organisations and entities** such as the universities, institutions, armed forces, NHS, government etc – such as visits for meetings, events, research and the day to day operation of the entity.
- **Leisure**
 - **Demand relating to leisure tourism** – such as city breaks and leisure/spa breaks; visiting multiple attractions in and around the area or enroute through the UK (often between London and Edinburgh); and attending events. The historic core of Cambridge is very dominant in its appeal to this market, although there is wider appeal across the city and wider attractions in terms of IWM Duxford and events at Newmarket Racecourse for example.
 - **Servicing residential demand** – Residential populations create a demand for hotels primarily in the form of VFR (visiting friends and relatives), visiting for example patients at Addenbrooke’s hospital; and events such as weddings and celebrations.
- **Other**
 - For example, some individuals may also stay in extended stay accommodation for reasons such as studying or whilst waiting to find permanent accommodation.

The extent of attracting these different markets is a function of the businesses, organisations and entities present; the attractiveness of the area (things to do, facilities, lifestyle experience); the residential population; and propensity of source markets to travel and stay. It is serviced by the accessibility and provision of accommodation at price points people are prepared to pay. Influences on demand for the future therefore are related to changes in these factors. We consider the context in relation to access, tourism strategy, population change, economy and business change, and notable changes to certain parts of Greater Cambridge with regard to population and business growth.

3.3 Access

3.3.1 Access to the area

With good rail and road connections, Cambridge is very accessible as a city.

By rail

Cambridge is currently served by two rail stations, Cambridge and Cambridge North. Cambridge station is located approximately 1-mile to the southeast of the city centre, whilst Cambridge North station is located to the northeast of the city centre, near to Cambridge Business Park and Cambridge Science Park.

Direct services from Cambridge into London Liverpool Street and London Kings Cross stations operate frequently, with the fastest service arriving into Kings Cross in 48-minutes. There are also direct services to locations including Ely, King's Lynn, Birmingham, Ipswich, Leicester, Peterborough, and Norwich.

Stansted Airport can be accessed from both stations via a direct route, with journey times from 26 minutes.

South Cambridgeshire benefits from a multitude of railway stations, such as Foxton, Meldreth, Shepreth, Waterbeach, Whittlesford Parkway, Shelford and Ashwell & Morden. These stations provide a network of rail coverage across South Cambridgeshire, as well as into central Cambridge. These stations are operated by either Greater Anglia or Greater Northern Services, linking these areas into London via Kings Cross or London Liverpool Street, as well as London Stansted Airport.

By road

Cambridge sits within a triangle of key access roads, the M11, A14 and A11.

The M11 is a major motorway providing direct access between London and Cambridge, whilst also linking to other major roads proving an accessible network across the UK. The A14 is a key East-West Corridor across the UK, connecting Cambridge through counties such as Leicestershire, Northamptonshire and Suffolk. The A11 connects Cambridge to Norwich and joins to the M11 in the South.

The journey time is approximately 40 minutes by road from Stansted and 1 hour from Luton. Parts of South Cambridgeshire are 10-20 minutes closer to the airports.

The journey time by road from the M25 is approximately 50 minutes to Cambridge centre, and approximately an hour from the M1.

In order to improve connectivity in a westward direction from Cambridge, towards Oxford upgrades to the A428 began in December 2023. The aim is to redevelop the road into a dual carriageway along a 10-mile stretch, improving traffic flow and

reducing congestion. This is expected to be completed in spring 2027.

The high accessibility of Cambridge city means that it is both very easy to visit, but also very easy to not necessarily need to stay the night in Greater Cambridge. Many business and leisure visits can be done as day trips.

Access to South Cambridgeshire is largely by road, and benefits from key road arteries passing through, and by rail, benefitting from several railway stations across the area. It is primarily a road-accessed destination from a hotel guest perspective, with the attractions and accommodation being dispersed. Further rail improvements will help to evolve accessibility through the area and into Cambridge, but it is difficult for hotel guests to experience South Cambridgeshire purely by public transport.

3.3.2 Access within Cambridge

Cambridge can become very congested on its roads and there are measures to try to reduce vehicle traffic and parking in the centre. These measures include several Park and Ride sites on the periphery with buses to the centre, and a public transport bus network including the Guided Busway route. This provides a bus-only access route, which enables better reliability and speed of bus services compared to normal road routes. The Guided Busway currently connects Huntingdon and St Ives to Cambridge, and Trumpington Park and Ride and Addenbrooke's Hospital.

Within Cambridge, many people in the local area use bikes as their main mode of transport. Cambridge boasts the highest cycling rate in the UK, and 45%⁵ of residents cycle at least once a week. Cambridge benefits from an extensive network of cycle lanes, although these aren't as extensive in South Cambridgeshire. However, there is a cycleway adjacent to the busway from Cambridge, which passes through South Cambridgeshire connecting to St. Ives. Further improvements to cycling routes in South Cambridgeshire include the Greenways projects, developing a strong network of cycleways between South Cambridgeshire villages and central Cambridge. This will improve the accessibility between the city centre and wider area. For hotel guests however arrival by cycle is unusual and if guests wish to benefit from cycle access, most will need to additionally arrange cycle hire.

⁵ <https://www.sustrans.org.uk/media/13266/greater-cambridge-walking-and-cycling-index-2023.pdf>

Good accessibility and parking are important for hotel guests. For those travelling by road, parking is particularly important. In the centre, this means use of hotel car parks by preference and if not nearby Park and Ride or municipal car parks. Being able to provide parking for hotel guests at the hotel can add to the appeal of a particular hotel, and indeed this is a useful asset of out of centre hotels as well for attracting demand. For those travelling by rail, it is very important for the onward access to the hotel be easy and ideally walkable. Whilst visitors can get a taxi, first time visitors/hotel guests are often not comfortable to need to work out cycle hire or bus access routes, unless it is very straightforward.

3.3.3 Changes to Access

There are plans for improvements to access. Of note to this study are those that change access, such as East West Rail influencing Cambourne and Cambridge South; and the understanding that new development areas in the Cambridge periphery will receive improved access that could enable hotel guests to easily reach Cambridge centre.

East West Rail, Cambourne and Cambridge South

The East West rail initiative aims to connect Cambridge and Oxford, via key locations including Bicester, Milton Keynes, Bletchley and Bedford. Development of the line will take place in stages, with initial stages between Oxford, Bletchley/Milton Keynes and Bedford. The latter stages will connect to Cambridge. Plans, permissions and funding are still in progress, but it is envisaged that the full line would be open in the mid-2030s. The rail line will pass through Cambourne, with a new station being created, and through the new Cambridge South station into Cambridge.

Cambourne railway station is due to open in approximately 2035. This will improve access to Cambridge, Cambridge South and stations on the East West rail route.

Cambridge South station will be on the line from London as well as, in due course, on the East West rail connection. The new station will be located at Cambridge Biomedical Campus and will comprise of four platforms. The project is due to be completed next year, in early 2026, and seeks to improve access to Cambridge's employment hubs, educational facilities, and healthcare facilities such as Addenbrooke's Hospital. It is

expected to serve an estimated 1.8 million passengers⁶. This provides greater accessibility for the area and links into Cambridge, although also makes day trips from London even easier.

The routing of East West rail in relation to the newly announced proposed Universal theme park at Bedford is still under review. There is potential however for strong access by rail between the theme park and Cambridge. This could add to interest in hotel stays in Greater Cambridge.

Exhibit 3: East-West Rail Route



Source: eastwestrail.co.uk

Connecting Cambridge and its periphery

The challenge of transport provision in and around Cambridge has been a feature for decades. The nature of how to address the challenges is still in review but it is clear that there is a strong desire for improvement. The timeline involved is not yet clear.

There are proposals and plans for more busways⁷ and greenways. We also note that recently the new Mayor for Cambridge and Peterborough would like to see light rail implemented in Cambridge. Whichever solution is created, what is essential for guests in hotels, and especially those in peripheral

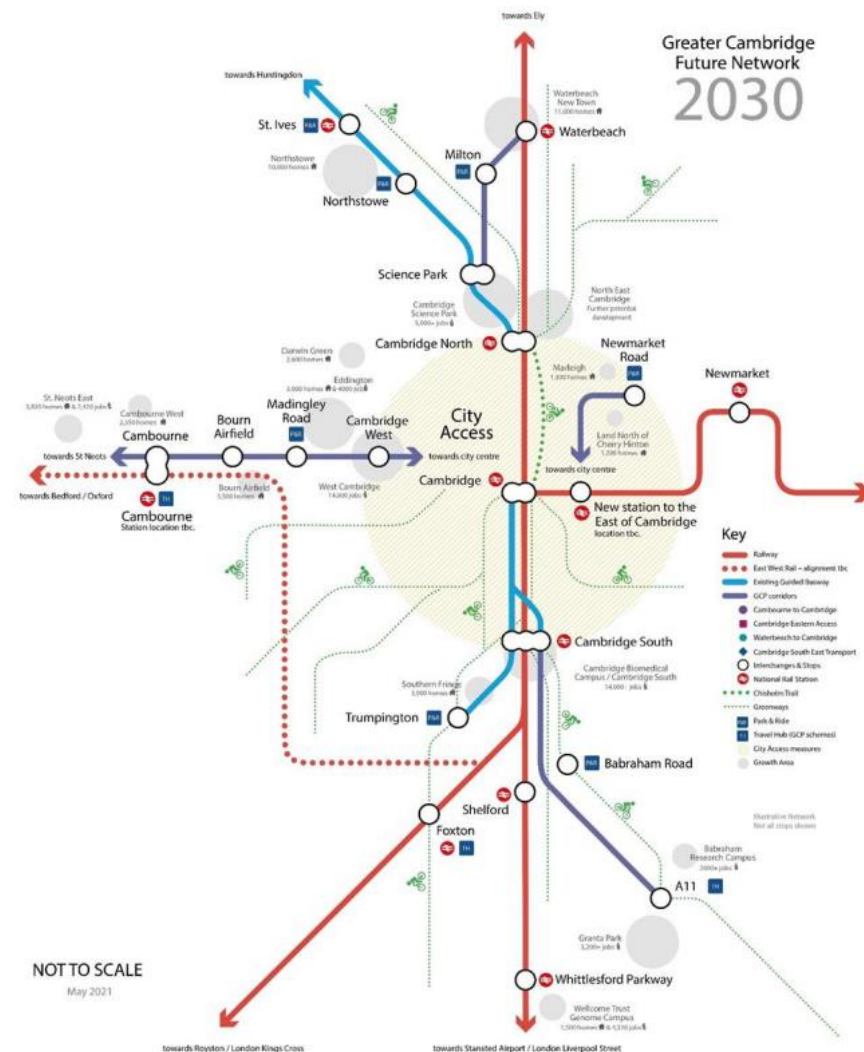
⁶ <https://cambridgeshirepeterborough-ca.gov.uk/news/cambridge-south-will-be-a-major-boost-for-region-says-mayor-in-tour-of-station-site/>

⁷ <https://www.greatercambridge.org.uk/sustainable-transport-programme>

sites, is that there are good, reliable and extremely easy access solutions that first time, and international, guests feel confident in using.

The currently proposed connectivity map is shown. This shows that new development areas will be connected to the centre and wider access such as rail and Park and Ride.

Exhibit 4: Potential Cambridge connections: Cambridge future network proposal 2021



Source: <https://cambridgeshirepeterborough-ca.gov.uk/wp-content/uploads/Local-Section-Greater-Cambridge.pdf>

Ultimately, there is a desire to create better links between Cambridge and its periphery development areas (north, east, south and west). The timeline and nature of new access will have influence on the desirability of different locations.

3.4 Tourism

Greater Cambridge is a popular destination for visitors and tourists, and most especially Cambridge itself, which is a world-renowned brand due to the University of Cambridge.

An Economic Impact of Tourism study⁸ has been undertaken for Cambridge over a series of years, with the latest report being for 2023. Highlights from this analysis are presented here.

The report suggests Cambridge attracted 8.3 million visitors in 2023, with 89% of those being day trips. This is a very similar amount to 2019, before the pandemic.

Exhibit 5: Annual visitor volume to Cambridge

	2019	2020	2021	2022	2023	2023 v 2023	2023 v 2019
Day Trips Volume	7,429,000	3,757,000	4,934,000	7,374,000	7,427,000	89%	-0.03%
Overnight Trips Volume	917,400	246,600	428,000	803,800	916,800	11%	-0.07%
Total	8,346,400	4,003,600	5,362,000	8,177,800	8,343,800	100%	-0.03%

Source: Economic Impact of Tourism - Cambridge

The value of trips is very different between day visitors and stay visitors. Data in the report suggests that stay visitors spend 2.4 times that of day visitors per day/night; and 9.1 times that of day visitors per trip. This data is across all accommodation types. For hotels specifically it could be expected to be substantially higher, in part due to nightly accommodation prices. The economic contribution of stay visitors, and particularly hotel guests, shows their significance to Cambridge.

Exhibit 6: Annual volume and value of visitors to Cambridge

	2019	2020	2021	2022	2023
Day Trips Volume (m)	7.43	3.76	4.93	7.37	7.43
Day Trips Value (m)	£283	£140	£189	£287	£286
Day Trips Values per trip	£38	£37	£38	£39	£38
Overnight Trips Volume (m)	0.92	0.25	0.43	0.80	0.92
Overnight Trips Value (m)	£340	£68	£109	£300	£323

⁸ Economic Impact of Tourism, using The Cambridge Model methodology

Overnights Trips Values per trip	£371	£276	£254	£374	£352
<i>Overnight Trips Number of Nights (m)</i>	3.8	0.8	1.4	3.1	3.4
<i>Overnight Trips Average Stay (nights)</i>	4.2	3.2	3.2	3.8	3.8
Overnights Trips Values per night	£89	£85	£79	£98	£94

Source: Economic Impact of Tourism - Cambridge

The report also suggests 43% of nights stayed were by UK tourists and 57% from overseas; and if looking at only Serviced Accommodation, the UK element was 34%. From our hotel interviews we understood however a variation of domestic demand of between 35%-95%, with greater overseas demand in more leisure-orientated properties.

The 2023 report shows 71% of nights were for holiday purpose, 12% for business, 9% for visiting friends and relatives, 7% for study and 2% other. This observation is related to the multiple types of accommodation considered (including staying with friends and campus stays etc.) and the methodology behind the data. It is interesting to note that it is distinctly different to the balance of hotel night demand discussed during our interviews (typically 50%-60% business, 50%-40% leisure, and in some instances 80% business).

In the report, tourism is estimated to represent 22% of employment (16,400 jobs), with 61% of those being attributed to stay visitors. This includes direct, indirect and induced jobs, with direct representing 70% of actual jobs.

The total value of visitors and tourists to Cambridge in 2023 was estimated to be £841 million.

For South Cambridgeshire, an Economic Impact of Tourism study was undertaken in 2018 (latest available to us). This recorded 2.99 million visitors, a value to the economy of £193 million and supporting 3,776 jobs. A significant 58% of nights in accommodation at friends and relatives properties, with nights by purpose showing as 54% for VFR, 25% for holiday and 11% for business.

3.4.1 Tourism Strategy

A Destination Management Plan (DMP) has been developed to create a connected strategy and action plan for the visitor

economy across Greater Cambridge. It is currently in Draft and has been driven by a Visit Cambridge & Partners consortium, consisting of representatives from Cambridge BID, Cambridge City Council, South Cambridgeshire District Council, Curating Cambridge (formerly Fitzwilliam Museum Enterprises) and King's College.

The DMP highlights core priorities:

- Priority #1: Give visitors reasons to stay longer in the area and explore further
- Priority #2: Empower visitors to explore further
- Priority #3: Support a balanced, liveable and thriving historic centre
- Priority #4: Engage with and create value for everyone in Greater Cambridge
- Priority #5: Leverage and harness the potential of Cambridge's global reputation
- Priority #6: Transition towards low-carbon, inclusive and accessible Greater Cambridge

The desire for increasing the proportion of stay visitors amongst all visitors is significant in relation to accommodation provision. Sufficient hotel provision will be important in achieving this objective. A dominant factor in converting day to stay visitors, and in lengthening and broadening stays, and reducing daily / monthly variation, however, will be achieving a change in visitor behaviour. This will be linked to prior steps needed, such as gaining a better understanding of visitors, enhancing awareness of the wider tourism offer and area, developing marketing and events, and evolving the management of visitors where possible. As these changes take place, the accommodation needs to be available to meet the desire of potential stay visitors and provide accommodation at appropriate price points and quality levels.

The priorities and steps identified require a shared action plan in order to enable implementation. There is currently a lack of a fully resourced and staffed Destination Management Organisation (DMO) however to coordinate this, with destination marketing being carried out via the Cambridge BID and with the Visit Cambridge Ltd partners. A recommendation is to establish a formal Local Visitor Economy Partnership (LVEP) to drive tourism growth across Cambridgeshire and Peterborough (C&P) in the future, since LVEPs are required to access Visit England support in

co-ordination with local DMOs. In the meantime, it is proposed that several organisations should come together to deliver actions and it is recommended that one key organisation should ensure strategic coordination across all the partners and delivery stakeholders.

In summary, there is good potential for improvement to the attraction of Greater Cambridge to stay visitors, but this will require strong coordination and funding support since the greatest changes planned will be through messaging, marketing, profile and events using current infrastructure, rather than physical developments.

3.4.2 Leisure tourist attractions

Greater Cambridge has a strong basis for appeal to leisure visitors. This includes the following draws:

- **Aesthetic and cultural appeal of the city centre** – Cambridge is a destination city appealing to domestic and international visitors due to its buildings, culture and charm. The colleges of the University of Cambridge play a key role. Key sights include King’s College Chapel, the Mathematical Bridge, and the Backs of the River Cam. Punting along the River Cam is also a popular tourist activity.
- **Attractions, shows and events** – Attractions include museums (13 museums, the largest cluster of museums outside of London, including The Fitzwilliam Museum with 502,400⁹ visitors in 2024), theatres/venues (including the Corn Exchange, Arts Theatre and the Junction), the botanic gardens and festivals throughout the year. In South Cambridgeshire, the most visited attraction is the Imperial War Museum Duxford (402,400¹⁰ in 2024). There is also National Trust managed Wimpole Estate (371,200¹¹ in 2024), and Denny Abbey and Farmland Museum. Centenary events can also be expected to be held in 2039 at the American Cemetery at Madingley.
- **Natural landscapes, landmarks and historic villages** - In South Cambridgeshire are natural landscapes, walking and cycling trails, and traditional villages, pubs and tea rooms. Links to the Anglo-Saxons and Romans can also be explored.

⁹ ALVA

¹⁰ ALVA

¹¹ ALVA

We are not aware of major new physical 'attractors' to Greater Cambridge but there are proposals to upgrade the public realm, offer and visitor experience in the Civic Quarter and tourists would be one of the beneficiaries of this. There are plans for the Guildhall, Market Square and Corn Exchange to make these buildings and this area feel more welcoming and attractive during the day and evening.

Further to this, enhanced advertisement around the attractions and attractiveness of Cambridge and South Cambridgeshire may drive an increase in visitors to the area.

3.4.3 Other influences

Universal theme park near Bedford

Beyond Greater Cambridge, the proposed new Universal Studios theme park at Bedford is hoped by those in tourism businesses to have an impact on tourism and hotel stays in Greater Cambridge.

The proposal is for the first Universal theme park in Europe on a 193-hectare site, just south of Bedford at Kempston Hardwick Brickworks. It is near the A421, which links to Cambridge via the A428. Universal has estimated it could attract 8.5 million visitors in its first year, which is envisaged to be 2031. The development is proposed to include a 500-room hotel. It is expected to deliver 20,000 jobs during construction and 8,000 jobs for operation (80% of employees are expected to come from Bedfordshire, Luton and Milton Keynes). The project has received agreement in principle from the government and is moving forward towards obtaining planning approvals. The site is 50 minutes by car from Cambridge and 35 minutes from Cambourne. Rail links between Cambridge, Cambourne and Bedford will be delivered by East West Rail.

The impact for hotel demand in Greater Cambridge is expected to be positive. The scale of potential impact however is not yet possible to determine since it will be influenced by factors including: the extent and pricing of existing and newly developed hotels closer to the site and on all arteries to the site; how direct the access is into the park from Greater Cambridge and from international airports; and the extent of desire of theme park guests to undertake a multi-centre trip including Cambridge and choosing to stay in Greater Cambridge rather than day visit the city. This will also be influenced by Greater Cambridge hotel

pricing and alignment of the Greater Cambridge experience with typical theme park guests.

restrictions / Opportunities

Some comments of interest during our interviews with hoteliers included the following in relation to current limitations on hotel demand:

- Conference and events facilities – the hoteliers were very aware of the lack of a conference/events facility in Cambridge of the scale that drives demand in multiple hotels, such as an International Convention Centre. There are no plans at present for such a facility, and the current nature of conferencing in the university and institutions could influence whether such a facility is ever explored and developed. It is something that hoteliers feel would bring in greater demand, however.
- Events calendar – whilst there are events in Greater Cambridge, many hoteliers felt that was a lack of enough ‘events of scale’ that have a notable impact on hotel demand. Current events include university graduation and the Duxford Air Show and flying displays. We are not aware of plans to increase the number of large-scale events at present, however.
- Young family appeal – we noted an observation by hoteliers that Cambridge city is not renowned as a destination for capturing the interest of young children, and so this influences the type of guests they receive. This could also have an implication for the extent of multi-centre appeal for young families alongside the proposed Universal theme park.
- Routing through the UK – a classic route for international tourists through the UK is London – York - Edinburgh. Hoteliers would like to see more tourists taking a route, with an overnight, via Cambridge instead of via Stratford.

3.5 Population

3.5.1 Demographic Profile

According to the Office for National Statistics, 74% of Cambridge residents are of working age and 72% are economically active, compared to 61% of South Cambridgeshire residents being of working age and 89% being economically active. The national

average of working age residents and economically active is 63% and 79% respectively. This shows high levels of working age population in Greater Cambridge, and high levels of economically active population in South Cambridgeshire. The lower levels of economically active population in Cambridge will relate to the student population.

3.5.2 Population Growth

We note the current base population used for the Local Plan for Greater Cambridge is estimated to be 321,559 (2024).

In 2023, we note that 47% of the population were in Cambridge and 52% in South Cambridgeshire.

According to data published by the Office for National Statistics, shown in the table below, Cambridge and South Cambridgeshire population figures have grown consistently each year between 2015 and 2023, at a CAGR of 1.1%. Population grew from circa 288,000 to circa 319,000, showing overall growth of approximately 10%.

Exhibit 7: Cambridge & South Cambridgeshire Resident Population Growth, 2015-2023

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023
Cambridge & South Cambridgeshire	288,616	292,834	295,677	299,536	302,184	304,289	308,064	313,522	318,504
% Growth y-o-y	-	1.5%	1.0%	1.3%	0.9%	0.7%	1.2%	1.8%	1.6%
CAGR 2015-2023									1.1%

Source: Office for National Statistics

Looking forward, we note the population is estimated to grow to 463,300 in 2045, a 44% increase on 2024. This is a CAGR 2024-2045 of 1.8%.

3.6 Economy and Business

The UK GVA economic forecasts is presented below.

Exhibit 8: UK GVA forecast

2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1.0%	0.9%	1.3%	1.8%	1.8%	1.6%	1.6%	1.6%	1.5%	1.5%	1.5%
CAGR 2025-2035										1.5%

Source: Oxford Economics

Cambridge is a fast-growing city however and outperforms national averages. In terms of GVA per hour in 2022, Cambridge registered £41, compared to the national average of £36. It was amongst the top 10 cities of the UK for GVA performance¹².

Some research by Public First also projects scenarios of strong future GVA performance for the Oxford-Cambridge Supercluster, with GVA scenarios to 2050 ranging from 2.6% CAGR to 3.5% to 4.4%¹³.

3.6.1 Greater Cambridge

The largest part of the economic growth for Greater Cambridge is concentrated in and around the city of Cambridge. There are major employers in the city and South Cambridgeshire, and a key focus on growth.

Major Employers

Cambridge has a broad and diverse economy. The public sector is the single largest employment sector, comprising of those working in education, public administration, health and social activity, and representing approximately 41% of total employment in the area. The University of Cambridge is the largest public sector employer in Cambridge, employing over 10,000 staff members.

¹² <https://www.centreforcities.org/reader/cities-outlook-2025/city-monitor/>

¹³ <https://oxcamsupercluster.publicfirst.co.uk/Oxford%20-%20Cambridge%20Scenario%20Modelling-2.pdf>

Other key employers within the public sector include the NHS, operating many healthcare facilities and hospitals such as Addenbrooke's Hospital, and local government bodies, such as Cambridge City Council.

Professional, Scientific and Technical Activities are a major source of employment opportunities within Cambridge. Cambridge is renowned for scientific research, especially in biotechnology and pharmaceutical fields. Cambridge Biomedical Campus, the largest employment centre in Cambridge (22,000 employees), is home to industry leaders such as AstraZeneca, Abcam, and GlaxoSmithKline, as well as NHS trusts including Cambridgeshire and Peterborough NHS Foundation Trust and Royal Papworth Hospital NHS Foundation Trust.

Major business employers in Greater Cambridge are AstraZeneca with an estimated 4,300 employees in the Cambridge area, including at the AstraZeneca Discovery Centre global headquarters at the Biomedical Campus; Arm, with an estimated 2,700 in the Cambridge area; and PPD Global, with an estimated 2,200¹⁴. Indeed, Arm already occupies all six buildings at the Peterhouse Technology Park, totalling 31,000 sqm, and has recently signed a lease for the new Optic building¹⁵.

Cambridge Business Park comprises 12 office buildings, hosting businesses such as BDO, BBC, Price Bailey and Redcentric. CB1 next to Cambridge Station hosts major technology companies such as Microsoft, Apple and Amazon. Marshall of Cambridge, which has a diverse portfolio of activity with a core focus in aerospace engineering, is currently located at Cambridge airport.

Cambridge Science Park, in South Cambridgeshire district but located on the edge of the urban area of Cambridge, is another large science park, and home to approximately 170 companies including Altium, AstraZeneca, beko, Bard Pharmaceuticals, Citrix Systems UK Ltd, Frontier Developments Plc, Grant Thornton, Howden Insurance Brokers, Huawei UK Research Centre, Linguamatics, Mathworks, Microsoft Cambridge, Mursla, Sentinel Oncology, Toshiba Research Europe Ltd and many more. There are over 7,000 employees working in the park.

The Wellcome Genome Campus, also located in South Cambridgeshire, is primarily a hub for genomic research where

¹⁴ <https://cambridgeahead.co.uk/cambridge-cluster-insights/>

¹⁵ <https://www.britishland.com/news/british-land-announces-arm-will-have-expanded-presence-at-peterhouse-technology-park-cambridge/>

top research institutes such as the Wellcome Sanger Institute and EMBL's European Bioinformatics Institute.

Furthermore, Babraham Research Campus in South Cambridgeshire is another bioscience research facility. The campus is home to over 60 organisations such as Abzena, artios, Axol, Benevolent, Cancer Research, Cambridge Protein Works, DefiniGEN, Epitopea, LinkGevity, Nikon, Sensica, Takeda and Zeiss alongside the world renowned Babraham Institute, supporting 2,000 onsite jobs.

Granta Park is the headquarters of The Welding Institute and major life science employers including Nxera, Cancer Research UK, Illumina, Pfizer and PPD.

The presence of such entities and many more, as well as businesses in the centre and CB1, indicates the scale of business activity in Greater Cambridge and has an influence on business demand for hotels.

Growth

Future changes in the economy and business presence in Greater Cambridge will have an influence on future business demand for hotels.

A combination of factors, such as strong population and economy growth alongside strong innovation sectors all contribute to Cambridge being the fastest growing city in the UK.

Greater Cambridge Shared Planning commissioned Icen Projects Ltd to prepare the Greater Cambridge Employment and Housing Needs Update. The report provides projections for housing and employment needs for the Local Plan looking to 2045. A key input into modelling this growth is identifying employment growth over previous years. The report identifies two sources of employment growth figures: adjusted ONS survey data and employment data compiled by the Centre for Business Research (CBR).

Based on adjusted ONS BRES survey data, Icen estimate that between 2020 and 2023, Greater Cambridge added around 9,200 jobs in total, with a CAGR of 1.4%. This is the same as the estimated CAGR between 1991 and 2020, which was estimated in an earlier report¹⁶. We note though that 2020-2023 includes the pandemic years.

¹⁶ Greater Cambridge Employment and Housing Evidence Update Employment Land, Economic Development and Relationship with Housing, January 2023, Icen Projects

In a separate report, employment data compiled by the Centre for Business Research (CBR) at Cambridge University, uses a sample of CBR's database of corporate employment data and draws on BRES data in representing the non-corporate sector. CBR has a more positive picture of economic growth for recent years than the adjusted BRES data and consider Greater Cambridge employment to have grown by 4% per annum between 2018-2024¹⁷. We recognise that this is a different time period to the Iceni employment figures.

Both the adjusted BRES data and CBR's report suggest that this growth has been mostly driven by knowledge intensive sectors.

Iceni conclude that whilst it may be the case that small sample sizes in the BRES data could lead to inaccuracies which under-represent employment growth, and that this issue is not present in CBR data, BRES remains the official and most well-accepted source of detailed employment data across the UK, making its use in detailed employment forecasting appropriate. In this context, CBR's data has been considered by Iceni primarily as a check on the recent BRES data, and to inform assumptions around potential future employment growth levels.

In a February 2025 Briefing document CBR and Cambridge Ahead also present the following¹⁸:

- Business in Cambridge has grown rapidly and far faster than the national economy. The Greater Cambridge corporate economy has grown employment by 4.5% p.a. over the six years 2018-24.
- Knowledge intensive (KI) sectors have driven that growth (at 6.2% p.a. over the six year period) and have not hampered the growth of non-KI sectors (at 3.0% p.a.).
- The faltering national economy over the past year or so has had an impact however in slowing growth – KI employment in Cambridge grew by 4.1% in 2023-24 compared with 6.2% p.a. over the six-year period.
- There has also been a decline in the birth rate of new companies (more than halving over the last six years), which Cambridge Ahead highlights as concerning since new

Limited

¹⁷ <https://cambridgeahead.co.uk/wp-content/uploads/2025/03/cluster-insights-greater-cambridge-analysis-v2.pdf>

¹⁸ <https://cambridgeahead.co.uk/news-insights/2025/latest-post-1/>

companies in KI sectors tend to generate fast subsequent employment growth.

The projections for employment growth in the Iceni Employment and Housing Needs Report suggest the following:

- Additional employment across Greater Cambridge in its key sectors of between 37,400 and 55,800 between 2024 and 2045, depending on the scenario used.
- Between around 67,600 and 90,900 additional jobs to be added to Greater Cambridge over the 21-year period between 2024 and 2045.
- CAGRs of between 1.25% and 1.62% between 2024 and 2045.
- The central scenario of a CAGR of 1.34% is considered to be the most likely scenario adding 73,200 additional jobs.

Growth Corridors

Greater Cambridge is part of the 'Ox-Cam Growth Corridor', a strategic ambition supported by the government to develop the area between these cities to become even stronger economic growth areas. The corridor encompasses Cambridge, renowned for its Life Sciences sector, Milton Keynes, a hub for digital innovation, and Oxford, a leader in space and energy sectors. As well as creating business hubs, the plan is to develop housing, public services and transport infrastructure to create sustainable growth.

Greater Cambridge also sits in the 'Golden Triangle', a key economic area for the UK, containing London, Oxford and Cambridge. This term was initiated due to the renowned universities of the University of Cambridge, University of Oxford and several London universities that are all leaders in research and education. These facilities attract high levels of public and private research funding, and are home to global companies, business parks and research institutions. They are also hubs for start-up companies and consequently, the 'Golden Triangle' contributes significantly to the UK economy.

The UK Innovation Corridor is another corridor that encompasses Greater Cambridge and London and 'hosts clusters of hi-tech businesses in sectors such as life, health and data sciences, agri-tech and advanced manufacturing. The Corridor is on course to

almost double the size of its economy, from £189 billion to £350 billion by 2050¹⁹.

3.7 Locations of Change

Plans for future changes in Greater Cambridge through the Greater Cambridge First Proposals are primarily focused on Cambridge urban area (North East Cambridge and Eddington), edge of Cambridge (Cambridge Airport and Cambridge Biomedical Campus), and around Cambourne. Significant developments currently under construction are focused on the periphery of Cambridge, and creating or growing new settlements (Northstowe, Waterbeach, Cambourne and Bourn) in South Cambridgeshire. The focus of growth is on substantial additional housing and employment sites, with employment site growth particularly focused on the life sciences and technology sectors.

A summary of the key locations of change is provided below with regard to indicative scale of growth and note to the current hotel supply and possible hotel plans. This is provided to give context to where growth is expected. (Please note that figures are indicative, subject refinement and may be superseded as development of the Local Plan progresses.)

With regard to employment, it should be noted that demand by occupiers fluctuates and permissions for employment space do not necessarily determine when spaces will be actively occupied. Pressures in the market at one point can also lead to substantial space provision, followed by a potential weakening in uptake until the market rebalances. Further some occupiers might generate good hotel room night demand, especially if international businesses, and others much less. Occupiers may also change over time or spaces become vacant / ill-fitting to the current demand.

Whilst there are plans for housing growth and for business growth in Greater Cambridge, we are not aware of notable plans for tourism or visitor attraction-related development at present. Proposed changes in this sector are more related to the management and promotion of the existing offer, as discussed in Destination Management Plan.

We consider below first Cambridge (within 3 miles of the centre) and then beyond 3 miles.

¹⁹ <https://innovationcorridor.uk/>

3.7.1 Cambridge

Within 3 miles of the Centre

Overview: Housing and employment development planned for the centre of Cambridge is relatively small scale in relation to that on the periphery and beyond. There are a few areas of small scale redevelopments identified (such as Old Press / Mill Lane) but the very heart of Cambridge centre is already heavily developed with limited opportunities for additional development. Conversion opportunities are more likely in this area.

Hotels: The hotel supply is discussed in the Supply chapter. Recent openings are the Premier Inn City Centre above the Lion Yard shopping area (125 rooms, opened 2024) and the Curio Fellows House aparthotel on Milton Road (163 rooms, opened 2021).

Hotel plans: Notable new aparthotel openings scheduled for 2025 are the Wilde on Park Street (227 units) and The Hobson on Downing Place (56 units).

There is permission for a new aparthotel at Mitcham's Corner on Chesterton Road (a development opportunity for a consented Residence Inn by Marriott (134 rooms) is for sale at present). Proposals will be developed for Shire Hall (Cambridgeshire County Council's former HQ in Castle Hill) following the June 2025 signing of a 250-year lease with Cambridge Apartment Hotels Ltd, a subsidiary of Lamington Group.

Grafton Centre

Overview: A key project for potential change is the redevelopment of the Grafton Centre, a covered shopping centre opened in 1984. The Centre lies within the City Centre but is a 10 minute walk from the main retail area. Planning permission was granted in April 2025 to redevelop the centre to provide office and lab space for life science businesses, whilst retaining a cinema and gym and some retail provision. The developer suggests 'up to 2,000 jobs' will be created in the new science centre.

Hotels: The closest existing hotels are to the north east on Newmarket Road - the Travelodge Cambridge Newmarket Road (219 rooms) and the Premier Inn Cambridge City East (121 rooms). The next closest are those on Chesterton Road to the north and near Parker's Piece to the south west.

Hotel plans: A 120-bed hotel is included in the Grafton Centre development, adjacent to the cinema. (There was a previous superseded permission for a 153-room Premier Inn).

Timeline: The developer's website indicates that there will be R&D space availability from 2028²⁰. It is anticipated that the hotel will be in an early phase of the development. The uptake of space in this conversion for life sciences will depend on the market.

CB1 / Cambridge Station / Hills Road

The CB1 / station / Hills Road area has seen enormous growth, especially with the development of HQ scale offices along Station Road. The focus of growth in this area has been the ICT sector with companies such as Microsoft and Apple moving into the new office buildings. Growth is expected to continue with further buildings under construction or planned at sites near Hills Road / Station Road, for example, construction has begun on Botanic Place (over 30,000sqm of offices).

Hotels: Large hotels within the area are the ibis Cambridge Central Station (231 rooms, opened 2016), Clayton Hotel on Station Road (160 rooms, opened 2017), and the Travelodge Cambridge Central Hotel on the Cambridge Leisure Park on Hills Road (120 rooms). Small hotels nearby are the YHA and Fenners on Tenison Road, and the Centennial Hotel and Earl of Derby on Hills Road. The next closest are the hotels near Parker's Piece and Trumpington Street / Lensfield Road.

Hotel plans: We are not aware of new hotel plans for the direct area. A previous plan for an Adagio aparthotel next to the Ibis has been replaced by a permission for offices. The Clayton Hotel has a recent permission for a 30-bed extension.

South Cambridge – Cambridge South, Cambridge Biomedical Campus, Addenbrookes

Location: 2 miles to the south of Cambridge centre

Overview: Significant growth plans are proposed at Cambridge Biomedical Campus (CBC) to the south of Cambridge. The Campus, which includes Addenbrooke's Hospital, is an important focus for the biomedical science sector nationally. The Discovery Centre, AstraZeneca's largest R&D centre was opened in 2021. A key additional impetus is the development of Cambridge South station which will be located within the Campus. This new station

²⁰ <https://thepioneergroup.com/locations/grafon-cambridge/>

is expected to be in use in 2026. It will be on the London route and in due course the East West Rail route to Milton Keynes, Bedford and Oxford. There are already 22,000 employees at the campus (Cambridge's largest employment site) and future ambitions for significant growth of commercial, research and clinical floorspace as well as new residential development.

Residential growth: An expansion of the Biomedical Campus is proposed in the Greater Cambridge Local Plan First Proposals. This includes support for residential uses where it would provide affordable and key worker homes for campus employees. There is also the potential for redevelopment/ intensification within the existing Addenbrooke's Hospital site. Indicative growth assumed currently during the plan period includes several hundred dwellings from 2035.

Business growth: There are existing plans in place for the completion of Phases 1 and 2 of CBC. This includes two new hospitals (children's and cancer research) as well as new employment floorspace along Discovery Drive. The 19ha extension of the Campus proposed in the Greater Cambridge First Proposals supports new development to meet local, regional or national health care needs or for biomedical and biotechnology research and development activities, related higher education and sui generis medical research institutes. There are also ambitions for longer term further growth.

Indicative growth assumed currently during the plan period is over 5,000 jobs.

Hotels: There is no major current supply at this location. The closest hotels over 10 rooms are Aylesbury Lodge (15 rooms) to the east, and to the west in Trumpington is Anstey Hall (22 rooms).

Hotel plans: We are informed that a 2014 permission for a new hotel and conference centre at the Biomedical Campus has not been implemented. The developers' Vision 2050 refers to a need for hotels however for visitors and conferencing facilities.

Timeline: The site is already operating with hospitals and major businesses. The new station will be open 2026 for links to London and Cambridge, with the link to Oxford in approximately 2035.

East Cambridge – Cambridge Airport, SOUTH OF COLDHAM's LANE, residential developments

Location: 2 miles to the east of Cambridge centre

Overview: A 145-hectare development site, known as Cambridge East, is proposed as a major new eastern quarter for Cambridge. Development is contingent on the relocation of Marshalls and their associated airport operations to Cranfield Airport, planned for 2030.

Residential growth: To the north and south of the airport site the development of 1,300 homes at Marleigh and 1,200 at Land North of Cherry Hinton is underway. It is expected that these will be completed by the beginning and middle of 2030s respectively. The Greater Cambridge First Proposals propose approximately 7,000 homes on the airport site with 2,900 anticipated to be built by 2041. Using a population figure of 2.8 people per dwelling this would mean a total population for Cambridge East of over 19,000.

Business growth: Employment uses are expected to form a significant element of the new Cambridge East; primarily office and R&D premises with some light industrial uses. In the proposed First Proposals allocation 9,000 jobs are anticipated.

A recent permission to create a 9ha science district at Land South of Coldham's Lane lies close to the Cambridge East site. This will provide over 85,000 sqm of new laboratory and office space. A substantial proportion of this likely to be delivered in the first half of the plan period.

Hotels: The closest major hotel is the Holiday Inn Express (173 rooms) at Coldham's Business Park next to the David Lloyd gym and swimming pool, to the south of the development area. There is also the 20-room Oakley Lodge in Barnwell on Newmarket Road. Further towards the city are the Newmarket Road Travelodge and Premier Inn.

Hotel plans: There are no fixed plans for new hotel development within the development scheme, but we understand that the potential for visitor accommodation forms part of high level discussions. Further east, the Quay Mill Hotel and Spa (51 rooms) near A14 Junction 35 has permission for a 45-room extension.

Timeline: Marshalls are expected to vacate the airport site by 2030. It is expected that focus of change will be from 2035 onwards.

North East Cambridge – Cambridge North, Cambridge Science Park and other Office/Lab locations

Location: 2 – 2.5 miles to the north east of Cambridge centre

Overview: North East Cambridge area covers 182 hectares extending in an approximate triangle from the Cambridge North station at the southern tip and up to the A14 at Orchard Park to the west and the railway line to the east. It includes Cambridge Science Park, St John's Innovation Park, Cambridge Business Park as well as a mix of other smaller employment sites. Proposals for the redevelopment and intensification of this area to create a major new city district with a mix of high quality homes, workplaces, services and social spaces are included in the North East Cambridge Area Action Plan (AAP) Submission Draft. Further redevelopment is expected to be facilitated by relocating the Waste Water Treatment Plant (WWTP) subject to it being progressed in a timely manner.

Residential growth: The proposed Submission Area Action Plan (AAP) anticipates 8,350 new homes at North East Cambridge. This would be a population of approximately 23,000 residents. 425 residential units have already been approved (on appeal in 2024) on land to the north of Cambridge North railway station.

Business growth: Employment will be a key component of the development area, through redevelopment and intensification. The AAP anticipates that around 15,000 new jobs could be created on the site. Redevelopment of a number of areas has begun. A new office space, One Cambridge Square, at Cambridge North station was completed in 2023 with Samsung as a landmark tenant, two significant office/R&D developments, the Vitrum building and Merlin Place, are already under construction, and the permission for land to the north of the railway station includes around 68,000 sqm of new R&D office space.

Hotels: The only hotel in the area is the Novotel (217 rooms, opened 2021). The former Lovell Lodge Hotel on Milton Road has been redeveloped as apartments with some offered for short and long-term rent. To the west are the Orchard Park hotels.

Hotel plans: We are not aware of additional hotel plans. Planning permission was given for a hotel at 24 Cambridge Science Park as part of a mixed use development but this has not been implemented.

Timeline: If it is delivered in a timely manner, the relocation of the WWTP will unlock substantially more development. Indicative initial growth is assumed to include in the order of 3,400 dwellings (primarily after 2035) and 386,000 sqm of new employment floorspace to 2041.

North Cambridge – Orchard Park

Location: 2 miles to the north of Cambridge centre

Overview: Orchard Park is primarily a residential area with new houses and apartments and has two stops of the Guided Busway which runs from Cambridge to St Ives and Huntingdon. The area is already developed but a remaining opportunity for new hotel development includes Parcel COM4 directly to the east of the Travelodge.

Hotels: Close to Junction 32 of the A14 are the Premier Inn A14 J32 (154 rooms) and Travelodge Orchard Park (138 rooms), both within Orchard Park. To the north of the junction and on the edge of Histon village is the Holiday Inn (161 rooms).

Hotel plans: There was a planning permission granted in August 2024 for an 80-unit aparthotel and 137-room hotel within Parcel COM4. The proposal also included a gym and swimming pool.

Timeline: It is not known when/if the permission will be developed.

West / North West Cambridge – Eddington, Darwin Green

Location: 1.6 miles to the north west of Cambridge centre

Overview: Eddington is a new community with substantial residential, student, employment and research space and community facilities close to the Madingley Road Park and Ride. It is owned and developed by the University of Cambridge. The original permission included 3,000 dwellings, up to 2,000 student bedspaces and 100,000 sqm of employment and academic space. Approximately 1,850 dwellings have been built or are under construction. To the north of Huntingdon Road construction has also begun on Darwin Green, another residential-led development of 2,593 new homes.

Residential growth: An intensification of the Eddington site is proposed. An additional 1,000-1,500 units over and above the existing permission are included in the Draft First Proposals Plan and the University of Cambridge are consulting on an additional 1,650 units (and 40,000 sqm of mid-tech rather than the original plans for R&D/office space).

Business Growth: To the south of Madingley Road, partially opposite Eddington, West Cambridge is a 65-hectare University of Cambridge academic, R&D and commercial employment site focusing on computer science, physics and engineering. The

University received planning permission for additional academic, research and commercial space with the ambition to grow the number of employees at West Cambridge from the current 4,000 to 15,000 by 2041.

Hotels: In the heart of Eddington are two 2021-openings both sharing the same building – the Hyatt Centric (150 rooms) and Turing Locke aparthotel (180 units). Nearby is also the Premier Inn Cambridge North Girton (36 rooms).

Hotel plans: Plans are being considered for a site on Huntingdon Road to redevelop the site of the former National Institute of Agricultural Botany (NIAB), with a 202-unit aparthotel being one of the options being explored. The previous Hotel Felix, off Huntingdon Road, is to be demolished to create a care home.

Timeline: Residential growth is expected to continue at Eddington throughout the Local Plan period. At Darwin Green it is expected to be focused primarily prior to 2035.

3.7.2 Outside Cambridge

To the West – Cambourne, Cambourne West, Bourn Airfield

Location: Cambourne lies 9 miles to the west of Cambridge and Bourn Airfield 8 miles to the west. Both are located off the A428.

Overview: There are significant growth plans for Cambourne in the Local Plan First Proposals, facilitated by the planned new East West Rail station and the proposed Cambourne to Cambridge Busway. In current plans the railway station is to be located to the north of the A428 on St Neots Road. Bourn Airfield, immediately east of Cambourne, received permission in July 2024 to create a new village with approximately 3,500 new homes. The construction of Cambourne West, a site of 2,350 dwellings and a mix of retail, employment, community & leisure and educational uses immediately to the north west of Cambourne, began in 2020.

Residential growth: Eventual growth plans are still being evolved but in the order of 8,000 new homes with over 22,000 residents can be expected in this area within the plan period including the 5,850 already permitted. Ultimately the growth of Cambourne is likely to be much higher and it is anticipated that it will become the third largest town in Cambridgeshire.

Business growth: Plans for Cambourne West include over 30,000 sqm of new employment floorspace. Growth plans for the

Cambourne, Cambourne West and Bourn Airfield area could include more than 1300 jobs in the plan period and substantially more in the longer term.

A key current business park in the area is the 50-acre Cambourne Park Science and Technology Campus. Following acquisition in 2021 the Campus masterplan includes a retrofit to create 6,500 sqm of wet and dry lab space and the addition of approximately 5,600 sqm²¹. Amongst the existing 60 occupiers the owner mentions Carl Zeiss (medical research technology specialists), Mediatek (fabless semiconductor company), and Rakon (one of the world's largest manufacturers of frequency control products and timing solutions). During our site visit it was noted that there were vacant properties however at the Campus and we were informed that some original occupiers had moved out. Future occupation of this business park and other employment areas will influence hotel demand. Positive influences on the desirability of the area can be expected from East West Rail and the Cambourne to Cambridge Busway connections.

Hotels: There are two existing hotels in Cambourne – the 120 room Cambridge Belfry by QHotels and the 144 room Holiday Inn Express Cambridge West.

Hotel plans: The outline permission for Bourn Airfield allows for a potential hotel (4,400 sqm GIA). Plans for the expansion of Cambourne are at an early stage and all options are under consideration.

Timeline: The new station at Cambourne is expected in approximately 2035, so the focus of change is expected to be after this date.

Also, to the west (A14) – there are existing and emerging plans for significant development in the area of Bar Hill on the A14 with a major site allocated for industrial and logistics floorspace in the First Proposals Plan and the allocation of further industrial and logistics floorspace under consideration for the Draft Plan. The current hotels in Bar Hill are not currently in operation – the Travelodge Lolworth (20 rooms) permanently closed due to road layout changes and the Best Western Signature Cambridge Bar Hill is currently being used to accommodate asylum seekers (this is due to finish in July 2025 but the future of the hotel is unknown). Further to the west at Junction 24 are the operating Ramada (81 rooms) and Travelodge Swavesey (36 rooms).

²¹ <https://www.cambournepark.com/>

New settlements to the North – Northstowe and Waterbeach

Location: Northstowe lies 10 miles to the north / north west of Cambridge and Waterbeach 6 miles to the north / north east.

Overview: Both areas are being developed as new towns with substantial growth. Both are already being developed. Northstowe is more advanced with almost 1,500 homes developed by March 2024. Waterbeach is being developed to the north of the existing Waterbeach village and in two parts, east and west. The eastern permission includes the relocation of Waterbeach railway station. The north west part lies opposite the Cambridge Research Park.

Residential growth: The developments are predominantly residential with associated new settlement facilities including town centres, schools, employment etc. Their scale is extensive with approximately 10,000 new dwellings at Northstowe (28,000 new residents) and approximately 11,000 (30,800 new residents) at Waterbeach.

Business growth: Major business growth is not a significant component of the new town plans. Just over 39,000 sqm of new employment space has been permitted at Waterbeach and just over 38,000 sqm at Northstowe. This element of the schemes has not yet been implemented. An element of growth near Waterbeach within the nearby Cambridge Research Park is also expected (of the order of 300 jobs during the plan period).

Hotels: There are no existing hotels in Northstowe, with the nearest supply being the A14 hotels. In Waterbeach there is a 13-room guest house that is currently closed but recorded as under renovation – it is not known if/when it will reopen.

Hotel plans: Outline planning permission includes a possible hotel in the Northstowe Town Centre Strategy²² with its realisation expected to be related to market demand. An allowance of approximately 8,300 sqm is made, with alternative uses also discussed. The western Waterbeach outline permission includes a potential hotel. This is proposed to be located around the lakeside local centre close to the research park²³. A previous sales offering presented a site within the Cambridge Research Park

²²

https://www.northstowetowncouncil.gov.uk/_UserFiles/Files/Other/184868-44_S_2011_14_COND14-NORTHSTOWE_TC_STRATEGY_REV_C-6524494.pdf

²³

<https://www.scambs.gov.uk/media/5jkamxgw/waterbeach-new-town-spd-low-res-feb-2019-1.pdf>

with outline permission for 150-bedroom 4 star conference hotel with F&B and leisure facilities²⁴ but this is dated and has not been developed.

Timeline: The development of dwellings is expected to be continuous over the 20 year plan period. Around 6,230 dwellings at Northstowe and 5,730 at Waterbeach are anticipated before 2045, leading to a potential combined population of nearly 33,490 before 2045 and 58,800 in total.

To the South – Genome Campus, Babraham Research campus, Granta park and South

Location: Genome Campus is near Hinxton, 9 miles south of Cambridge. Babraham Research Campus and Granta Park are 6-8 miles south east of Cambridge close to the A505/A11 junction.

Overview: The Wellcome Trust has plans to expand its Genome Campus at Hinxton. Outline permission was first granted in 2020. The site is due to grow from 125 acres to 440 acres. It will include employment space focused on genomic science and research, housing, a hotel, primary school, restaurants, cafes and bars.

Residential growth: The Genome Campus 2020 permission includes 1,500 new homes for campus workers and their families.

Business growth: The vision is for the scientists and support teams working at the Genome Campus site to increase from around 3,000 to between 7,000 to 9,000²⁵. The Local Plan First Proposals proposes an allocation of an additional area of 17.1 ha for employment development (research and development) at Babraham Research Campus, approximately 6 miles from the Genome Campus. Granta Park, a life science and engineering campus between the Wellcome and Babraham campuses, has planning consent for over 50,000 sqm of additional employment floorspace.

Hotels: There is an existing conference with hotel facility at Hinxton Hall at the current campus. This has conference space for up to 290 delegates and has 126 bedrooms. It is open for public bookings but does not appear to operate as a fully open market hotel.

²⁴ <https://www.bidwells.co.uk/properties/cambridge-research-park---new-hotel-opportunity-waterbeach-cambridge-cb25-/291/>

²⁵ www.wellcomegenomecampus.org/aboutus/campusexpansion/

Hotel plans: The expansion proposal includes an additional conference centre and 175 room hotel, again primarily for the Wellcome Campus conference-related business, and so may not operate fully as an open market hotel.

Timeline: The housing growth at Wellcome is projected to be between 2026 and 2035. Approximately 2,000 of the jobs are projected to be before 2045.

An additional mixed-use development anticipated to be in the order of 6,000 dwellings and 30,000 sqm of employment floorspace is also being explored for allocation in the draft plan.

Other significant sites with planning permission around Great Cambridge include:

- Fulbourn Road, Cambridge (in the south east, adjacent to Peterhouse Technology Park): Almost 56,000 sqm of new R&D and office space
- Melbourn Science Park (in the south west): Approximately 28,000 sqm of new R&D and office space, with permission for a gastropub with rooms (18 rooms)
- Former Waste Water Treatment Facility, Cambridge Road, Hauxton (south west of Cambridge): Approximately 31,000 sqm

4 Supply

4.1 Introduction

In this section we consider the current supply of hotels, pipeline hotels and potential supply. We also bring context to this supply in terms of alternative accommodation provision.

The focus of this study is on hotels. We consider hotel and hotel-style establishments of 10 rooms or more and present a list and mapping of these. We also show summaries of this supply by categories.

We include aparthotels / hotel-style serviced apartments (with reception and some public amenity (such as Locke and Wilde)). Apartments in residential buildings etc however are considered to form part of the alternative accommodation market, alongside Airbnb and accommodation that is provided on a not fully commercial / available basis. Such serviced apartments may be managed by individuals or professional operators.

The focus of hotel room volume in Greater Cambridge now and in the future is in hotels of larger room counts. This therefore also guides attention within this report.

The term 'rooms' in this report refers to hotel rooms or apartments in hotel-style. We use the standard STR classification of Luxury, Upper Upscale, Upscale, Upper Midscale, Midscale and Economy.

The supply is presented in relation to selected geographies and current hotel development perspectives on class and so is not a direct comparable to the 2012 Hotel Futures Study. The evolution of the market supply since that study is presented however in Section 4.4.4.

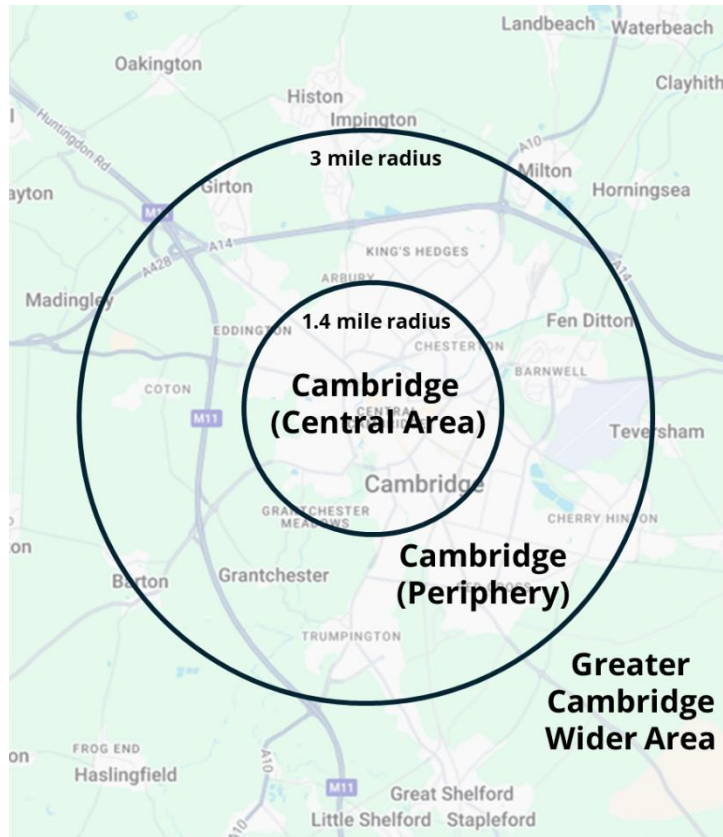
4.1.1 Geographical Areas

Greater Cambridge hotel provision can be considered through different geographies. Whilst similar to local authority boundaries we know that such boundaries are not of relevance to hotel guests and we instead present the current supply in two key areas by distance from central Cambridge (from a point at Great St Mary's), which also aligns to related groupings of hotels.

- Cambridge (up to 3 miles) - the Central area is focused within approximately 1.4 miles, which includes the historic area and also CB1 and the station; and a Periphery area surrounds this up to approximately 3 miles and includes many of the new areas for development including Cambridge South, West Cambridge, Cambridge East, and sections of the M11 and A14. The area is shown on the map below.
- Greater Cambridge Wider Area - beyond 3 miles up to the South Cambridgeshire boundary and therefore including Cambourne and Duxford.

The total supply we have identified for this study is 4,233 rooms across 55 hotels. 83% of the rooms are within the 3-mile Cambridge radius (69% of the hotels).

Exhibit 9: Map showing the area radius areas used in this study



4.2 Cambridge (up to 3-miles)

The supply identified for this study within 3 miles of the centre is shown below.

Exhibit 10: Hotel Supply within Cambridge

Map Ref	Property	Class	Rooms	Major group	Type	Area
Large and Extra Large (110 rooms plus)						
1	Hilton Cambridge City Centre	Upper Upscale	198	Hilton	Hotel	Central
2	University Arms Autograph Collection	Upper Upscale	192	Marriott	Hotel	Central
3	Curio Collection by Hilton The Fellows House	Upper Upscale	163	Hilton	Apt-style	Central
4	Hyatt Centric Cambridge	Upper Upscale	150	Hyatt	Hotel	Periphery
5	Graduate by Hilton Cambridge	Upper Upscale	148	Hilton	Hotel	Central
6	Novotel Cambridge North	Upscale	217	Accor	Hotel	Periphery
7	Turing Locke	Upscale	180	edyn	Apt-style	Periphery
8	Clayton Hotel Cambridge	Upscale	160	Dalata	Hotel	Central
9	Holiday Inn Express Cambridge	Upper Midscale	173	IHG	Hotel	Periphery
10	Holiday Inn Cambridge	Upper Midscale	161	IHG	Hotel	Periphery
11	ibis Cambridge Central Station	Midscale	231	Accor	Hotel	Central
12	Travelodge Cambridge Newmarket Road Hotel	Economy	219	Travelodge	Hotel	Central
13	Premier Inn Cambridge A14 J32	Economy	154	Premier Inn	Hotel	Periphery
14	Travelodge Cambridge Orchard Park	Economy	138	Travelodge	Hotel	Periphery
15	Premier Inn City Centre (Corn Exch/Lion Yard)	Economy	125	Premier Inn	Hotel	Central
16	Premier Inn Cambridge City East	Economy	121	Premier Inn	Hotel	Central
17	Travelodge Cambridge Central Hotel	Economy	120	Travelodge	Hotel	Central
Small and Medium (10 - 109 rooms)						
18	Hotel Du Vin Cambridge	Luxury	41	Frasers	Hotel	Central
19	Arundel House Hotel	Upper Upscale	102	-	Hotel	Central
20	The Gonville Hotel	Upper Upscale	92	-	Hotel	Central
21	The Varsity Hotel & Spa	Upper Upscale	44	-	Hotel	Central
22	Lensfield Hotel	Upscale	40	-	Hotel	Central
23	Centennial Hotel	Upscale	39	-	Hotel	Central
24	Sorrento Hotel	Upscale	30	-	Hotel	Periphery
25	Anstey Hall	Upscale	22	-	Hotel	Periphery
26	The Regent	Upscale	22	-	Apt-style	Central
27	Crystal Hotel (Helen Hotel)	Upper Midscale	22	-	Hotel	Periphery
28	Cambridge House Hotel (Fenners Hotel)	Upper Midscale	22	-	Hotel	Central
29	Oakley Lodge	Upper Midscale	20	-	Hotel	Periphery
30	Ashley Hotel	Upper Midscale	16	-	Hotel	Central
31	Aylesbray Lodge	Upper Midscale	15	-	Hotel	Periphery
32	Acorn Guest House Hotel	Upper Midscale	12	-	Hotel	Central
33	Earl of Derby	Upper Midscale	12	-	Hotel	Central
34	Kirkwood House	Midscale	10	-	Hotel	Central
35	Premier Inn Cambridge North Girton	Economy	36	Premier Inn	Hotel	Central
36	YHA Cambridge	Economy	32	YHA	Hostel	Central
37	Regency Guest House	Economy	16	-	Hotel	Central
38	A&B Guesthouse	Economy	11	-	Hotel	Central
Total rooms			3506			
Total properties			38			

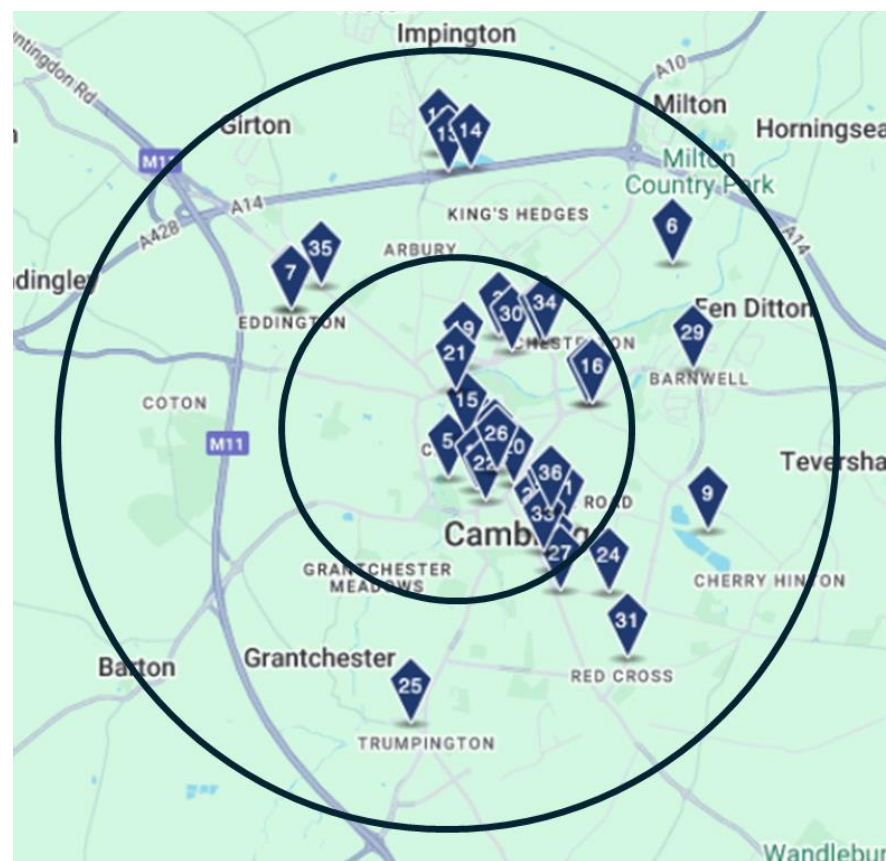
Source: CoStar, Colliers

This shows a total of 38 properties.

The properties in the Centre are located particularly in the following areas – in the southern portion of the historic centre including near Parker's Piece; around the station/CB1/Hills Road; along/near Chesterton Road; and on Newmarket Road.

In the Periphery, the larger hotels are all in the north west, north and east. They are at Eddington, near A14 Junction 32 and east, at Cambridge North, and at Coldhams Park.

Exhibit 11: Map of Hotel Supply within 1.4 and 3-mile radius of Cambridge



Source: CoStar Hotels Database

* Software restrictions unfortunately mean that some markers overlap. The purpose of the map however is purely to show distribution.

** Please note that Regency Guest House (37 – close to 20) and A&B Guest House (38 – located north of 8) are missing from the map due to not being listed on CoStar

Cambridge is a well-established market, where supply comprises of 38 open and trading hotels (with a minimum of 10 rooms) totalling 3,506 bedrooms. The table displayed below shows the structure of the local hotel market.

Economy hotels account for the largest proportion of hotel rooms at 28%, followed by upper upscale hotels (31%), upscale properties (20%) and upper midscale hotels (13%). Luxury hotels account for the smallest proportion of bedroom stock, with just one luxury property present in the market (Hotel du Vin), accounting for 1% of bedroom stock. Midscale properties make up the remainder of the market, constituting 7% of all bedrooms. This means that across the three broader class groups the volume of rooms is similar, with a slightly emphasis to the lower scales (35% economy and midscale, 33%, upper midscale and upscale, 32% upper upscale and luxury).

Exhibit 12: Cambridge Hotel Market Structure

Class	No. of Hotels	% of Hotels	No. of Rooms	% of Rooms
Economy	10	26%	972	28%
Midscale	2	5%	241	7%
Upper Midscale	9	24%	453	13%
Upscale	8	21%	710	20%
Upper Upscale	8	21%	1,089	31%
Luxury	1	3%	41	1%
Total	38	100%	3,506	100%

Hotel Type	No. of Hotels	% of Hotels	No. of Rooms	% of Rooms	Avg. Size
Branded	20	53%	2,959	84%	148
Independent	18	47%	547	16%	30
Total	38	100%	3,506	100%	92

Hotel Size	No. of Hotels	% of Hotels	No. of Rooms	% of Rooms
Extra-Large (180+ rooms)	6	16%	1,237	35%
Large (110-179+ rooms)	11	29%	1,613	46%
Medium (60-109 rooms)	2	5%	194	6%
Small (10-59 rooms)	19	50%	462	13%
Total	38	100%	3,506	100%

Hotel Size	Branded Hotels	% of Branded Hotels	Branded Rooms	% of Branded Rooms
Extra-Large (180+ rooms)	6	30%	1,237	42%
Large (110-179+ rooms)	11	55%	1,613	55%
Medium (60-109 rooms)	0	0%	0	0%
Small (10-59 rooms)	3	15%	109	4%
Total	20	100%	2,959	100%

Source: CoStar Hotels Database, Colliers

The majority of hotel rooms within a 3-mile radius of Cambridge city centre are operations with a brand (84%). Branded properties are on average much larger than their independent counterparts, possessing 148 rooms on average, versus just 30 rooms in an independently operated hotel. Major group brands include Hilton, Marriott, Hyatt, Accor, IHG, Travelodge and Premier Inn.

Small properties with 59 rooms or less, account for 50% of all hotels, but only 13% of all rooms. Properties of 110 rooms or more account for 45% of all hotels and 81% of all rooms, with 35% of all rooms in properties of more than 180 rooms.

Of the branded properties specifically, 96% of all branded rooms are in properties of 110+ rooms, with 42% in properties of 180+ rooms. The largest proportion of these are large hotels (55%), followed by 30% of branded hotels containing more than 180 bedrooms.

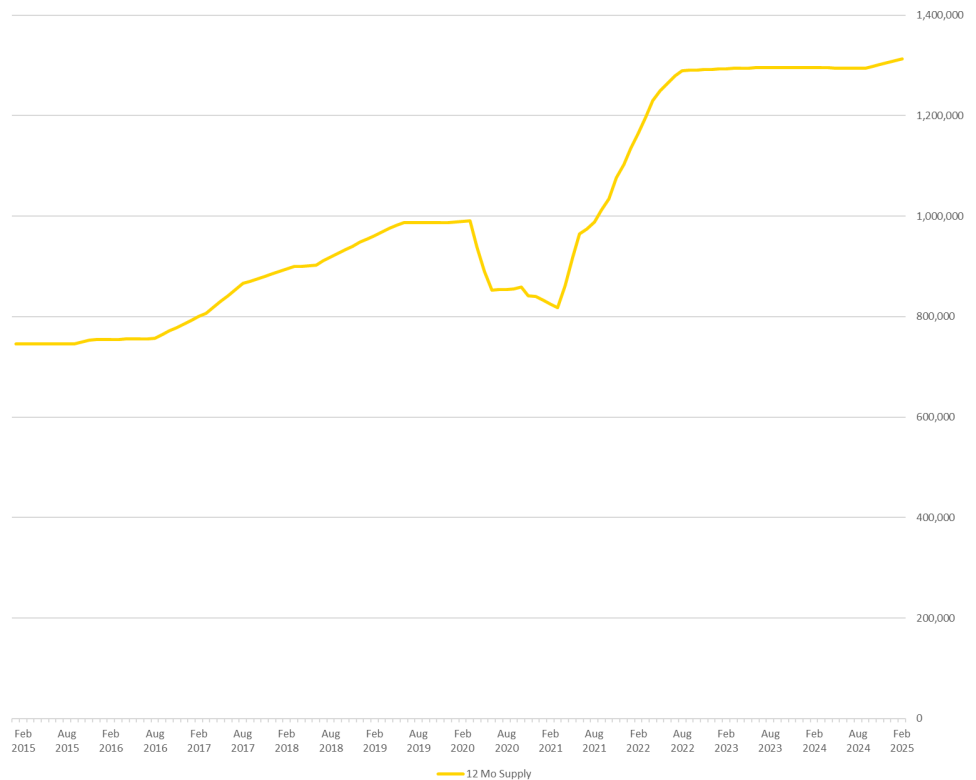
Aparthotel / hotel-style serviced apartments represent 365 rooms within the supply, which is 10%. These three properties (The Fellows House, Turing Locke and The Regent (previously a hotel)) have all opened since 2020.

In summary, the supply is nearly equally split between the three broad class groups and whilst half the number of hotels are small in size, the large majority of room supply is in branded hotels with an average size of 148 rooms. Aparthotels are a growing part of the market.

4.2.1 Room night supply

The annual supply of room nights is available through CoStar/STR data for a selected area using their weighting methodology. By taking a rolling 12 months view of this we can see how supply is changing over time. The growth in 12 month supply room nights between Feb 2020 and Feb 2025 is 32.7%.

Exhibit 13: Cambridge – 12 month rolling room night supply



Source: CoStar/STR

The graph shows a big uptick in supply after the pandemic. Whilst there have also been closings and changes of room count in existing hotels, this growth includes the 2021 openings of the Curio Fellows House, Hyatt Centric and Locke at Eddington and the Novotel Cambridge North. In 2024 the Premier Inn City Centre (Corn Exchange / Lion Yard) also opened. These five hotels represent 835 rooms, which is 24% of the current supply.

Prior to the pandemic but since 2012, other new properties were the Premier Inn City East in 2012, and the ibis and Clayton near the station in 2016/2017. These 3 properties represent 512 rooms, which is 15% of the current room supply.

Taken together, this represents 8 new properties over 13 years. This is 1347 rooms in total and 38% of the current supply. It equates to 104 new rooms per year. At the same time, there have been a few closings and the disruption of the pandemic.

4.2.2 Closures

Closures listed by CoStar include the following for the area, and total 174 rooms:

- The Royal Cambridge Hotel (57 rooms) on Trumpington Street closed in 2020 during the pandemic. It is owned by the University of Cambridge and there is a desire to bring it back to use but potential schemes to date have not been realised and it is also part of a larger estate to the west that is under review. It is not clear if and when the hotel will re-enter the market.
- Hotel Felix (52 rooms) in Girton also closed during the pandemic. Its future use was much debated but the current position is that it is to be demolished and an 80-bed care home developed.
- Lovell Lodge Hotel (35 rooms) on Milton Road was converted into apartments. Some of these are offered for short and long term stays as part of the alternative accommodation market.
- Smaller properties include Warkworth House (16 rooms) and Apple Apartments (14 rooms)

4.3 Greater Cambridge Wider Area

The supply identified for beyond 3 miles from Cambridge centre and up to the South Cambridgeshire boundary is shown below.

Exhibit 14: Hotel Supply within Greater Cambridge Wider Area

Map Ref	Property	Class	Rooms	Major group	Type	Location
Large and Extra Large (110 rooms plus)						
1	The Cambridge Belfry	Upscale	120		Hotel	Cambourne
2	Holiday Inn Express Cambridge West Cambourne	Upper Midscale	144	IHG	Hotel	Cambourne
Small and Medium (10 - 109 rooms)						
3	Quy Mill Hotel & Spa	Upscale	51		Hotel	Quy
4	Holiday Inn Express Cambridge Duxford M11 JCT10	Upper Midscale	73	IHG	Hotel	Whittlesford
5	Ramada Cambridge	Midscale	81	Ramada	Hotel	A14 Services
6	Travelodge Cambridge Fourwentways Hotel	Economy	71	Travelodge, UK	Hotel	A11 Little Abington
7	Travelodge Cambridge Swavesey Hotel	Economy	36	Travelodge, UK	Hotel	Swavesey
8	Duxford Lodge Hotel & Restaurant	Upscale	15	-	Hotel	Duxford
9	Coach House Hotel	Upper Midscale	22	-	Hotel	Flint Cross
10	Stay Inn Express (Iway Inn Hotel)	Upper Midscale	20	-	Hotel	Papworth Everard
11	Zaheer's Hotel & Restaurant	Upper Midscale	11	-	Hotel	Ashwell & Morden station
12	Cambridge Motel	Upper Midscale	10	-	Hotel	Shepreth
13	The Old Red Lion	Midscale	12	-	Hotel	Horseheath
	Whitehouse Lodge	Economy	20	-	Hotel	Waterbeach
14	The Red Lion Whittlesford Bridge	Economy	18	-	Hotel	Whittlesford
	Shelford Lodge	Economy	12	-	Hotel	Great Shelford
15	The Golden Ball	Economy	11	Wells & Co.	Hotel	Boxworth
Total rooms			727			
Total properties			17			

Source: CoStar Hotels Database, Colliers

Exhibit 15: Map of Hotel Supply within Greater Cambridge Wider Area, excluding those hotels within 3 miles of Cambridge



Source: CoStar Hotels Database

* Some properties are located in the same place and so markers overlap each other, for example at Cambourne and Travelodge Swavesey and Ramada on the A14. The purpose of the map however is purely to show distribution.

** Please note that Whitehouse Lodge and Shelford Lodge are missing from the map due to not being listed on CoStar.

The hotel supply in Greater Cambridge supply comprises of 17 open and trading hotels (with a minimum of 10 rooms) totalling 727 rooms, a much smaller market than within 3-miles of Cambridge city centre (21% of the size in terms of rooms). The table displayed below shows the structure of the hotel market.

Due to the rural nature of South Cambridgeshire, the area benefits not only from traditional hotel style accommodation, but also alternative accommodation types, such as campsites and pubs with a small number of rooms.

Exhibit 16: Greater Cambridge Hotel Market Structure

Class	No. of Hotels	% of Hotels	No. of Rooms	% of Rooms
Economy	6	35%	168	23%
Midscale	2	12%	93	13%
Upper Midscale	6	35%	280	39%
Upscale	3	18%	186	26%
Upper Upscale	0	0%	0	0%
Luxury	0	0%	0	0%
Total	17	100%	727	100%

Hotel Type	No. of Hotels	% of Hotels	No. of Rooms	% of Rooms	Avg. Size
Branded	6	35%	416	57%	69
Independent	11	65%	311	43%	28
Total	17	100%	727	100%	43

Hotel Size	No. of Hotels	% of Hotels	No. of Rooms	% of Rooms
Extra-Large (180+ rooms)	0	0%	0	0%
Large (110-179+ rooms)	2	12%	264	36%
Medium (60-109 rooms)	3	18%	225	31%
Small (10-59 rooms)	12	71%	238	33%
Total	17	100%	727	100%

Hotel Size	Branded Hotels	% of Branded Hotels	Branded Rooms	% of Branded Rooms
Extra-Large (180+ rooms)	0	0%	0	0%
Large (110-179+ rooms)	1	17%	144	35%
Medium (60-109 rooms)	3	50%	225	54%
Small (10-59 rooms)	2	33%	47	11%
Total	6	100%	416	100%

Source: CoStar Hotels Database

Upper midscale hotels account for the largest proportion of hotel rooms at 39%, followed by upscale hotels (26%) and economy properties (23%). Midscale hotels account for the smallest proportion of bedroom stock, representing 13% of room stock. There are no upper upscale or luxury properties present in the market. This means the supply across the three broad class groups is 36% economy and midscale, 64%, upper midscale and upscale, 0% upper upscale and luxury. This shows a similar share of economy/midscale to the Cambridge properties, although slightly larger, but the remainder not reaching above upscale positioning.

The majority of rooms within Greater Cambridge Wider Area are branded operations (57%), with an average room count of 69 rooms. In contrast the 11 independent properties have an average room count of 28 rooms. In comparison to properties within a 3-mile radius of Cambridge city centre, branded hotels are much smaller at 69 compared to 148 rooms but the independent hotels are of similar size.

The market comprises a fairly even split between small, medium and large properties, accounting for 33%, 31% and 36% of rooms respectively. There are no hotels within the area with more than 180 bedrooms, a stark contrast to those within a 3-mile radius of Cambridge city centre. There are only two large properties, both in Cambourne.

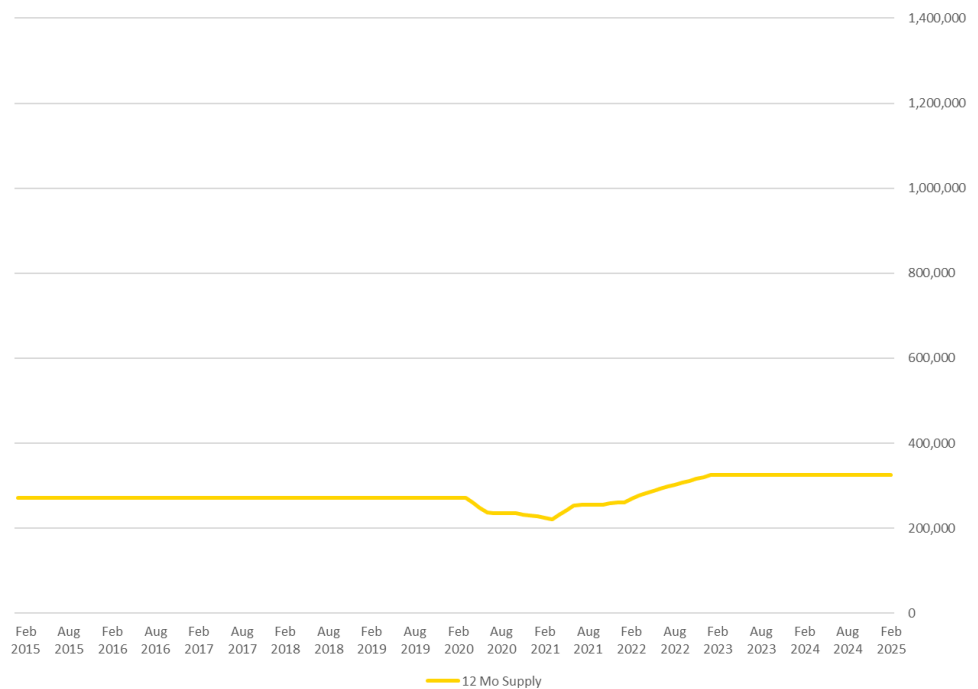
The branded properties range from a pub with rooms (11 rooms) to the Holiday Inn Express in Cambourne (144 rooms), with the other four between 36-81 rooms.

In summary, total room supply in the area is much, much less than in Cambridge and the hotels are smaller. The proportion of branded properties is less, but branded room supply is greater than the room supply of independent hotels. The only large hotels are the two in Cambourne. All the large hotels are located close to key road arteries.

4.3.1 Room night supply

The rolling 12 months supply of room nights data weighted for the area selected is shown below. The same axis scale for Cambridge is used to show comparative volume. The growth in 12 month supply room nights between Feb 2020 and Feb 2025 is 19.9%. This is largely due to the opening of the 144-room Holiday Inn Express West Cambourne.

Exhibit 17: Greater Cambridge wider area – 12 month rolling room night supply



Source: CoStar/STR

4.3.2 Closures

Closures listed by CoStar include the following for the area, totalling 167 rooms:

- Best Western Signature Collection Bar Hill Hotel (136 rooms) is currently being used to accommodate asylum seekers. We understand however this will finish in July 2025. Its future use is unknown. There has been new housing development directly adjacent. If the property is to return to hotel use it will require a period for refurbishing. The golf course adjacent to the property has been kept going separately during the hotel's time in government contract.
- Travelodge Cambridge Lolworth (20 rooms) on Huntingdon Road
- Smaller properties of The Hardwicke Arms (11 rooms) has closed and Silverwood Lodge Guesthouse is listed as temporarily closed for renovation.

4.4 Pipeline Supply

4.4.1 Pipeline and potential projects - Cambridge

The pipeline projects for Cambridge are the following:

- Wilde Cambridge (227 rooms, upper upscale). This project by StayCity Group opens in July 2025. It is located on Park Street near the Round Church between Jesus and St John's colleges. It will be an aparthotel with studios and one-bedroom apartments.
- The Hobson Cambridge (56 rooms, upscale) is an independent all-suite hotel. It has relatively recently changed hands and has had little information available online pre-opening. We had understood however that it was nearly complete and would have a 2025 opening. Adina Hotels website currently offers bookings from November 2025.

There are also potential new room projects:

- Premier Inn at the Grafton Centre (120 rooms, economy). A permission has existed for some time as part of redevelopment plans. A previous proposal was for a 153-room Premier Inn. The site is within the centre, adjacent to the cinema. There are also wider plans for the centre for life science labs by the new owner. The hotel plans are due to be pursued with completion of the development in its entirety planned for the end of 2027.
- Residence Inn by Marriott Cambridge (134 rooms, upscale) at Mitchams Corner on Chesterton Road. This project is lined up with a site, permission and operator. It is currently being advertised for a developer / investor to take it forward. If this is successful, a 2027/28 opening could be expected.
- Clayton Hotel has the opportunity to expand with permissions permitting an extension of 30 rooms to the current 160. We understand however that this is not being pursued at the present time.
- Orchard Park near A14 junction 32 includes a permission for an 80 room aparthotel and 137 room hotel.
- Shire Hall is proposed to be redeveloped with a 250-year lease recently signed in June 2025 with Cambridge Apartment Hotels Ltd, a subsidiary of Lamington Group. The future scheme is not yet known regarding quantity or type of operation but the company is known for progressing sustainability-focused aparthotels. (A previous potential scheme for the building was for 225 serviced apartments.)

- There is a possible scheme for 43 serviced apartments at the Romsey Labour Club on Mill Road but no update is available on status. It is not clear if these would be managed as a hotel-style offer. (Given the scale we have assumed not.)

4.4.2 Pipeline and potential projects – Greater Cambridge wider area

There is no confirmed new pipeline of hotels in the area beyond 3 miles from Cambridge in South Cambridgeshire.

There are a couple of potential new room projects however:

- Quay Mill Hotel and Spa (45 rooms) has permission for an extension to become 96 rooms. This offers potential for the future, however realising the project at the current time is challenged by construction costs and other factors. The hotel is close to A14 Junction 35 and areas of change in Cambridge East.
- A gastro pub with rooms (18 rooms) forms part of a future £250 million redevelopment plan for Melbourn Science Park, owned by Bruntwood SciTech, and located on the A10 near Royston. The wider scheme was approved in 2024. Realisation of the hotel will be linked to the wider plans timescale.

Additional potential hotel provision is considered as part of planned growth areas. These are discussed in section 3.6. They include:

- Northstowe - town centre strategy allowance of 8,300 sqm for a possible hotel use;
- Waterbeach New Town West - outline permission includes a potential hotel;
- Bourn Airfield - the outline permission allows for a potential hotel (4,400 sqm GIA); and
- Wellcome Genome Campus (nr Hinxton) - The expansion proposal includes an additional conference centre and 175-room hotel, with the expectation this would be for Campus conference-related business. (We would therefore not include this in our hotel supply but consider it part of alternative accommodation.).

4.4.3 Potential Hotel Projects that have not happened

We note that several permissions have been granted for new hotels or extensions that have not then been delivered to date.

The reasons will vary, but what is evident is that offering permission is only part of the equation. Existing or previous permissions may be revisited in time, or not at all, or permissions for a different use may be sought.

Examples of unfulfilled permissions include a potential hotel (Village Hotel) as part of the redevelopment of Milton Science Park; a 2014 permission for a hotel at Cambridge Biomedical Campus; a dated permission for a hotel at Cambridge Research Park; a permission for an easyHotel on Newmarket Road; a change to seeking offices instead of further hotel rooms next to Cambridge station, and a potential hotel at IWM Duxford has not been implemented.

Reasons for not pursuing permitted projects will include how alternative uses perform in development appraisals (eg. for residential, labs or offices), the rising costs of construction and interest rates, adding site value or options prior to market demand and viability justifying rooms, and changes in interests.

Research carried-out by Colliers has found that only 55% of pipeline projects in an area described as “confirmed” were actually delivered two and a half years later. This was a limited piece of research but it did confirm our belief that projects with planning permission will suffer a lot of attrition before rooms are delivered so a pipeline significantly in excess of the target will be required.

Some of the challenges of hotel development are discussed in Section 5.6. The challenge for local authorities however is that more sites may need to be permitted for hotels than are expected to be fulfilled in order to reach sufficient achieved room growth. Further, hotels are part of the infrastructure of a city or region – they enable wider benefit in other businesses, provide social benefit and employment, and support achieving inward investment and city brand promotion. A lack of hotel supply or the right type of supply in the right place has the potential to fuel demand for informally-operated short-lets, which in turn has an impact on housing availability for local residents.

4.4.4 Past growth in hotel supply

It is interesting to understand the pace of past growth in hotel rooms.

A previous study looked at the supply in 2012²⁶ and work in mid-2024 as part of the Destination Management Plan (DMP) explored changes in that supply. The definitions of hotels and geography were different to this current study and so are not comparable with it, but the DMP work shows the change in supply on a comparable basis to the 2012 position. This is shown in the table below.

Exhibit 18: Change in Hotel Supply 2012-2024

Area	Rooms supply 2012	Rooms supply 2024	Net additional room supply	Share of additional rooms
City Centre	820	854	34	2%
Edge of City Centre	317	1,141	824	59%
City Outskirts	836	1,238	402	29%
Beyond City	579	722	143	10%
Total	2552	3955	1403	100%
Growth over period 2012-2024	-	-	55%	-
Average additional rooms per year	-	-	117	-
CAGR 2012-2024			3.7%	

Variance 2012 - 2024 (%)	Total	
	Hotels	Rooms
City Centre	-10%	4%
Edge of City Centre	20%	260%
City Outskirts	-10%	48%
Beyond City	8%	25%
Total	2%	55%
	CAGR	3.7%

²⁶ Cambridge Hotel Futures report for Cambridge City Council, 2012

Source: Strategy & Policy Review Summary and Implications for the Destination Management Plan, 2024

This comparison shows a growth of supply by 55%, with a compound annual growth rate of 3.7%.

The hotel supply of the Cambridge market in mid-2024 on the basis used by the 2012 study was 3,955 bedrooms. This almost already reached the 2026 high growth projection of 4,025 bedrooms as forecasted in that study, and supply would surpass the projection by 2026.

New supply and upgrades have responded to expectations for more 4 star hotels, more aparthotels and budget provision in the city centre, as well as hotels near Cambridge Business Park, at the station and in West Cambridge.

4.5 **Alternative Accommodation**

In addition to formal hotels, there are a number of other types of property that will attract an element of demand and have some influence on hotel room pricing. These include the following:

- Apartments that are centrally managed
- University rooms that are offered for use, especially out of term time
- Conference facilities run by the university or institutions with a large rooms capacity
- Informal short stay lettings, including Airbnb / VRBO – shared economy alternative accommodation

This accommodation is not the focus of this hotels study but an overview is provided in this subsection for context. Each element is explained. Useful insight on part of the market is available from AirDNA for the shared economy alternative accommodation element and so attention is given to this including supply and demand performance.

These alternative accommodation provisions are largely not recorded on CoStar since providing accommodation on a commercial basis is not the core activity / use type of many of these buildings. Aspects of provision are advertised on various booking sites such as Booking.com and universityrooms.com as

well as Airbnb and VRBO. Managed apartment properties also have their own websites and booking systems.

4.5.1 Short-stay Lettings - Centrally Managed Apartments

These units are a type of serviced apartment. They are managed by a company that manages several apartments together. Often a building will include a group of apartments managed by the same company. The buildings look more like residential properties than hotels.

Key players in Cambridge include:

- CityStay – 126 units across Cambridge. CityStay advertise 19 buildings of apartments. The equivalent hotel positioning is ‘upscale’ due to the price point.
- Your Space Apartments – 75 units across Cambridge. The equivalent hotel positioning is ‘upscale’.
- Nobleo Apartments – 10 are listed, with an ‘upper midscale’ positioning.
- Other companies include Tas Apartments and Signet.

We consider these types of apartments to be distinct from hotel-style serviced apartment provision that provides an experience more similar to a hotel, such as providing a reception and having some core central amenity. The Turing Locke is an example of hotel-style serviced apartments.

CityStay also operates The Regent as an aparthotel with 4 classic hotel rooms and 18 studio apartments. This is included in our hotel supply.

Serviced apartments of any type offer guests the potential for self-catering and often more options in size / use / number of bedrooms. They may be used for short stay but also particularly appeal for longer stays, including for guests staying on business or needing temporary living accommodation.

4.5.2 University Rooms

Many university colleges offer rooms for public booking when they are not being used for university use. An extensive listing of these can be found on [universityrooms.com](https://www.universityrooms.com) and platforms such as Booking.com also include some. For most of the year, colleges are using most of their rooms but a generic room listing can represent one or many rooms available.

From our interviews we understand that colleges tend to fill their large volume accommodation offer, which becomes available out of term time, separately to putting it out to the public market. They frequently have 'summer school' bookings that are arranged directly, or use the time for refurbishments. The offer available to the public therefore is a relatively limited number of rooms in certain colleges. There is some term time offer but it is small in number.

The experience offered in university rooms is quite distinct from a hotel offering. It can range from a single bed student room to rooms more intended for conference guests and university visitors. The rooms are offered to the public to drive extra revenue but the provision is not part of the fully-commercial accommodation market.

4.5.3 University and Institute Conference Facilities

There are additionally hotel and conference facilities associated or run by the University of Cambridge and other institutions such as the Wellcome Trust. This provision includes the following:

- Madingley Hall - 62 ensuite rooms. This is a university conference centre and the base of the Institute for Continuing Education. It describes itself as follows: 'the Hall is one of the few University venues to offer all year-round availability for residential and non-residential events ... Although not an hotel, Madingley Hall offers quality campus accommodation, 24 hour reception, a Bar, a personal service and breakfast'. It is presented for booking a room on any single night throughout the year but it is also 'regularly used for educational and training events'.
- Moller Institute – 92 ensuite rooms. This is a conference centre owned by Churchill college. Nightly options for bookings appear available to make but only within a short forward timeframe to July at the time of research.
- Hinxton Hall - 126 midscale rooms. This conference centre with accommodation is located at the Wellcome Trust Genome Campus. The online booking portal suggests requiring a conference code in order to book, or availability was present on Booking.com but with no dates offered after early September. (We note the Genome Campus expansion plans also include plans for a further 5,000 sqm of hotel accommodation, which is assumed to be for similar purpose).

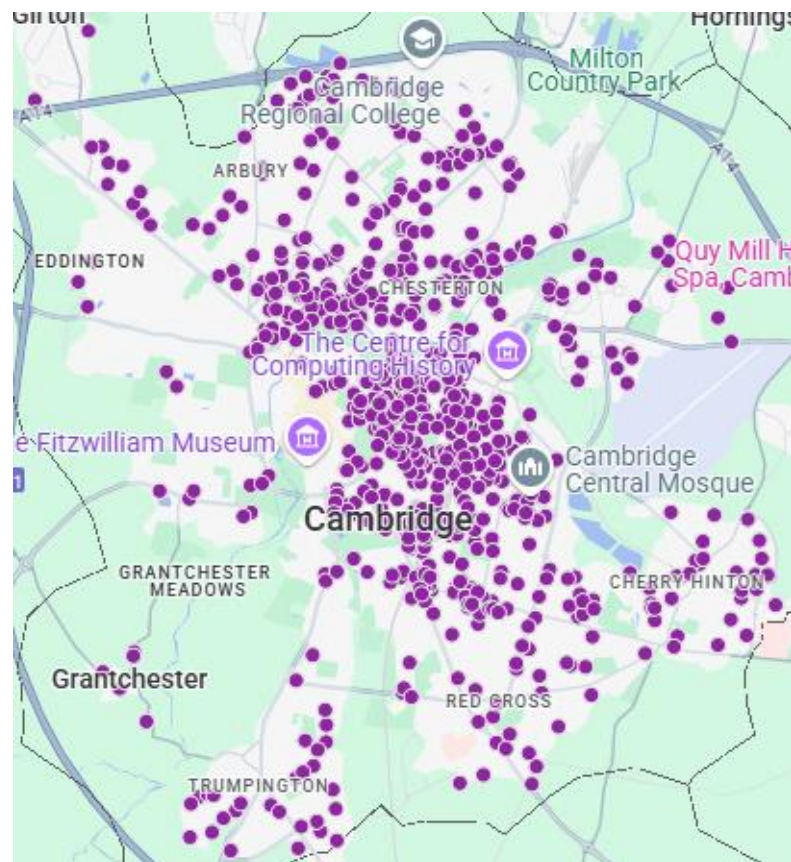
We have not included the above properties in our hotel supply since we do not consider them fully-public open and commercial facilities. Some of the provision would have an influence on local hotel demand however, such as near the Wellcome Trust Genome Campus.

4.5.4 Short stay lettings – AirDNA insight

We provide below an overview of the supply and performance of the shared economy sector, based on Airbnb/Vrbo property listings, within the Cambridge submarket as defined by AirDNA. (We note that AirDNA submarkets do not align with local authority district boundaries, nor are we able to define boundaries ourselves.)

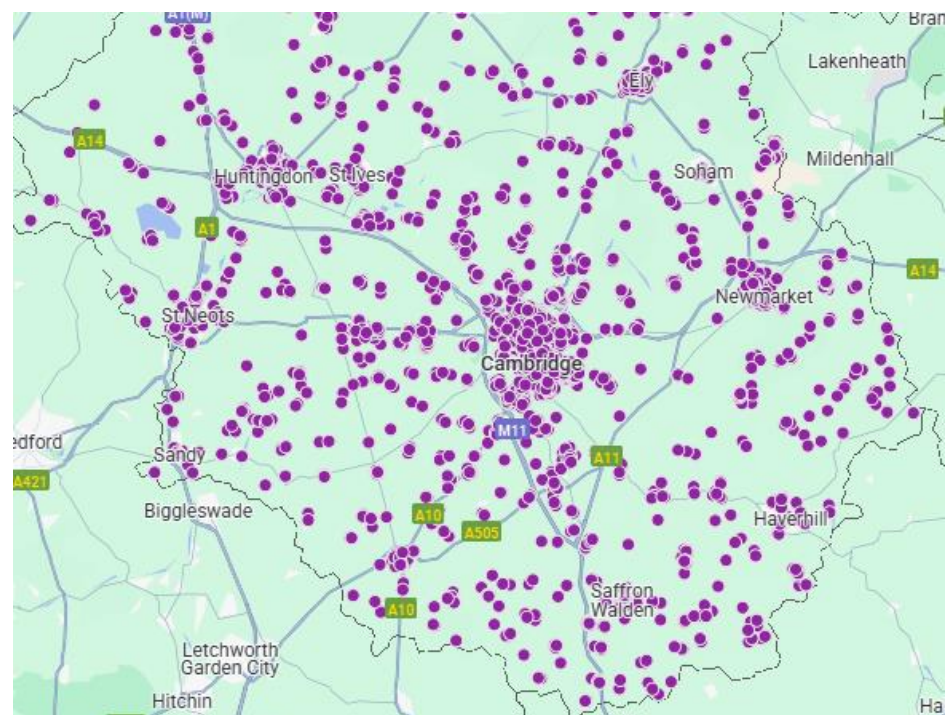
The map below illustrates the distribution of supply. It is strongly clustered within the main city centre area, with other pockets of supply towards the south of Cambridge, nearby to the Cambridge Biomedical Campus and Trumpington, and by Cambridge North station and Cambridge Business Park.

Exhibit 19: Airbnb/Vrbo listed supply in central Cambridge



Source: AirDNA

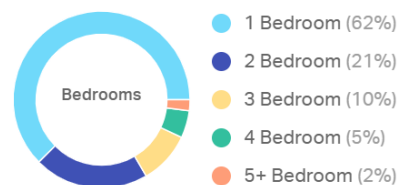
Exhibit 20: Airbnb/Vrbo listed supply in and around Cambridge



Source: AirDNA

At the time of our research (May 2025), there were a total of 1,050 active rentals in the AirDNA-defined Cambridge submarket. Over half, 62%, of all rentals are one bedroom/studio, followed by 21% of properties having 2-bedrooms and 10% of listings are 3-bedroom.

Exhibit 21: Listings by Rental Size

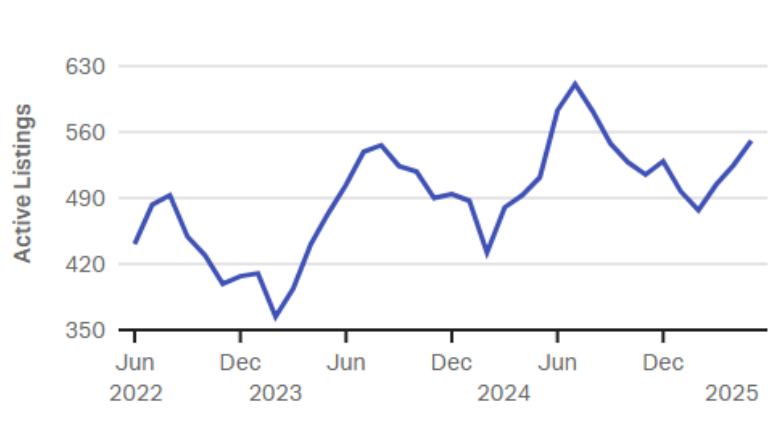


Source: AirDNA

Entire home rentals were the most popular listing type, accounting for 65% of all supply. Over half of these (75%) were studio, 1-bedroom and 2-bedroom homes. There were no shared rentals in the area. 63% of properties were advertised on Airbnb, 7% on Vrbo and 30% on both websites.

The graph below shows active listing growth between June 2022 and May 2025. This shows a growing market, with 8% growth in this period.

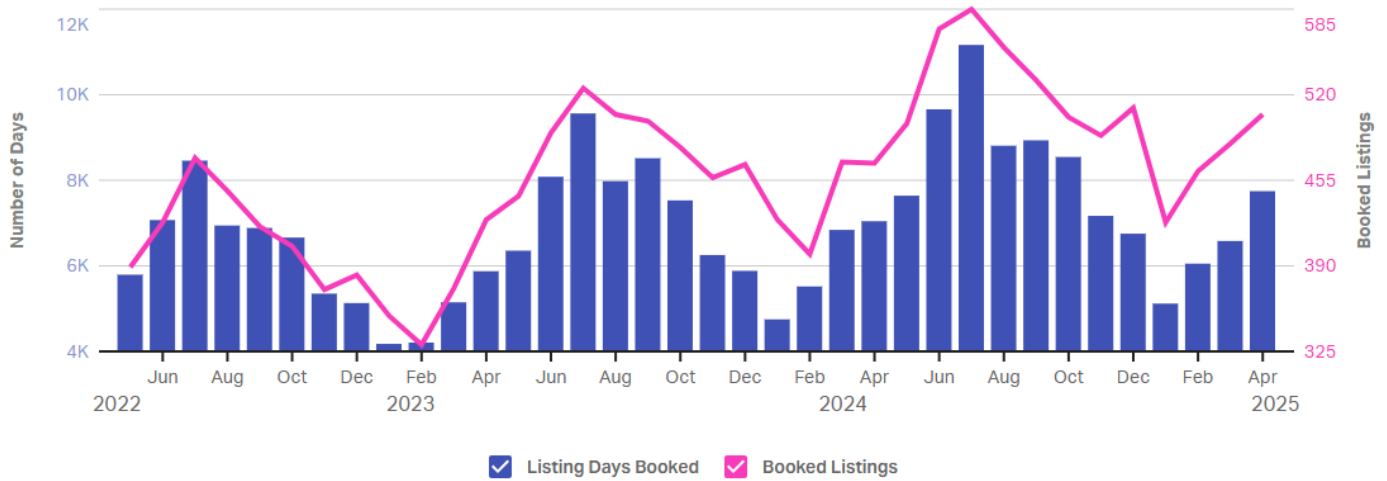
Exhibit 22: Rental/Listing Growth – June 2022 – May 2025



Source: AirDNA

Bookings also show a similar growth pattern, as shown below. It is also evident that bookings are not only growing in the high season but also year round.

Exhibit 23: Booking Demand – May 2022 – April 2025

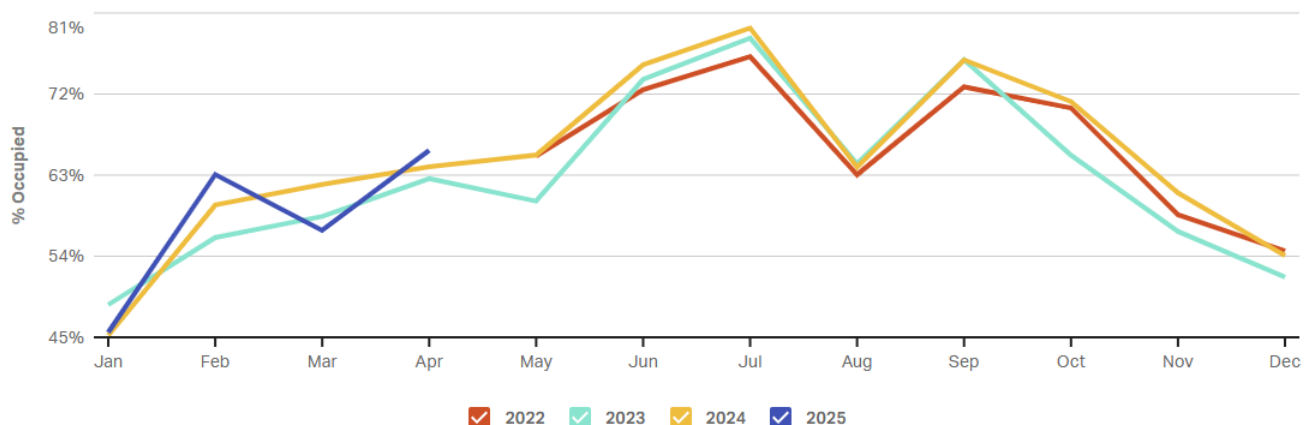


Source: AirDNA

Occupancy

The graphs below demonstrate monthly occupancy levels and booking demand for entire homes with up to two bedrooms (collectively comprising studio, 1-bedroom and 2-bedroom units) within the AirDNA Cambridge submarket for the period from May 2022 to April 2025.

Exhibit 24: Average Monthly Occupancy, Cambridge Submarket – May 2022 – April 2025



Source: AirDNA

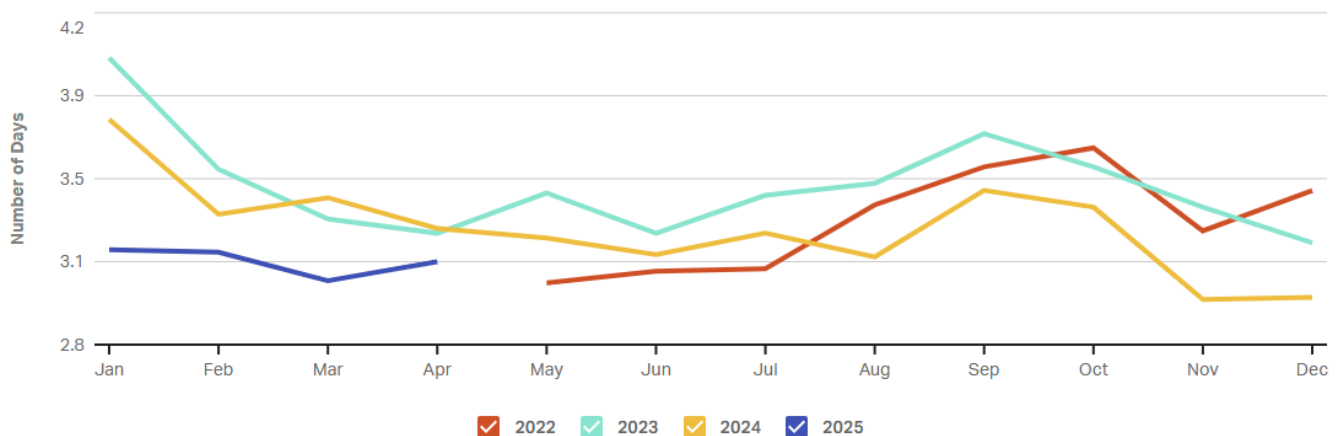
This shows similarities to the occupancy profile for hotels but with lower lows and less strong highs. The August dip is evident. The highest occupancy over the period was recorded at 79% in July 2024, whilst the lowest was 45% in January 2024. It is

important to note, however, that occupancy levels are highly dependent on the number of units available/active during each period and for a shared economy property owners can select when they offer the property to the market and when to use it or rent it in other ways.

Overall, 2024 demand outpaced 2023 demand for the majority of the year, whilst 2025 demand so far has outpaced 2024 aside from in March. Again, this suggests a growing demand.

Average length of stay is shown below for the previous 3 years, between May 2022 and April 2025. Length of stay peaked in January 2023, with an average of 4 nights. The average length of stay appears to peak during September/October time and has been historically high in January. So far in 2025, the average length of stay is shorter than in recent years at approximately 3 nights.

Exhibit 25: Average Length of Stay, May 2022-April 2025



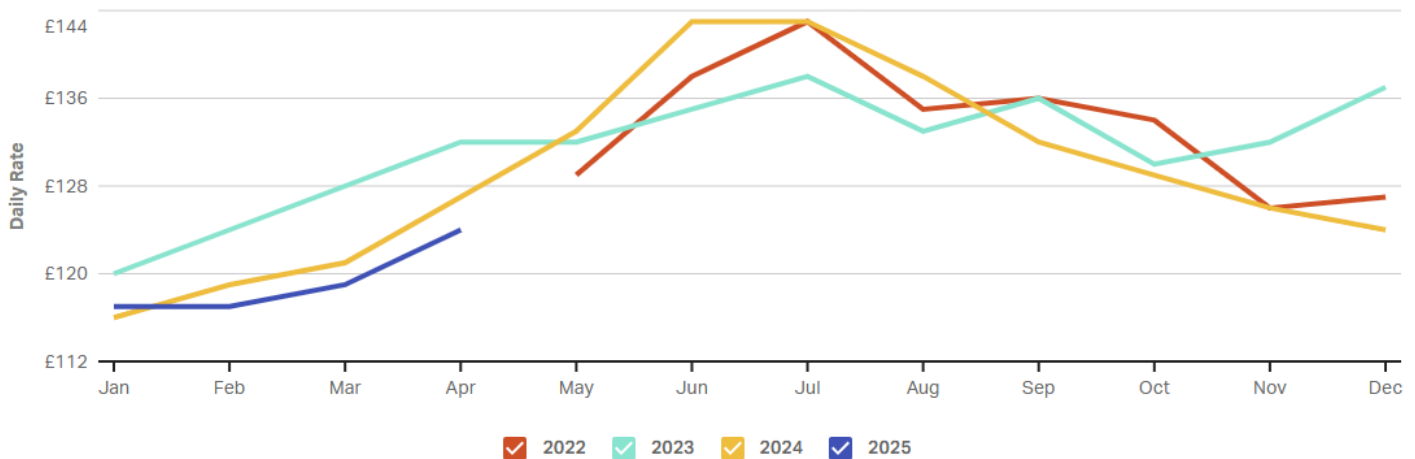
Source: AirDNA

Rate

We show rates as presented by AirDNA below. These are recorded on a slightly different basis to that for hotels and so are not directly comparable (they include additional fees charged), but the relative positions within the data displayed are interesting to note.

The graph below shows monthly ADR performance for entire homes with up to two bedrooms (collectively comprising studio, 1-bedroom and 2-bedroom units) within the AirDNA defined Cambridge submarket for the period from May 2022 to April 2025.

Exhibit 26: Average Daily Rate, Cambridge Submarket – May 2022 – April 2025



Source: AirDNA

ADR performance for these properties follows a similar pattern as demand (occupancy) in terms of the strongest rates achieved being during the core summer months and the lowest over the winter/off-peak season. This is with exception of August, where rates achieved are on par with those September and October, which typically experience higher demand than August.

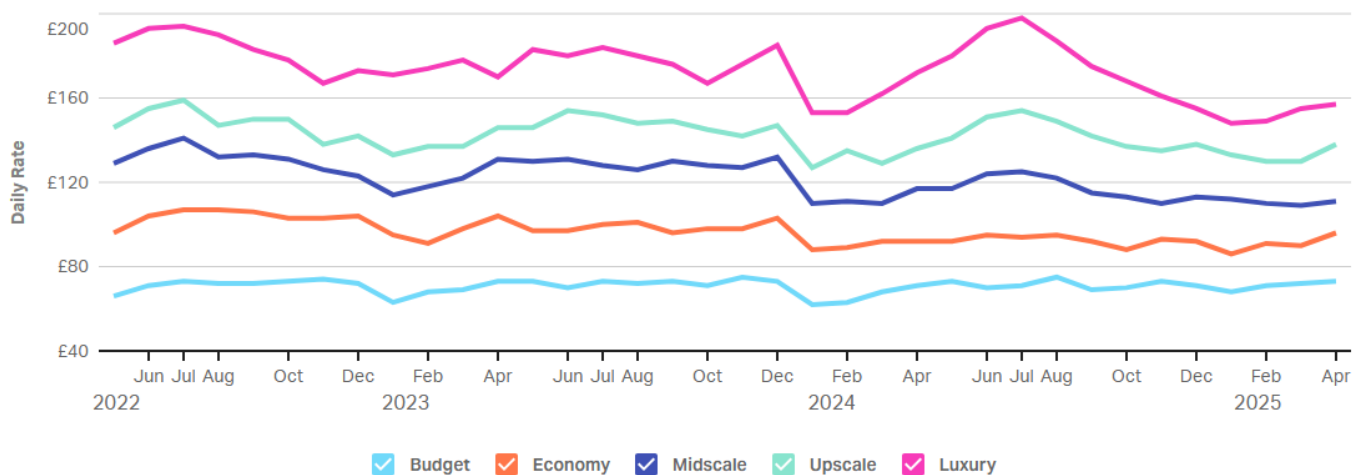
Despite 2025 seeing mostly higher demand than 2024, rates achieved are behind both 2023 and 2024, suggesting that rates are softening to maintain occupancy levels.

The graph below shows average daily rate across the listing sectors. As expected, this shows a higher daily rate achieved for the luxury class properties and lower for the budget end of the market. The data shows that the trend across the year follows a

similar pattern across the classes, and broadly reflects hotel demand, with higher demand between June and September and dips in demand in the winter/off-peak season.

Whilst direct comparison with hotels is not appropriate, there are similarities in level, which shows the price competition that this relatively unregulated market can have on hotels.

Exhibit 27: Average Daily Rate by Class, May 2022 - April 2025

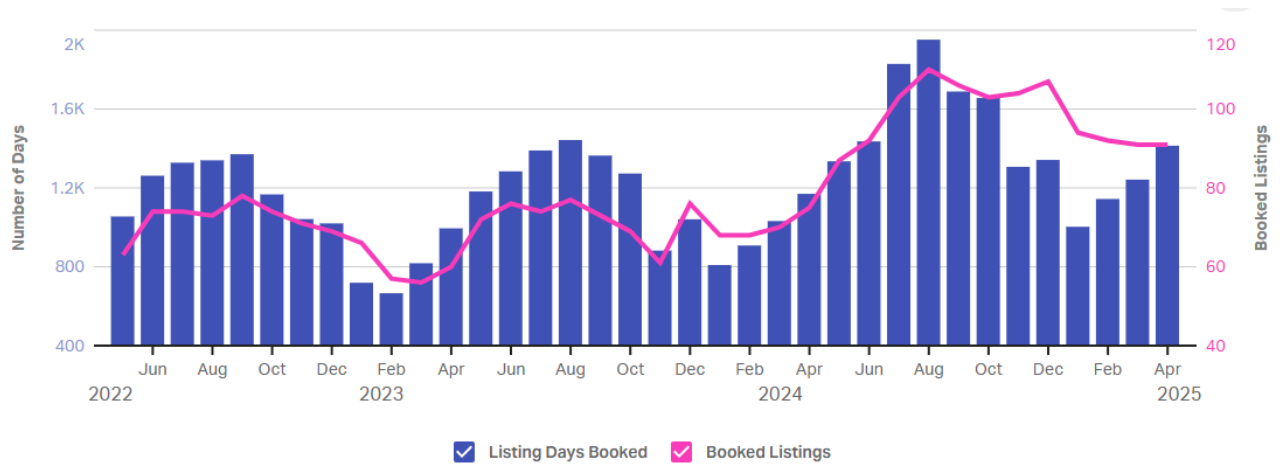


Source: AirDNA

Growth outside of Cambridge

It is interesting to note that the growth presented above is not only driven by demand for Cambridge city locations. The graph below shows booking demand in the previous three years in the Cambourne submarket (just over 100 listings). This shows an increase in demand over time, and particular growth between 2023 and 2024 performance.

Exhibit 28: Booking Demand of Cambourne – May 2022 – April 2025



Source: AirDNA

5 Demand

5.1 Introduction

In this section we consider the demand for hotels. Firstly, the contextual position of Cambridge in relation to other UK cities with regard to occupancy, rate and RevPAR. We then look at the trend in demand for Greater Cambridge. Subsequently we interrogate the performance of different segments of the market by positioning and geography. We also note the segmentation of demand and consider the appetite of hotel projects.

The key indicators used in this section are:

- Occupancy – Rooms sold as a percentage of rooms available for sale.
- Average Daily Rate (ADR) – Calculated by dividing revenues by the number of rooms sold. (Note this is exclusive of breakfast and VAT.)
- Revenue Per Available Room (RevPAR) – Calculated by dividing rooms revenue by rooms available for sale in the same period. (Essentially this measure combines ADR and occupancy).

In many graphs we have removed the years 2020-2021 since the complete market change during these years is a distraction to observing the trends before and after. The market was still recovering from the pandemic after 2021 and this is visible.

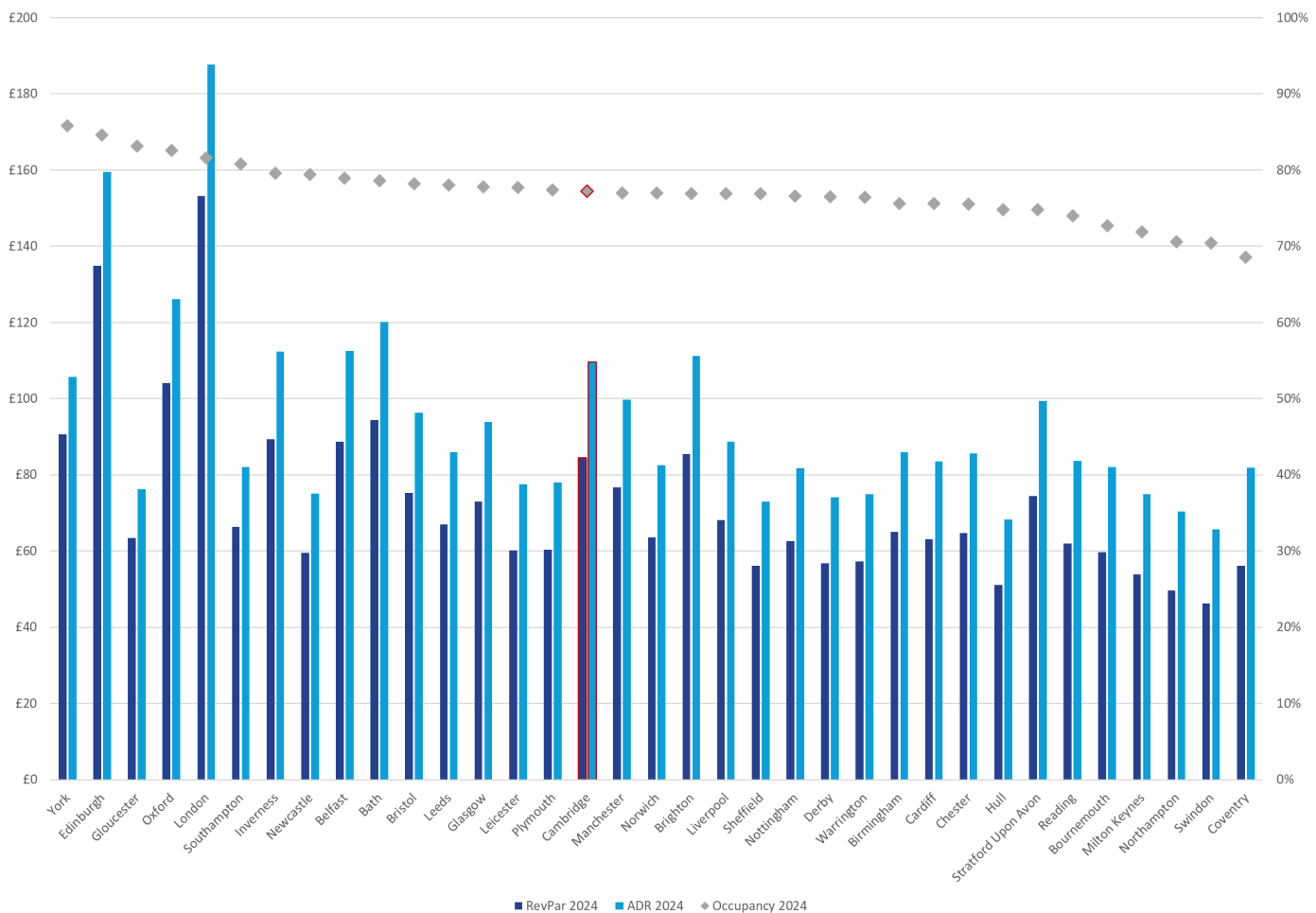
5.2 Contextual positioning

The graph below shows Cambridge in the context of other cities and towns in the UK, shown in occupancy order. This uses STR-defined submarket areas.

In 2024 Cambridge performance was 77.2% occupancy, £110 ADR and £85 RevPAR.

The data shows that Cambridge ADR and RevPAR are in a strong position, with ADR ranking 8th and RevPAR ranking 9th in 2024 amongst the 35 towns and cities. Cambridge had a similar RevPAR to Brighton, although fell below London, Edinburgh, Oxford, Bath, York, Inverness and Belfast. In the Colliers 2025 Hotel Index analysis, using this STR data, we observed that Cambridge ranked 6th for RevPAR growth.

Exhibit 29: City submarket performance 2024



Source: STR

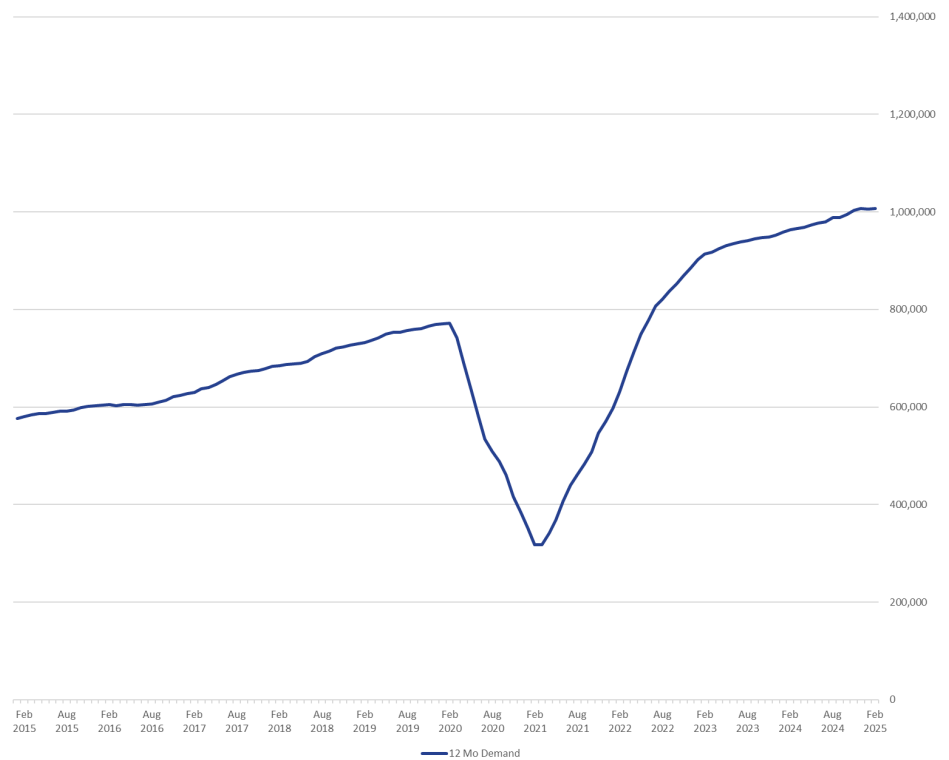
We also consider the room stock and performance of Cambridge in relation to selected comparator cities in Section 6.

5.3 Demand trend

Annual room nights demand (room nights sold) evidence is available through STR data for a selected area using their weighting methodology. By taking a rolling 12 months view of this we can see how demand is changing over time. We show this below for the Cambridge 3-mile radius and for the Greater Cambridge Wider Area.

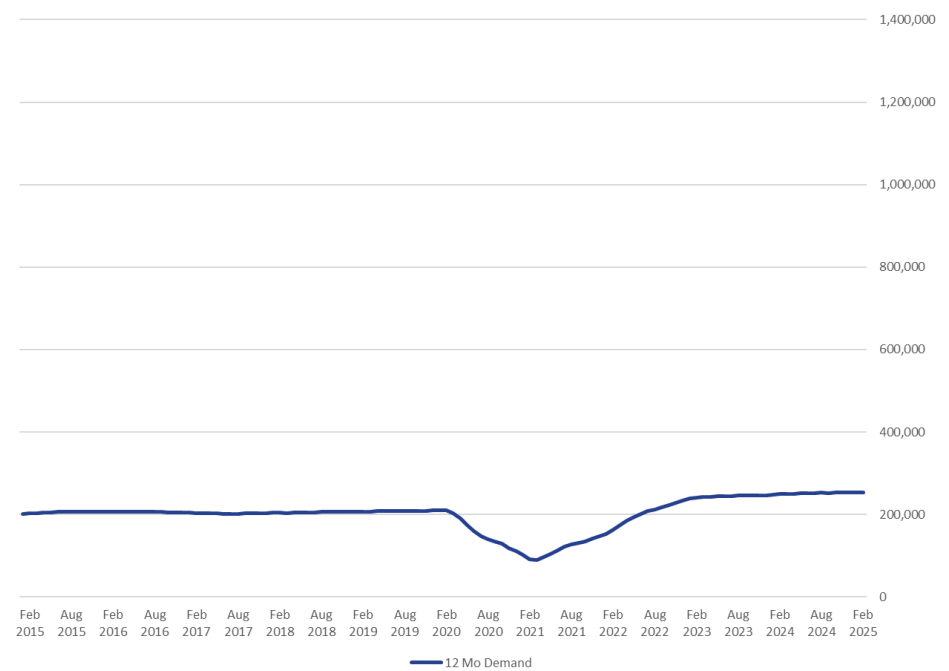
With regard to the relative scale of demand between the two areas we note that the 12-month demand data to February 2025 for the Greater Cambridge Wider Area was 20% of that for the total Greater Cambridge area.

Exhibit 30: Cambridge 12-month rolling demand room nights



Source: STR

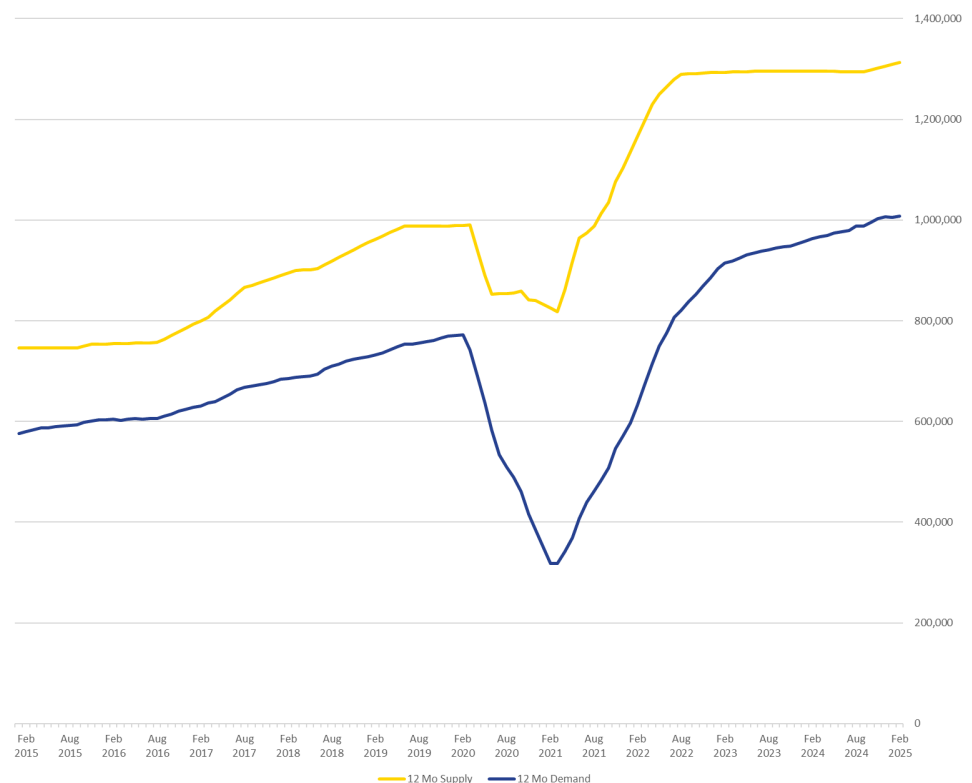
Exhibit 31: Cambridge Wider Area 12-month rolling demand room nights



Source: STR

For the 3-mile Cambridge area, the growth in 12 month demand room nights between Feb 2020 and Feb 2025 was 30.4%. This is slightly lower than supply growth of 32.7%. A graph combining supply and demand is shown below. This shows the consistent demand growth pattern (except for the pandemic years) and also the supply lift that has taken place.

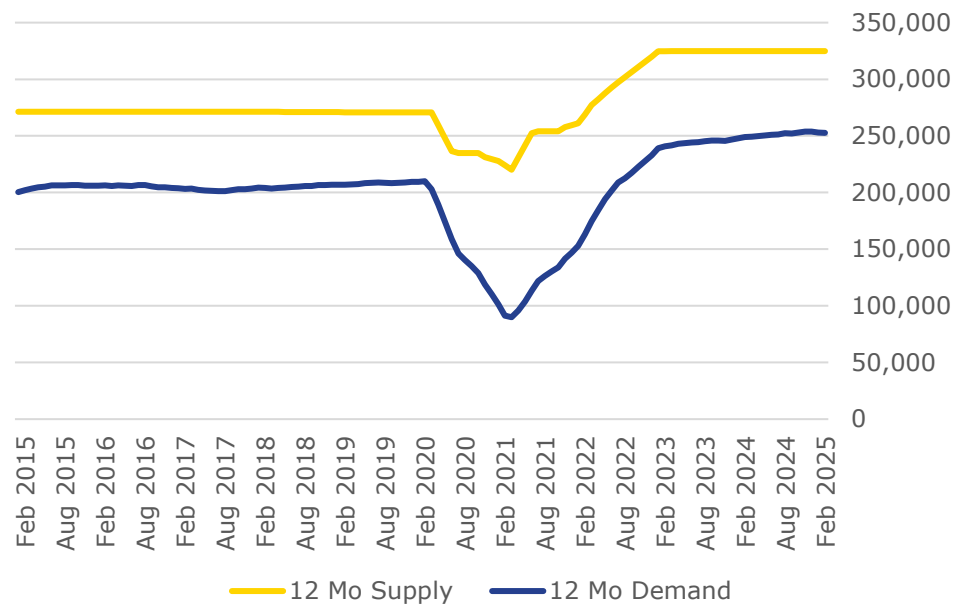
Exhibit 32: Cambridge – 12 month rolling room night demand and supply



Source: STR

For the Greater Cambridge Wider Area, the growth in 12 month demand room nights between Feb 2020 and Feb 2025 was 20.4%. This is slightly greater but very similar to the supply growth of 19.9%. In the graph below we alter the room nights axis to make it easier to view the trends.

Exhibit 33: Greater Cambridge Wider Area - 12 month rolling room night demand and supply



Source: STR

5.4 Selected Set Performance Insights

To understand the dynamics of the hotel market in Cambridge and in the Greater Cambridge Wider Area in more detail, we have commissioned four hotel performance trend reports from STR, a leading global provider of hotel benchmarking data owned by CoStar. The four sets selected are as follows:

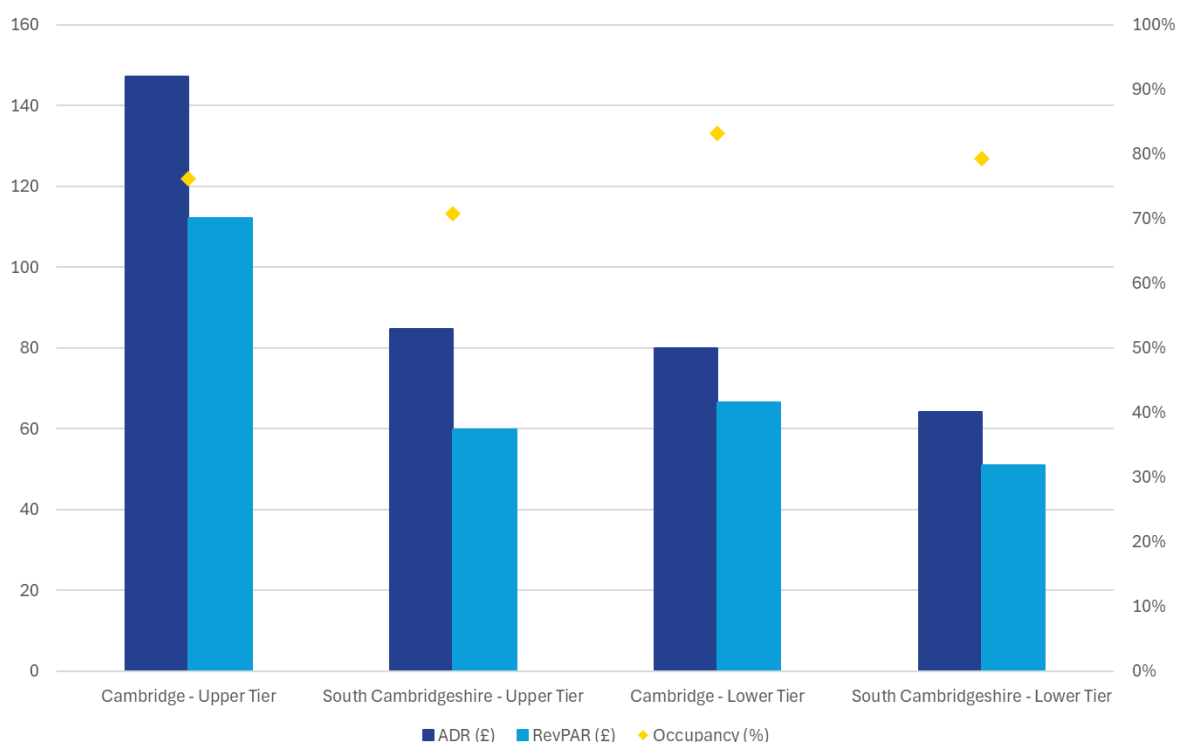
- Cambridge within 3 miles of the centre – Upper tier of the market
- Cambridge within 3 miles of the centre – Lower tier of the market
- South Cambridgeshire - Upper tier of the market
- South Cambridgeshire - Lower tier of the market

We provide an interpretation of the performance comparing the sets below and detailed analysis in a separate Appendix document.

5.4.1 Performance in 2024

Occupancy, ADR and RevPAR performance of all four competitor sets in 2024 are shown in the graph below.

Exhibit 34: Sets Performance – 2024 Occupancy, ADR & RevPAR



Source: STR

Occupancy levels show healthy demand in the market, reaching average levels upwards of 75% across three of the sets in 2024. The Cambridge lower tier set outperformed all other sets in terms of occupancy in 2024 at 83%, followed by the South Cambridgeshire lower tier. Cambridge upper tier achieved a healthy 76% but South Cambridgeshire upper tier achieved only just over 70%.

Lower tier properties are typically run at higher occupancy levels than upper tier and the data suggests that they are successful both in Cambridge and outside (where they are typically located on key road arteries). The levels of occupancy show that if annual demand grows, this supply will not be sufficient to accommodate it. Location in Cambridge is important for occupancy for upper tier properties.

The Cambridge upper tier set achieved the highest ADR performance in 2024, exhibiting levels significantly ahead of all other sets. This combined with the high occupancy levels resulted in the set also achieving the strongest RevPAR level.

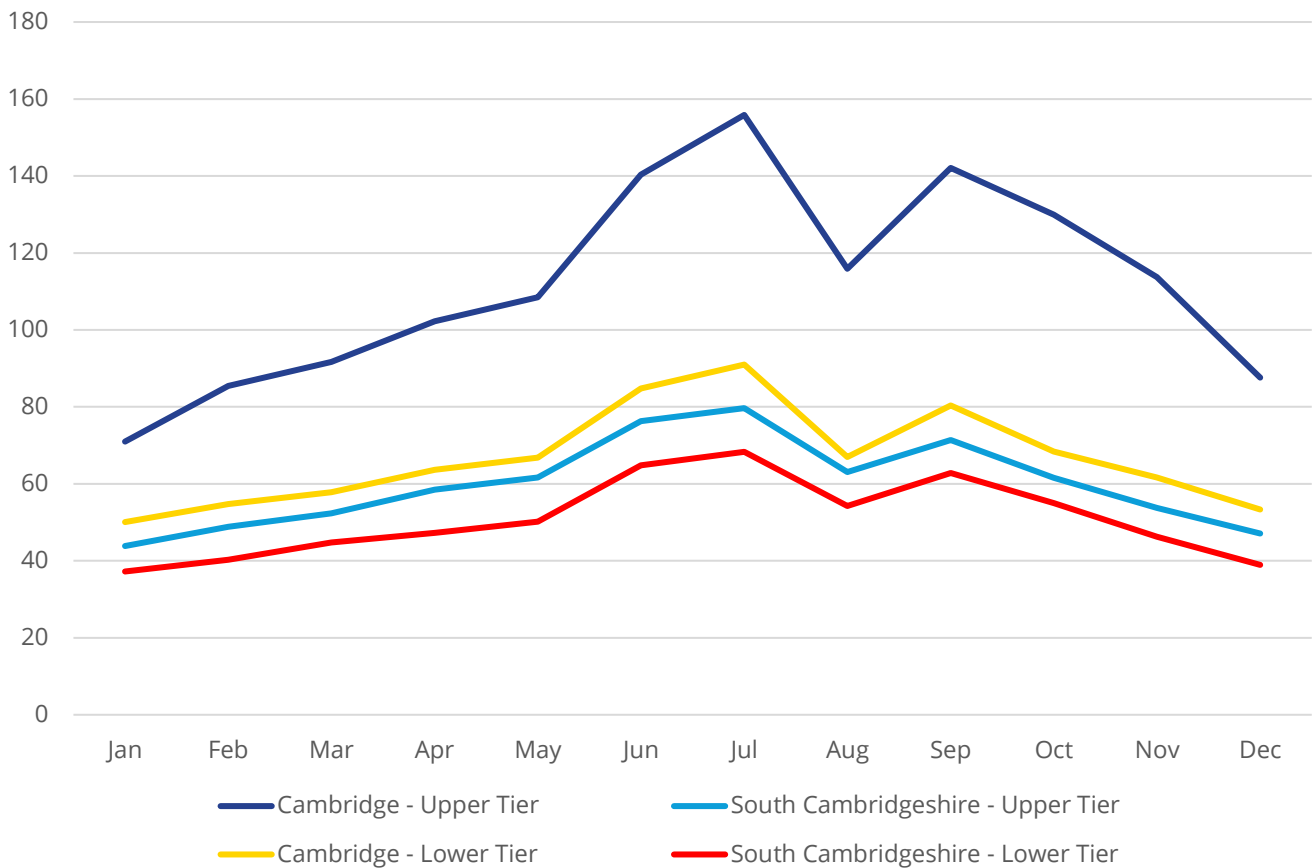
Whilst the South Cambridgeshire upper tier hotels achieved the next strongest ADR, it was the Cambridge lower tier set that obtained the next highest RevPAR performance due to its strong occupancy levels. This suggests that in order to maintain a fair ADR performance, upper tier hotels within South Cambridgeshire may be holding their rates at a higher price point at the expense of occupancy.

Hotels within the lower tier in South Cambridgeshire show the lowest ADR and RevPAR figures for 2024 across all sets, regardless of having the second strongest occupancy. This highlights that a lower tier hotel in a non-central location is unable to command the same rates as those at a higher positioning or a more central location.

5.4.2 Performance in 2024 by month

Monthly RevPAR performance across 2024 is displayed in the graph below for the four sets.

Exhibit 35: Sets Performance - 2024 RevPAR by Month



Source: STR

The Cambridge upper tier set 2024 RevPAR performance consistently and substantially outpaced the other sets each month. At lower RevPAR were Cambridge lower tier properties, the South Cambridgeshire upper tier properties and finally the South Cambridgeshire lower tier properties. The order of performance is consistent across each month.

All the sets followed the same trend throughout the year, where strongest RevPAR performance occurs in June and July, before taking a dip in August and rising again in September. This is especially reflective of a strong corporate travel market but also demonstrates the presence of leisure travel where performance improves throughout the core summer months. In Cambridge the August market suffers since there is little corporate or university-related market at this time and the destination is considered by

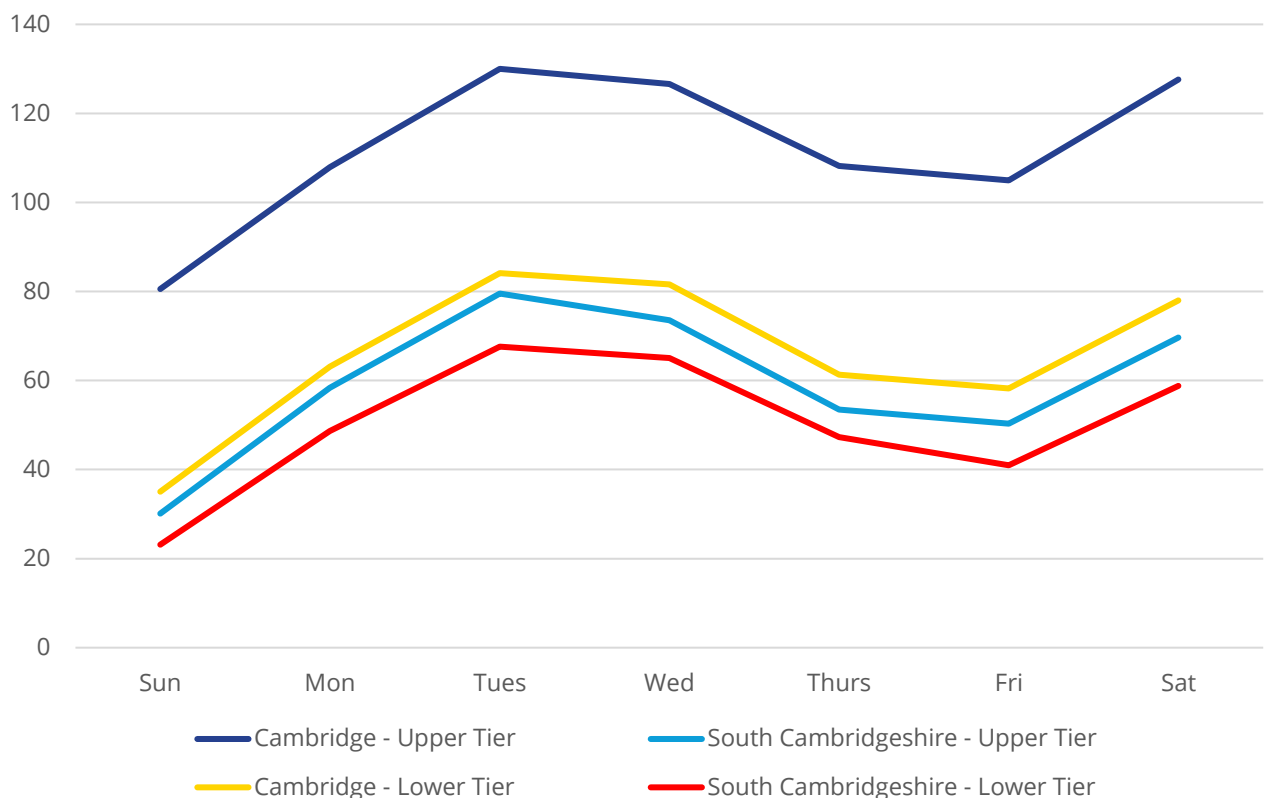
hoteliers to not be well-aligned for attracting UK families with school-age children during the holidays.

The off-peak and shoulder months (between November and March) show a weaker performance than the rest of the year, highlighting a seasonal market, especially in the upper tiers.

5.4.3 Performance in 2024 by Day of the week

Average daily RevPAR performance of all four sets across 2024 is shown below.

Exhibit 36: Sets Performance - 2024 Day of the Week Average



RevPAR

Source: STR

Similarly to the average 2024 monthly RevPAR performance, the Cambridge upper tier set outperformed the other sets in terms of average daily RevPAR performance across the week.

All sets followed the same trend where Tuesdays, Wednesdays and Saturday nights are the peak performing nights of the week. This represents both a corporate and leisure market. As experienced more widely in the UK, the corporate market in

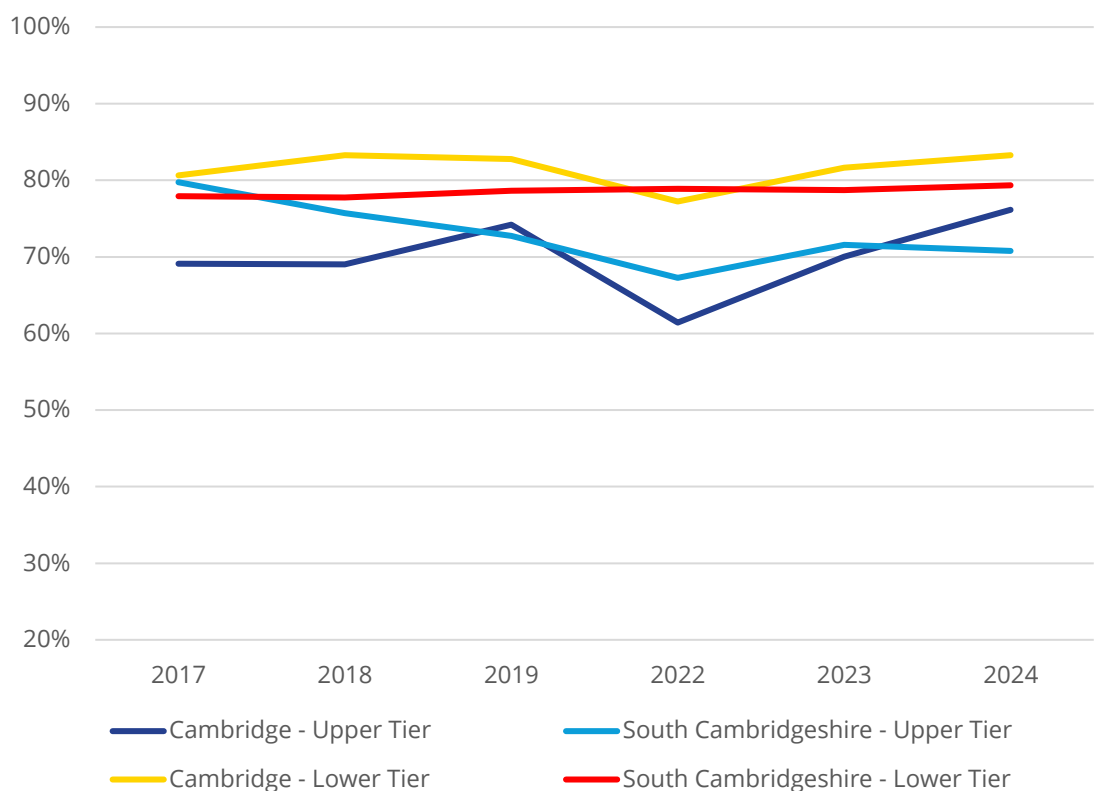
recent times has become more focused on Tuesdays and Wednesdays and less spread to include Mondays and Thursdays. It is interesting that the leisure market is not better filling Friday nights and we note that hoteliers do not feel able in the current market dynamics to require a 2-night minimum stay at weekends, as some locations do. Greater demand drivers for Friday nights and 2-night city break promotion could aid the market. Sunday nights a challenge across all destinations.

5.4.4 Time series performance

OCCUPANCY

The occupancy performance for all sets between 2017 and 2024 is depicted in the graph below. The pandemic years of 2020 and 2021 have been removed.

Exhibit 37: Sets Performance – Occupancy Performance 2017-2024



Source: STR

The sets have seen contrasting trends across the 2017 to 2024 period.

Properties within the South Cambridgeshire lower tier market have seen the most consistent occupancy levels across the period, with an overall slight upward trend. Similarly, the Cambridge lower tier set also saw an overall upward trend between 2017 and 2024, although with a decline in demand levels in 2022 performance, the only year where the set performed behind the South Cambridgeshire lower tier.

Assessing the upper tier sets depicts conflicting trends. Whilst the South Cambridgeshire upper tier set saw a steady decline in occupancy between 2017 and 2019, the Cambridge upper tier hotels experienced a sharp increase in demand between 2018 and 2019, before both sets saw a decline in performance, likely due to recovering following the effects of the Covid-19 pandemic. Both sets saw an improvement in occupancy between 2022 and 2023. Following this, the Cambridge upper tier set continued on an upward trajectory to 2024 whilst the South Cambridgeshire upper tier set again saw a decline in performance.

Overall, this suggests that there is stronger demand for upper tier hotels within Cambridge as opposed to South Cambridgeshire, and a more steady demand base for lower tier hotels within Cambridge as well as across South Cambridgeshire.

ADR

The ADR performance between 2017 and 2024 is shown below in actual year values and then in real terms (in 2024 prices).

Exhibit 38: Sets Performance – ADR Performance 2017-2024

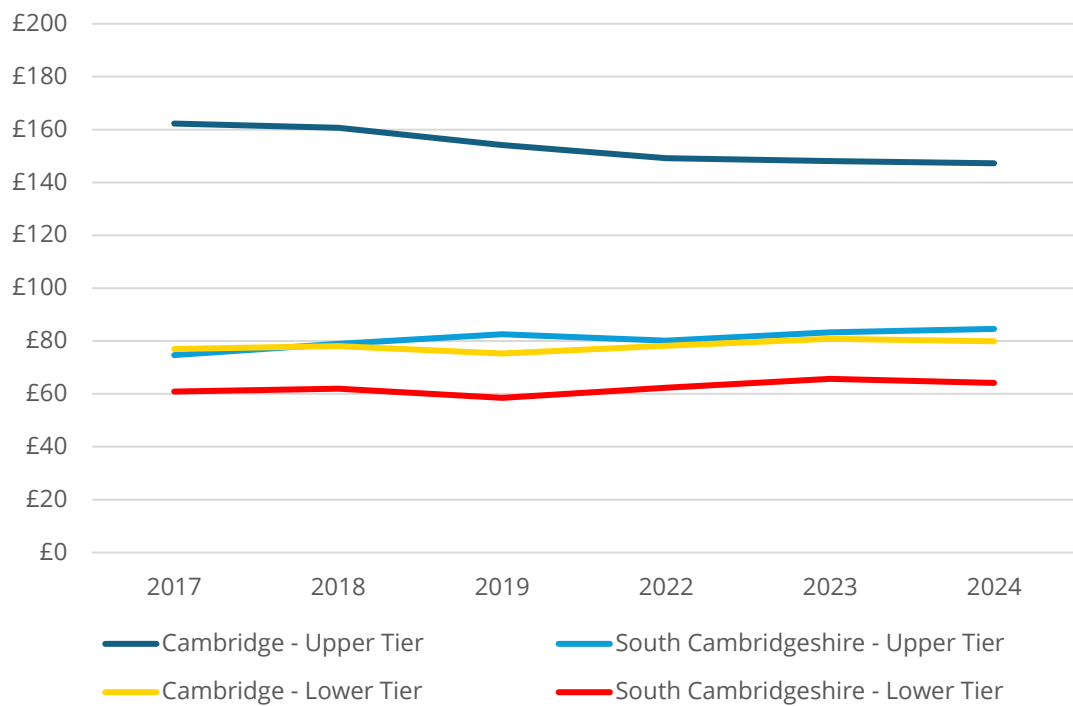
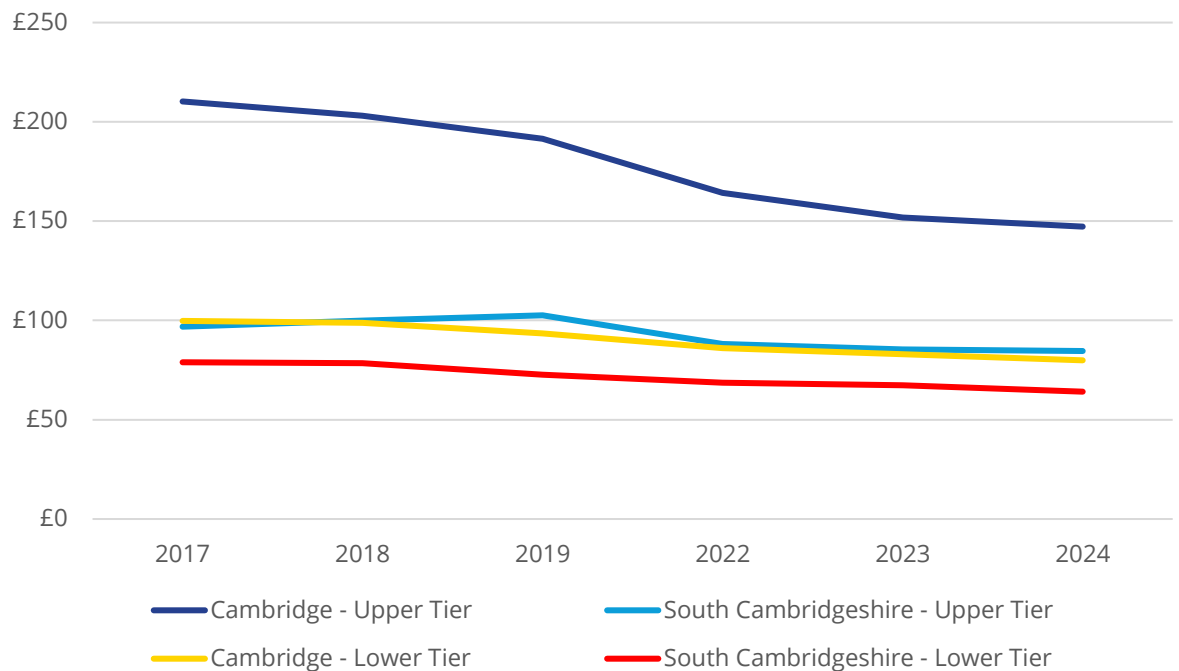


Exhibit 39: Sets Performance – ADR Performance 2017-2024 in 2024 Prices



Source: STR

In actual year values, there has been a slight increase in ADR for the two lower tier sets and the South Cambridgeshire upper tier set. The Cambridge upper tier set however shows a decline. This is likely to be as a result of new supply entering the market.

When considering ADR in real terms (all years in 2024 prices), we see that all sets show a decline in ADR performance. Both Cambridge sets have seen the sharpest decline in ADR performance, where ADR in real terms has decreased by 30% and 20% in the Cambridge upper tier set and Cambridge lower tier set respectively.

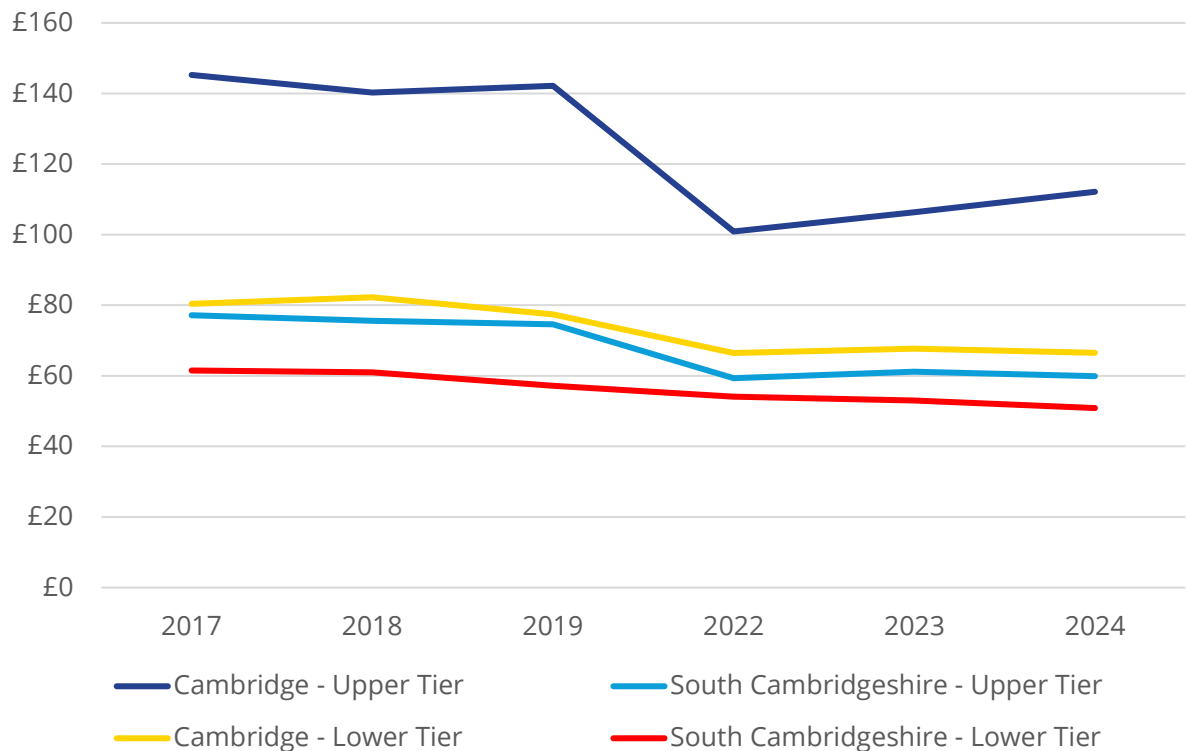
The South Cambridgeshire upper tier set and the South Cambridgeshire lower tier set have seen a decline in ADR in real terms performance between 2017 and 2024, of 13% and 19% respectively.

This indicates that there has been a pressure on rate across both Cambridge and South Cambridgeshire, however pressure on ADR has been greatest in Cambridge. This trend of ADR reduction in real terms is not distinct to just Cambridge, as we see in the City Comparisons section, but it is particularly marked in Cambridge we understand because of maintaining occupancy levels whilst responding to new supply in the market.

REVPAR

The RevPAR performance between 2017 and 2024 in 2024 prices for all sets is shown in the graph below.

Exhibit 40: Sets Performance – RevPAR Performance 2017-2024 in 2024 Prices



Source: STR

Both upper tier sets have seen the sharpest decline in performance, where RevPAR has decreased by 23% and 22% in real terms in the Cambridge upper tier set and South Cambridgeshire upper tier set respectively.

A similar pattern can be seen for the lower tier sets, where both the Cambridge lower tier set and the South Cambridgeshire lower tier set have seen an overall decline in RevPAR in real terms performance of 17%.

We investigate ADR and RevPAR in 2024 real prices further within comparable cities in section 6.4. The data shows that the decline in these KPI's in real terms is a trend across other locations too, although some cities such as Oxford and York have seen growth during this time period in real terms due to their supply-constrained markets.

We note that whilst RevPAR may not be as strong as it has been in the past, and therefore less favourable than in past for hoteliers, it is still in a very strong position nationally, as shown in the previous section.

5.5 Segmentation of Demand

The hotels have a mix of business and leisure guests. This is typically in the order of 60% business and 40% leisure, with variation by location and type of hotel. It is notably determined by the days of the week with business demand dominant on weekdays with some leisure, and leisure being the focus of weekends.

5.5.1 Business

Business demand in Greater Cambridge is typically more dominant than leisure. Tuesdays and Wednesdays are the most significant nights for business demand. The pattern of working from home more of the time means that many professional level business travellers are not wishing to stay Thursday nights. Depending on company business however there is still some Monday and Thursday demand.

International business trips tend to be 2-3 night stays, whereas UK trips are most typically 1 night, with some longer.

Business travel is split between corporate accounts business and independent travellers. Corporate accounts have tightly negotiated rates but provide good stability. Growth in corporate account rates has been low for many hotels and types of company. Rate competition can also be a challenge between hotels to obtain corporate account business. Not all account business is with companies, some is with, for example, US Airforce and NHS.

Companies and institutions that generate demand for business travel from international markets are particularly significant for hotels due to their need to stay in hotels and longer lengths of stay. Largely UK-focused businesses can generate demand for meetings but the good access of Cambridge means that participants do not necessarily need hotel accommodation. The occupiers of future business and science parks will be key determinants of the strength of hotel demand they generate.

Business demand is present across central and periphery hotels. The hotels are not only picking up on their immediate geographical demand however but also tapping into the whole Cambridge market.

Access and parking is key for these markets. Good access by train is valuable and the combination of train access and an offices area is particularly favourable for business demand. An attraction

of the periphery hotels and those on the major roads (A14, A248) is ease of car access and the availability of parking for both arrival/departure and where guests are visiting the wider area for business. For business guests needing to go into the city centre, easy onward travel is vital and the perceived ease of this can be challenged if relying on bus routes. Walkable access to the centre / meeting locations is much more attractive and this is evident in hotel rates.

As is typical, senior management tend to stay in the higher quality hotels and other staff in more economy options.

Business demand is represented in our segments as Corporate Account and Transient Commercial / Corporate FIT (free independent traveller).

5.5.2 Leisure

Leisure demand is significantly focused on Saturday nights. Demand for Friday nights varies but it is notably less and there is a lack of confidence in the demand for 2 night minimum stay restrictions.

The focus on leisure demand varies according to the style of hotel and surrounding area. Those strong for business travel choose between dropping rates to obtain occupancy or maintaining rates and accepting a less strong occupancy.

Summer Saturday nights are particularly strong both in the city for city breaks and occasions, and in the wider district for weddings and events.

Group leisure typically pays low rates but it is useful for occupancy outside of the Tuesday, Wednesday, Saturday peak days. International group leisure, such as Chinese groups, pay much stronger rates than UK coach tours.

Spa breaks also provide weekday and weekend business for those hotels with the facilities.

Guests visiting Cambridge for leisure primarily want to be in the centre or have walkable access to it. The rates of hotels reflect this convenience, with higher prices in central properties of equivalent standard. Peripheral hotels are still able to attract leisure however due to their rates; quality of product and brand assurance/platforms; access convenience for arrival/departure; bus/cycle/drive access to the centre; and parking availability. Those hotels on road arteries and in the South Cambridgeshire

district are also responding to demand drivers distinct from Cambridge, such as Newmarket events, Duxford IWM and events, and their own facilities. Whilst hotels with parking in Cambridge must charge for it (at least £15), those in South Cambridgeshire are able to offer it without charge.

Leisure demand is represented in our segments as Leisure FIT (free independent traveller) and Groups & Tours.

5.5.3 MICE

The MICE (Meetings, Incentives, Conferences and Exhibitions) market to Greater Cambridge is preset but relatively modest.

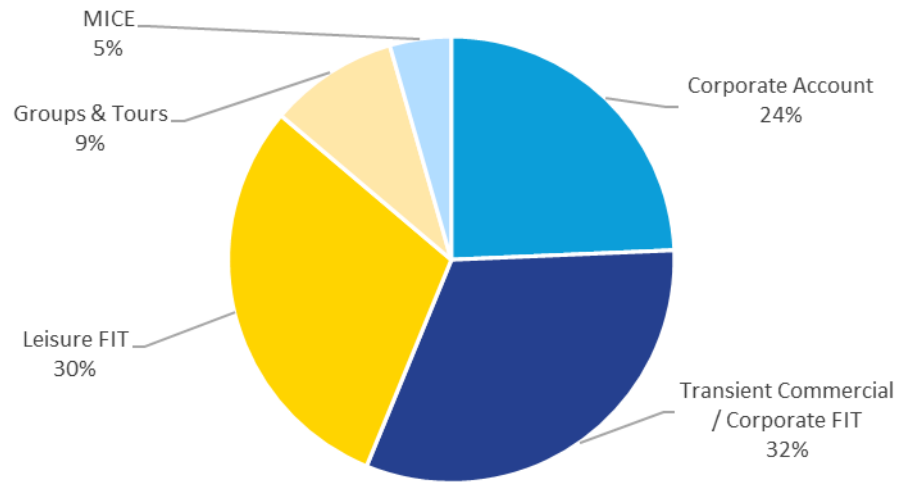
There is no major arena / conference / convention centre in Cambridge. The hoteliers point this out as a core lack in the Cambridge product offer and also believe such a facility would perform an important role in driving demand for hotels. It is noted that there is very little space in the centre but the hoteliers are also interested in an edge of city facility with good access. There are smaller conference facilities available in the city and the university / colleges but they do not perform a key role for hotels. There are also some university or institute run conference centres with accommodation, such as the Wellcome Trust Hinxton Hall and Madingley Hall but again are not seen by commercial hotels as providing significant MICE demand.

MICE demand for hotels is based on that generated by their own meeting rooms and conference / event facilities, both business-orientated conferences and event, and leisure-orientated events and weddings. Key players in this market include the Hilton, University Arms, the Graduate and the Cambridge Belfry. We have assumed the MICE demand in hotels to be 60% business-orientated on average.

5.5.4 Market segmentation modelled

The chart below shows the estimated split of room nights across the whole Greater Cambridge market, between the different demand segments. This equates to 59% business and 41% leisure.

Exhibit 41: Estimated split of room nights between demand segments



Source: Colliers

5.6 Appetite for Projects

5.6.1 Demand to operate hotels and The Opportunities and Challenges of Creating Hotel Supply

As part of this study and our wider experience in hotel development we have spoken with developers and investors. We make the points below regarding the demand to operate hotels in the area, and the opportunities and challenges of creating hotel supply.

There is a strong interest by hotel operators in having an operation, or more than their current operations, in Cambridge. There is interest for example in operating a hotel with a different positioning or product type. This stretches from economy offers to US brands wanting to better service the US interest in Cambridge. Most brands however are not owning / developing / investing in assets, and so strong interest in the desire to operate hotels is only one piece of the puzzle.

Real estate developers and investors are interested in Cambridge as a fast-accelerating city with particular planned growth in life sciences / R&D / technology, and in housing. These sectors represent large volume and the thrust of interest. Whilst development plans are progressing, even these sectors are experiencing some headwinds in terms of cost of capital (national-level issue), lower than expected occupancy take up of labs etc (due to cost of capital), and the challenges that social housing required quantum bring to getting housing schemes to work for developers. This thrust however means that hotels are not the primary asset class of interest driving new schemes, albeit that the city's growth will have an influence on growing hotel demand, as well as more national trends for increased demand.

Hotel development opportunities are of interest to developers/investors in Cambridge and elsewhere. There are strong challenges at present however in relation to high construction costs and both the availability and cost of debt funding (indeed challenges that are affecting all development). Many of the High Street banks have withdrawn from lending to development projects and the void has been filled with debt funds that will lend but with significantly enhanced margins. The rising cost of capital also affects exit yields and will also be reflected in the discounting rates applied to investment appraisals conducted on a DCF (discounted cashflow) basis. All of this is putting a great deal of pressure on development

appraisals, many of which do not work outside of the very best markets, such as central London.

Build costs have risen, not just because of input cost inflation in materials and wages but also due to the shifting of risk profile towards the contractors. To get projects funded developers are being asked by banks to contract with stable “Tier 1” contractors, which are inherently more expensive. They are also requiring fixed price contracts which shifts the burden of risk to the contractor. In order to cover this risk, contractors are applying significantly higher margins than would be required on an “open-book” basis – which has also driven-up pricing.

Some hotel projects that looked viable a few years ago, perhaps when activities to achieve planning commenced, are not showing viability at the current time. In addition to growing development costs, operational costs have also risen. Cost increases for example include wages, national insurance payments, energy costs, supplies costs etc. At the same time, the large step increases in hotel rates that many markets experienced immediately following the pandemic has now plateaued, although the upper tier markets in Greater Cambridge did not even see this due to increased supply coming in at the same time. Even increasing prices in line with inflation is currently extremely difficult and Greater Cambridge ADRs in real terms have declined. This results in thinner profit margins. In forward projections for new developments this can also mean that the projected capitalised value is not sufficient to offset the greater development costs to deliver a project with sufficient return for investors.

The result of these challenging times for hotel development means that some potential sites for hotels attract greater interest and returns with an alternative asset class. Some proposed extensions are also not being pursued at the present time. Conversion opportunities to hotels can be more attractive since the development costs are typically lower, although not all buildings convert well or cheaply.

Hotels have a role in cities, towns and rural areas that goes much beyond that of the returns for the investor. Hotels are part of the infrastructure and have onward direct and indirect positive economic and social benefits. Directly, this includes employment, business rates, and supply requirements. Indirectly is the spend of hotel guests in the wider economy – in restaurants, bars, cafes, shops, attractions, events etc. – and the wider employment and

onward supply chain of those service other businesses. Hotels are very beneficial to place making and the evening economy as well since they bring footfall throughout the day and evening. Overnight guests are stronger spenders than day visitors and also dwell longer enabling them to spend more. Further, hotels and their wider facilities such as restaurants and gyms, can create a social hub and service provision for their local community. Sufficient provision of appropriate hotel accommodation is also important in attracting new businesses.

The much wider destination benefit of hotels means that in some UK towns and cities councils are stepping in to help facilitate hotel projects that the market is not bringing forward on its own and that are important to destination development and the wider benefits that the destination will gain. Mechanisms used by councils to help relate to the risks such parties are able to make. The appetite to help also relates to how long destinations can wait until market conditions hopefully become more favourable. Hotel developments in cities with strong performance do not necessarily need such assistance, however.

The stronger the projected hotel profit that can be balanced against the development / conversion costs, the more attractive the opportunity to developers/investors is once planning permission is in place. To reach the required level of profit, economies of scale become particularly important. This leads to a key interest by developers/investors in large scale hotels, as long as the market can provide sufficient demand at the right price and the building space is available. Once a scheme's room count is at the volume needed to cover central costs, then each additional room that can be added to the scheme more directly drives profit. This leads to schemes requiring a high room count to work. It is important to 'making a project stack up' when construction costs are high, and also explains why recently built hotels are, where possible, at a large room count.

We are aware of strong interest by developer/investors to explore opportunities for hotel and aparthotel / hotel-style serviced apartments in Cambridge.

There is a high desire to be near the historic centre of Cambridge or near CB1 / the station depending on customer's activities. This is where the highest room rates are achievable since it is where guests wish to stay. It is also where it is very difficult to find sites due to existing buildings, competing commercial/residential uses, and university ownership, let alone finding sites or conversions

with the potential for hotels of scale. This creates 'high barriers to entry' for the market in Cambridge.

There is more space on the periphery of Cambridge and beyond but the nightly rates reflect customer interest in the location and its accessibility, and can be lower, whilst the operational and build costs of hotels in these locations are not much reduced, if at all. Further, there is a demand for land for life sciences and houses. The university also controls large areas of land around Cambridge and beyond and takes a very long term, and large scheme, view on future development. That said, hotel developers and investors would be interested to explore opportunities outside of central Cambridge and on key access routes.

Reduced central operational costs are a route to generating more profit per room to help scheme viability. This is a model that helps the serviced apartment sector. The services for guests within a serviced apartment operation are typically much more limited and rooms require less servicing, especially with longer stays. Hotel-style serviced apartments / aparthotels operate in a market that can attract longer stays, whilst also filling in with short stay / nightly guests, and the brands provide a marketing network to generate bookings. Whilst fit out might be slightly more expensive and unit sizes can be larger, there is good interest in longer stay serviced accommodation. Developers of such products are interested to explore opportunities in Cambridge.

Once the reduction of central operational costs is taken further, the product moves away from hotels. Residential provision used for short stay with minimal 'host' requirements or facilities extends towards alternative accommodation provision. Where this is unregulated, the operational costs and extent of taxes are much lower than for hotels, and indeed the customer much less 'protected'. Where the housing is already built, there are no development costs to use it for short-stay lettings beyond a keylock box. Whilst the product experience is different to hotels the price point can be very attractive to guests and the operational costs are very low. It is no surprise that so much residential property is used for guest accommodation whilst the sector is left unregulated. This creates a challenge for hotels, communities and housing provision.

6 City Comparisons

6.1 Introduction

In this section we explore how the Cambridge hotel market compares to other selected locations in terms of its overall structure and quantum of supply and market performance.

In order to ensure a fair comparison when benchmarking across comparable locations, we have applied a 4-mile radius from the heart of the comparable cities/towns for our analysis. We have removed supply with 9 rooms or below and serviced apartments of a more residential nature. We have used the weighted STR data to present performance for these areas rather than using submarket areas, which range in shape and extent.

When identifying comparable cities and towns, we assessed other locations within the UK based on key similar factors such as approximate population size, accessibility, a good blend of corporate and leisure demand and status such as a cathedral or university city/town. Given growth plans for Cambridge, we have also included Bristol, which is a larger city and with more hotel stock.

We look at the supply of Cambridge in relation to six other markets, namely:

- Bristol
- York
- Oxford
- Bath
- Exeter
- Norwich

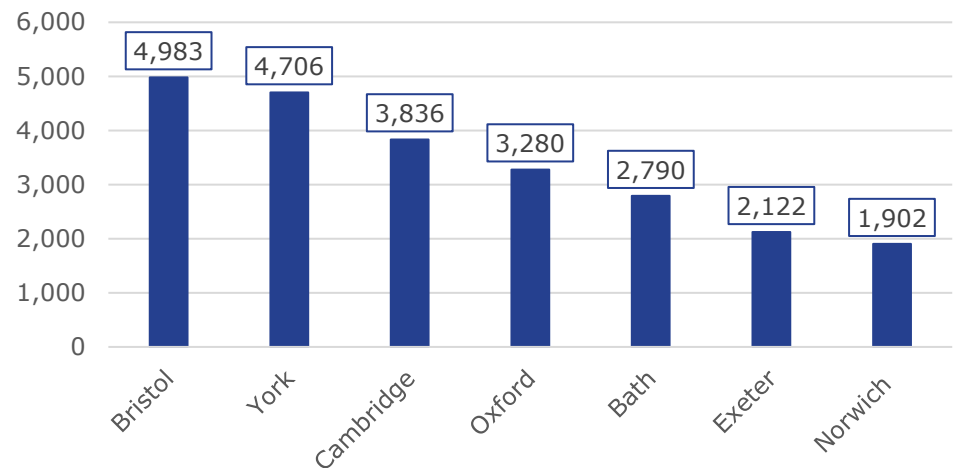
We consider the volume of supply and balance of stock between different market positionings, as well as the room stock volume in relation to population. We also explore comparative market performance.

6.2 Room Supply

The total room stock for each location is shown below. We note that Cambridge has a smaller room supply than Bristol and York,

but a considerably higher level of supply than locations such as Oxford (+17%), Bath (+37%), Exeter (+81%) and Norwich (+102%).

Exhibit 42: Total Room Stock per Comparable Location



Source: CoStar Hotels Database

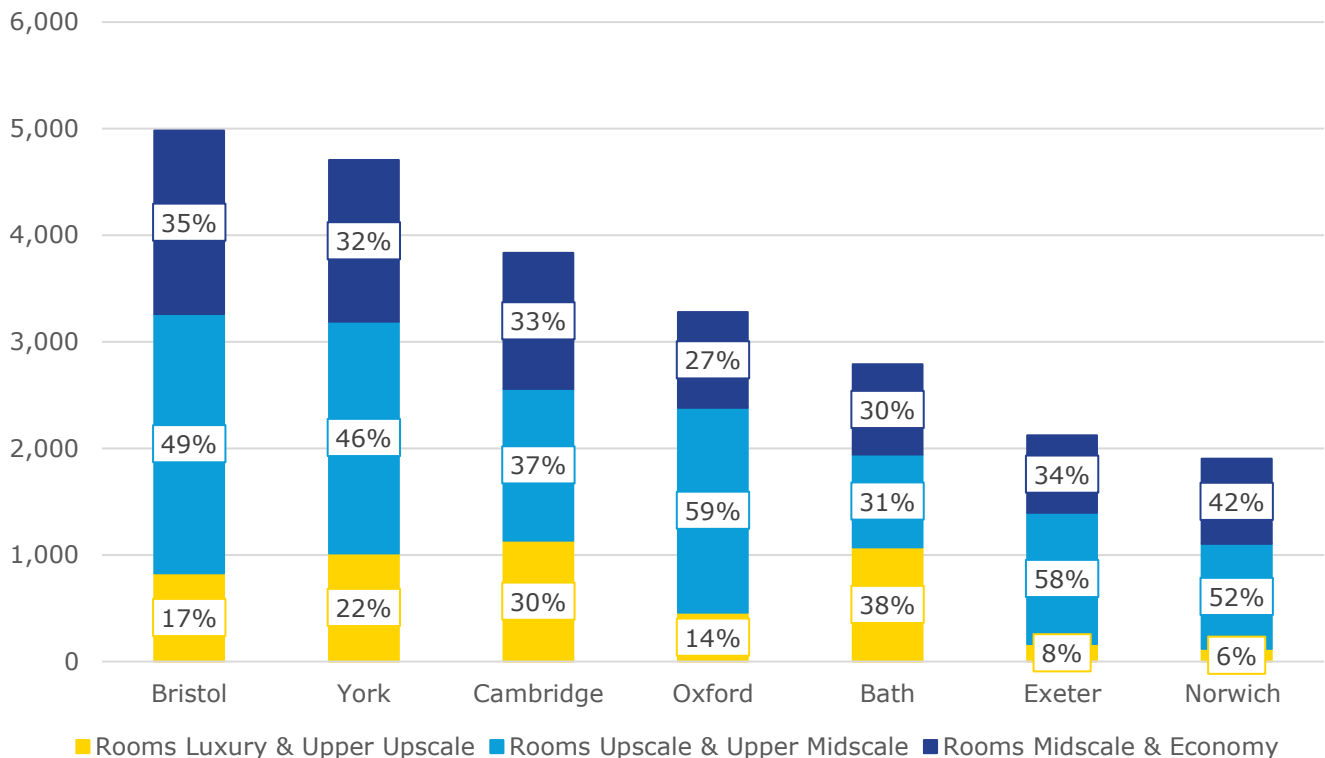
6.2.1 Room supply by class

Room supply by class grouping is shown below. Cambridge room supply is well-balanced across the classes, with upscale and upper midscale hotels being the largest sector at 37% of all room supply, followed by midscale and economy properties (33%) and luxury and upper upscale properties (30%). The Bath hotel market appears to be the most reflective of the Cambridge structure in terms of being largely well balanced, where the largest sector is luxury and upper upscale properties (38%), followed by the upscale and upper midscale sectors (31%) and by midscale and economy hotels (30%).

Contrastingly, the majority of room stock in the other locations operates between the upscale and upper midscale sectors, accounting for between 46%-58% of all room supply. This is followed by the midscale and economy sectors, with luxury and upper upscale products typically being the least represented in these hotel markets.

Cambridge has more room stock at luxury / upper upscale positioning than all the other locations, and even than York and Bristol despite their having a greater stock of rooms overall. In comparison to all the other locations except Bath, Cambridge has a smaller share of its rooms at the upscale / upper midscale level.

Exhibit 43: Total Room Stock per Comparable Location by Class



Source: CoStar Hotels Database

6.2.2 Room supply by property size

Hotels and rooms by size of property are presented below for the selected locations.

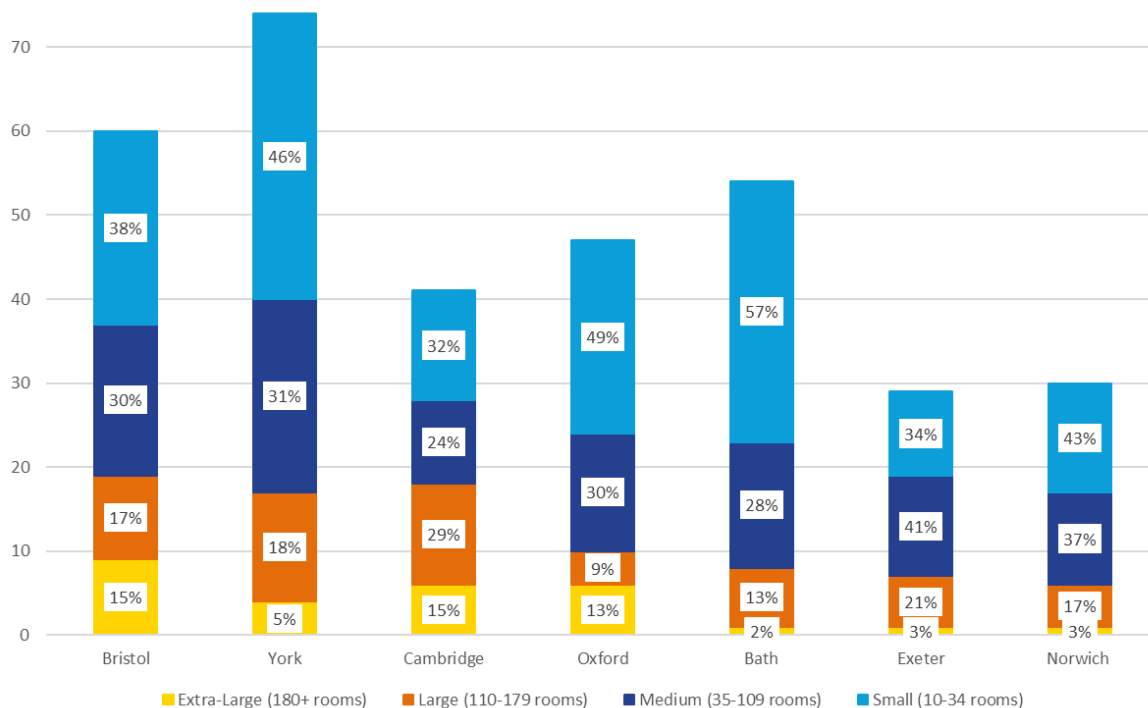
When assessing the number of properties in Cambridge alongside the other locations, Cambridge is an anomaly in terms of the extent of its large and extra-large properties in relation to medium and small properties. Almost half (44%) of its properties have more than 110 rooms. In contrast, there are just 32% of hotels in Bristol with more than 110 rooms, followed by Exeter (24%), York (23%), Oxford (21%) and Norwich (20%). There are just 15% of all hotels in Bath with more than 110 rooms.

Over 75% of hotel stock in York, Bath, Oxford, Exeter and Norwich are medium and small hotels with less than 109 rooms, compared to 56% in Cambridge.

This dominance of larger properties reflects in part the openings in Cambridge since the pandemic, which have all been large / extra large. Part of this can be explained by the new openings

being larger in scale to create economies required to make them profitable. Another factor is that there is a notable part of the stock located in peripheral locations, or edge of the centre, where land is cheaper and more readily available than in the most central part. In the city centres stock is often constrained by listings, planning requirements and in the case of Cambridge additional pressures from ownership of large areas by the colleges of the university, who have alternative priorities. As a general rule, city centre hotels tend to be smaller in scale, with certain exceptions, and indeed in Cambridge some of the largest hotels are in the central area, albeit few in the historic core.

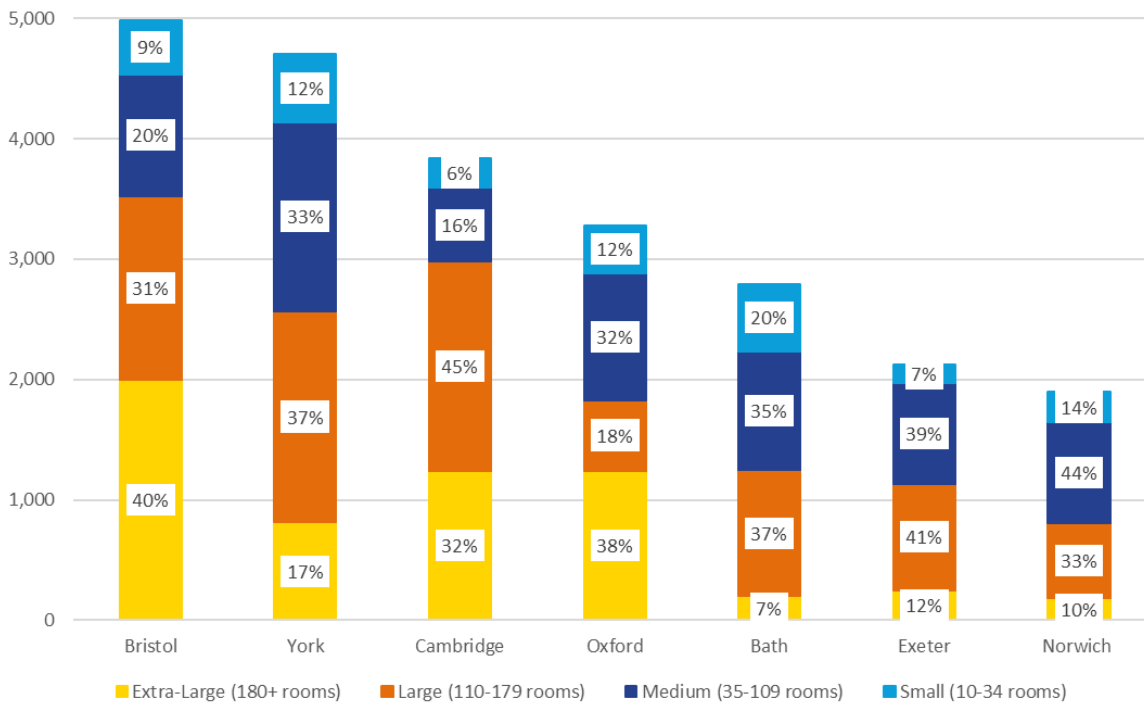
Exhibit 44: Volume of Hotel Stock by Size



Source: CoStar Hotels Database

Whilst the Cambridge market displays a fairly even split between larger (44%) and smaller (56%) hotel stock, in terms of volume of room supply, 78% of the rooms within a 4-mile radius of Cambridge centre are within larger hotels with 110 rooms or more, compared to just 22% within hotels with less than 109 rooms. This is higher than all the other locations, although Bristol is close with 71% of rooms in properties of 110 rooms or more. This is likely to be reflective of the rapid growth of Cambridge room stock, where few new projects are created at small or medium size due to viability challenges and brand requirements.

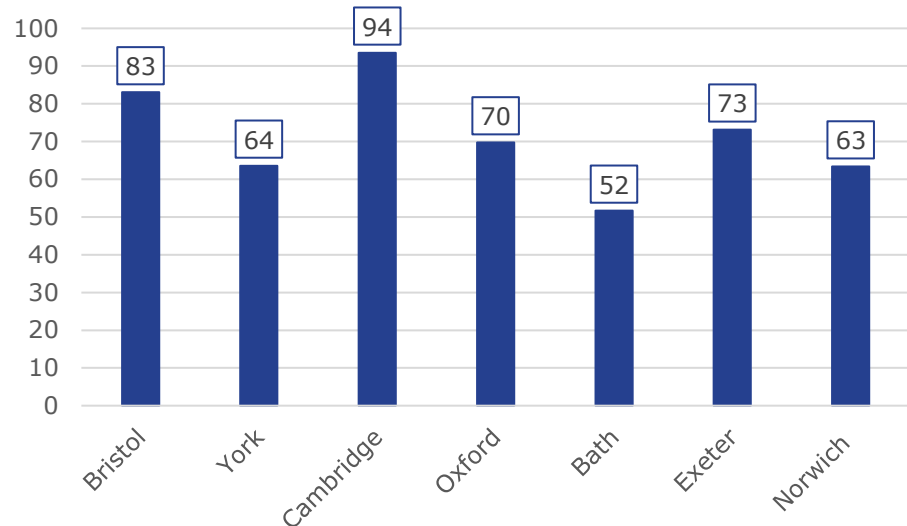
Exhibit 45: Volume of Room Supply by Size



Source: CoStar Hotels Database

Unsurprisingly, given the high volume of large / extra large hotels in Cambridge, the average hotel size is larger in Cambridge, at 94 rooms per property. This is followed by Bristol at 83 rooms, Exeter at 73 rooms and York at 64 rooms. Bath has the smallest average size hotel, at just 52 rooms per property.

Exhibit 46: Average Hotel Size by number of rooms

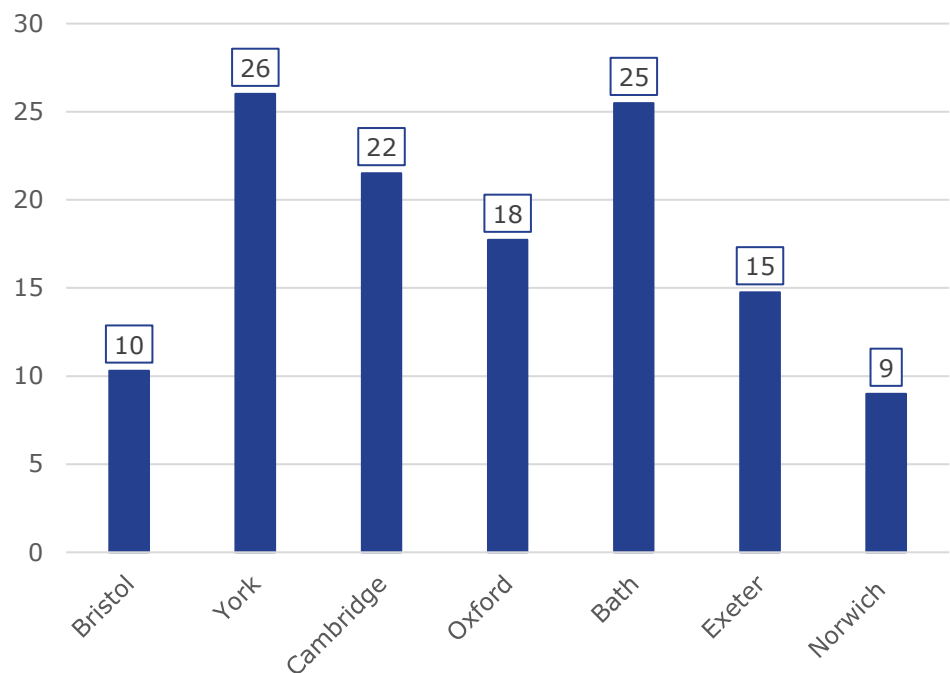


Source: CoStar Hotels Database

6.2.3 Room supply by population size

We present below total room stock per head of population (000) for Cambridge and the locations. This shows that York has the most rooms per 1000 heads of population (26), followed by Bath (25 rooms per 1000 heads of population), compared to Cambridge which has 21.5 rooms per 1000 heads of population (shown rounded to 22).

Oxford has a smaller number of rooms per 1000 head of population than Cambridge (18 rooms), followed by Exeter (15 rooms). Bristol has the smallest number of rooms per head of population at 10 rooms.

Exhibit 47: Total Room Stock per Head of Population (000)

Source: CoStar Hotels Database and www.datadaptive.com/pop (2021 census data)

This suggests that there is scope for more rooms in relation to the size of Cambridge, particularly if the Destination Management Plan is successful in raising the profile of Cambridge as an overnight leisure destination – a status enjoyed by York and Bath.

The analysis above is based on a 4 mile radius. If a 3 mile radius is applied, the figures for York are 28 and for Bath 27 rooms per 1000 head of population. For Cambridge (3-mile radius) they are 22 rooms per 1000 head of population. It is also important to note that room supply in York and Bath is not at a 'perfect' level. Taking the performance at a 3 mile radius, rolling 12-month occupancy to February 2025 shows Bath to be at 78.7% and York at 86.1%. This suggests a strong element of undersupply in York particularly, which if satisfied with further supply would bring the rooms per 1000 head of population to a higher level.

6.3 Hotel Market Performance

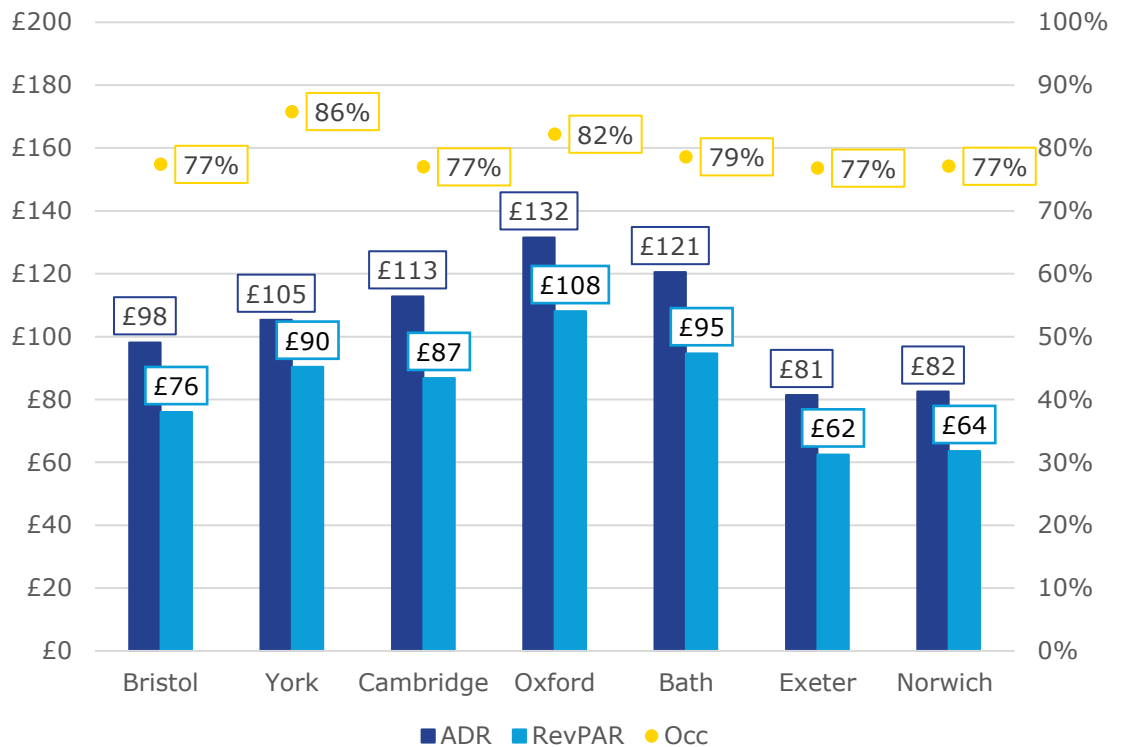
Occupancy, ADR and RevPAR performance in 2024 for the locations are shown in the graph below. Cambridge recorded occupancy levels of 77% in 2024, achieving similar performance to Bristol, Exeter and Norwich (all at 77%) and Bath (79%). The ADR of Cambridge amongst these markets with similar occupancy was ahead of Bristol, Exeter and Norwich but slightly behind Bath.

York achieved exceptionally high levels of occupancy at 86%, followed by Oxford at 82%. This also suggests that these markets are undersupplied. Oxford also attained the strongest ADR levels of the comparable locations at £132, resulting in the highest RevPAR amongst the locations at £108 in 2024. In comparison, Cambridge achieved an ADR of £113 and a RevPAR of £87, 14% and 19% behind Oxford's performance respectively.

Whilst Cambridge recorded an ADR ahead of York, £113 versus £105 respectively, the strong occupancy performance in York resulted in RevPAR landing ahead of Cambridge by 3%. Bristol performance fell behind Cambridge, York, Oxford and Bath in both ADR and RevPAR performance.

The data suggests that Cambridge is performing well amongst these cities, although Bath demonstrates the opportunity of higher rates whilst achieving similar occupancy. The strength of Oxford suggests that new entrants will be looking to get in to the market.

Exhibit 48: Occupancy, ADR & RevPAR performance – 2024

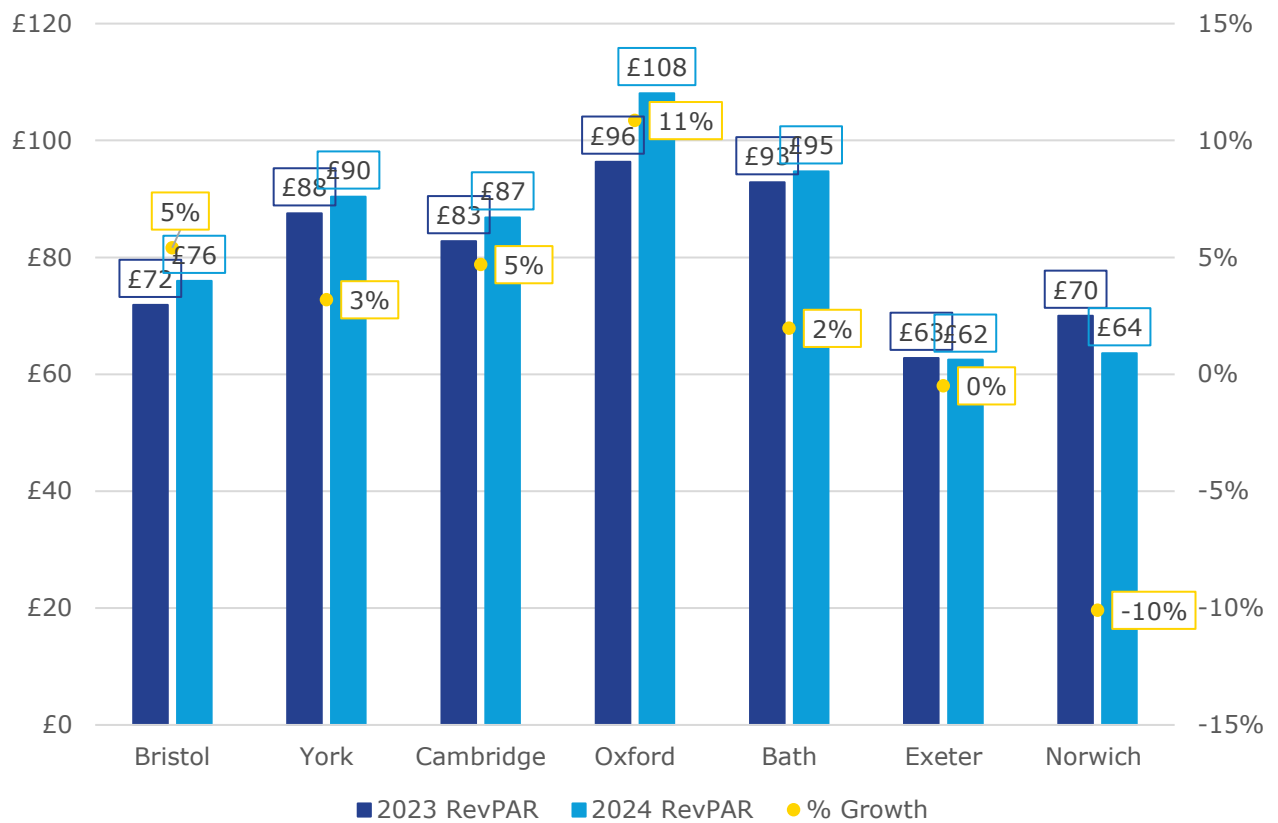


Source: CoStar Hotels Database

All comparable location hotel markets saw an increase in RevPAR performance between 2023 and 2024 aside from Exeter and Norwich, which experienced a 2% and 9% decline respectively.

Cambridge saw a 5% increase in RevPAR between 2023 and 2024, rising from £83 to £87, showcasing higher growth than all other markets aside from Oxford which saw notable 11% growth in RevPAR year on year, and Bristol (+5% growth).

Exhibit 49: RevPAR Comparison, 2023-2024



Source: CoStar Hotels Database

6.4 Room night Demand

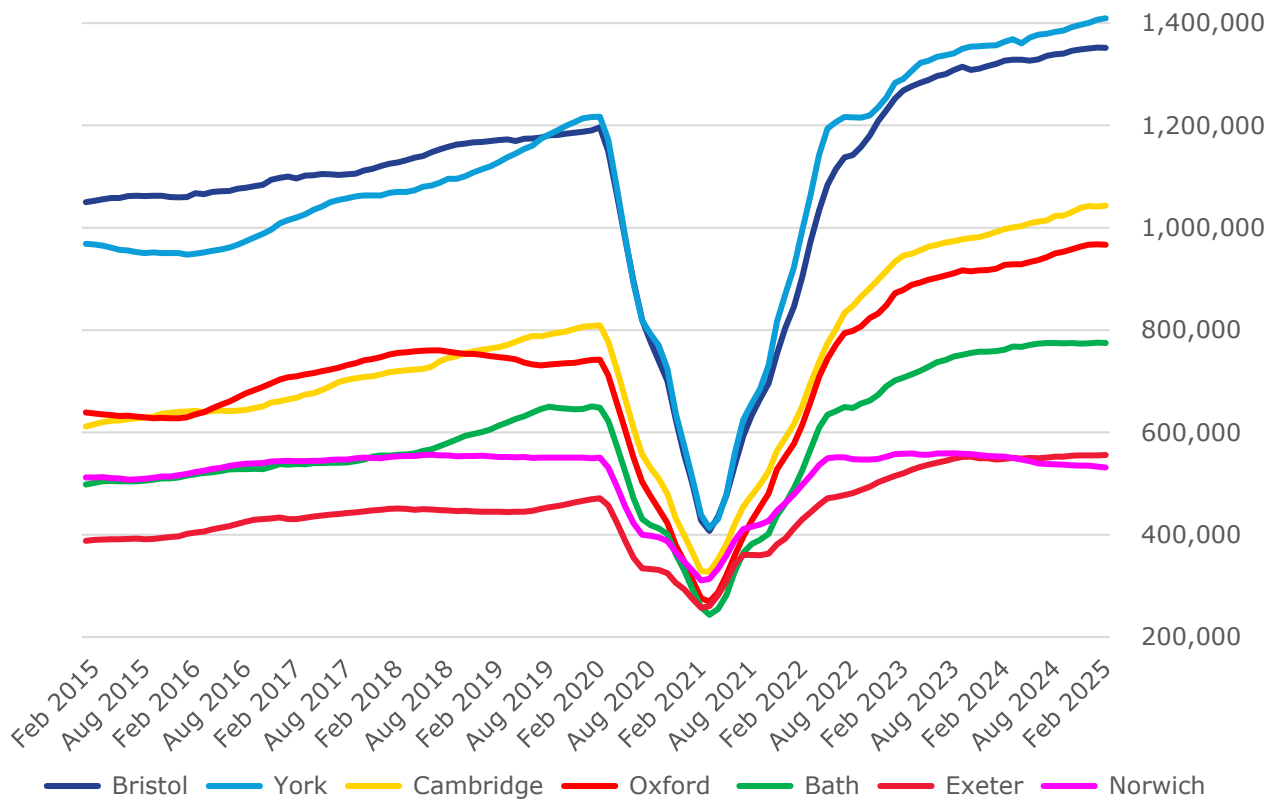
The graph below shows the 12-month rolling demand for Cambridge and the selected cities, between February 2015 and February 2025.

This shows a general upward trend in demand for most cities, albeit obviously a dip during the pandemic. Cambridge shows the greatest demand growth between February 2015 and February 2025 at 89%. Next is Bath at 55% and Oxford at 52%. York grew at 46% and Exeter at 43%, with Bristol at 28% and Norwich at just 4%.

This shows the enormous demand growth for Cambridge and how it outperforms comparator locations.

The line of growth for Cambridge is relatively consistent, excepting the pandemic, since mid 2016 although the pace of growth was slightly slower for the 12 months to Jan and Feb 2025. It remains to be seen if this a temporary or longer term trend. The other cities generally also show limited growth during this short period which may suggest a more market-wide condition than a change for Cambridge specifically.

Exhibit 50: 12-Month Rolling Demand, Feb 2015 – Feb 2025

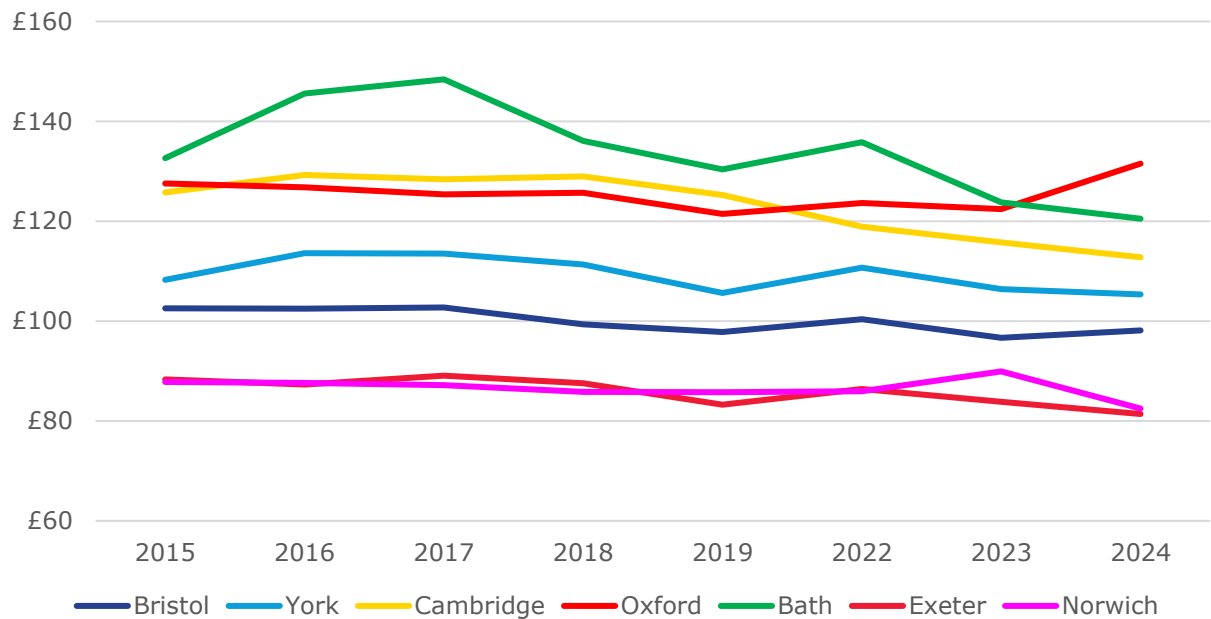


Source: CoStar Hotels Database

6.5 Rate changes in real terms

During our interviews with hoteliers in Cambridge it was highlighted that whilst they are maintaining good occupancy they were having to reduce ADR in real terms to achieve this. The graph below explores ADRs between 2015 and 2024 in real terms, in 2024 prices.

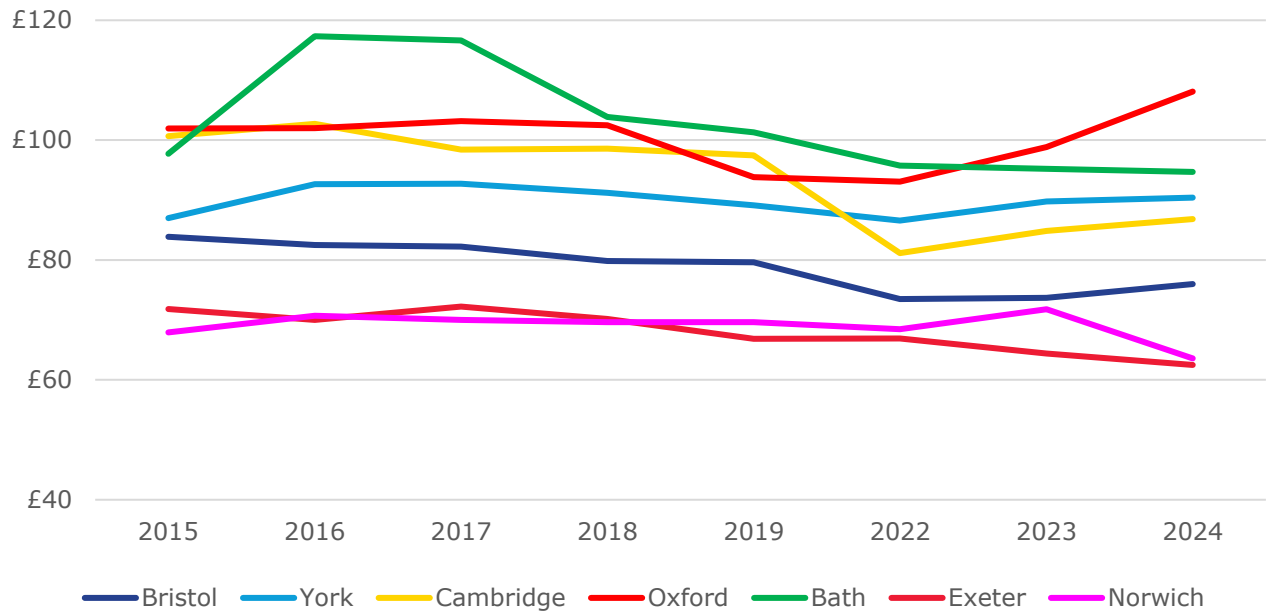
The data shows that in real terms, Cambridge ADR has dropped by 10% within this timeframe, the strongest decline in performance of the comparator cities. Cambridge is not alone in this challenge however with Bath seeing a similar decline of 9% and Exeter 8%. The Oxford market is the only comparator location that has seen growth in ADR in real terms (+3%), which is likely to be attributable to constrained supply.

Exhibit 51: ADR Performance 2015-2024 in 2024 Real Prices

Source: CoStar Hotels Database

The same trend is evident when considering RevPAR over the period in 2024 prices. Cambridge has seen the biggest decline at -14%. Exeter saw the next greatest retraction in performance (-13%), followed by Bristol (-9%), Norwich (-6%) and York (-3%). Oxford saw an overall growth of +6% in RevPAR in real terms. The graph shows however an uptick for Cambridge as well as Oxford since the pandemic.

Exhibit 52: RevPAR Performance 2015-2024 in 2024 Real Prices



Source: CoStar Hotels [Database](#)

6.6 Summary

- Cambridge has more room stock at luxury / upper upscale positioning than all the other locations and even York and Bristol despite their larger size. The main volume difference for Cambridge to these larger cities is its more limited number of rooms in the upscale / upper midscale sector.
- 44% of hotels in Cambridge are larger hotels of 110+ rooms. In contrast, there are just 32% of hotels in Bristol at this scale, followed by Exeter (24%), York (23%) and Oxford (21%). This dominance of larger properties reflects in part the openings in Cambridge since the pandemic, which have all been large / extra large, since economies of scale are needed in order for new hotel developments to show viability for development in recent times.
- Cambridge has fewer rooms per head of population than York and Bath, which are both cities that have a strong leisure destination appeal. If the Destination Management Plan is successful in raising the profile of Cambridge as an overnight leisure destination there will be potentially greater room demand in Cambridge for leisure stays.

- Cambridge performs well in occupancy and ADR amongst the comparator locations, although RevPAR is lower than Oxford, Bath and York.
- Cambridge shows the greatest demand growth in 12 month rolling demand between February 2015 and February 2025, at 89%. Next is Bath at 55% and Oxford at 52%, York at 46%, Exeter 43% and Bristol at 28%.
- ADR in real terms (2024 prices) in Cambridge has dropped by 10% between 2015 and 2024, the strongest decline amongst the comparator cities, but not substantially dissimilar to Bath at 9% and Exeter 8%.
- Cambridge also saw the biggest decline in RevPAR in real terms, taking inflation into account, at -14%, followed by Exeter at -13%, and -9%, whilst Oxford grew at 6%, partly reflecting its likely undersupplied market. Cambridge as well as Oxford have seen an uptick since the pandemic however.

7 Forecast and Recommendations

7.1 Introduction

In this section we forecast future supply requirements for Greater Cambridge and also make comments and recommendations with regard to the nature and location of future hotels and influences on future provision.

7.1.1 Forecast Approach

We have considered two approaches in forecasting future demand and therefore supply requirement. The primary approach is through considering growth drivers, and the secondary consideration is in relation to past demand trends.

In both approaches we have assumed a demand-supply relationship of 78% annual occupancy going forward. This is a level that we consider appropriate for this area as a stabilised market based on its weekly and monthly seasonality. It is very slightly higher than the 2024 occupancy of 77% - we consider the market in 2024 to still be recovering from supply additions. The 12-month occupancy in February 2020 (pre-pandemic) was 78%.

Growth Drivers Approach

Growth In Demand

The growth drivers model approach considers current room night demand volume split between demand segments (business, leisure, groups/tours and MICE (meetings, incentives, conferences and events within the hotel)) and scaled by the occupancy performance of each core market segment (Cambridge upper and lower tiers and Greater Cambridge Wider Area upper and lower tiers). This enables an understanding of total rooms sold by demand segment.

Exhibit 53: Estimates of 2024 rooms sold by broad market segment

Market Segment	Ave. Rooms Sold per Day	Market Mix (%)	Share of Occupancy (%)
Business	1821	56%	43%
Leisure + Groups/Tours	1275	39%	30%
MICE	144	4%	3%
Total	3,240	100%	77%

Source: Colliers

Demand growth factors are then applied to average daily rooms sold for each demand segment for each year.

Demand growth factors bring together two core elements of change – firstly, a factor to represent influences on source markets (which are largely represented here by UK GVA projections); and an additional uplift factor to represent notable changes to the extent and/or success of the ‘pull’ of a destination, such as more businesses in the destination drawing visits, more people drawing visits, and more events and better marketing. When added together, these factors represent the growth factors we apply.

The growth factors applied are based on the following:

- Business demand growth factor – A factor represented by UK GVA projections plus an uplift factor informed by economic performance and the Greater Cambridge jobs/business growth used as the basis for the Local Plan and referenced in section 3.6. This uplift factor leans heavily on the Iceni jobs growth projections. The two factors are added together to create the business demand growth factor used.
- Leisure and Groups/tours demand - A factor represented by UK GVA projections plus a modest uplift factor informed by Iceni-projected population growth (leading to events and VFR demand (visits by friends and relatives) and more successful attraction of overnight leisure tourists. The two factors are added together to create the demand growth factor used for leisure and groups/tours.

- MICE demand – a weighted combination of business and leisure demand growth factors (60% business and 40% leisure).

The table below for the base case shows the factors that are combined to create the growth factors applied for Business demand and for Leisure and Groups/tours demand. The fluctuation by year is influenced fluctuation in the data informing the factors – for example in UK GVA projections and in the expected timing of jobs and population growth.

Exhibit 54: Growth factor derivation for base case business and leisure + group/tours demand

	2025	2026	2027	2028	2029	2030	2031	2032	2033
Base case - Business growth factor									
Factor informed by UK									
GVA	1.0%	0.9%	1.3%	1.8%	1.8%	1.6%	1.6%	1.6%	1.5%
Uplift factor applied	1.6%	1.7%	1.6%	1.5%	1.3%	1.3%	1.3%	1.3%	1.3%
Business growth factor used	2.6%	2.5%	2.9%	3.3%	3.1%	3.0%	2.9%	2.9%	2.8%
Base case - Leisure + Groups/Tours growth factor									
Factor informed by UK									
GVA	1.0%	0.9%	1.3%	1.8%	1.8%	1.6%	1.6%	1.6%	1.5%
Uplift factor applied	0.3%	0.3%	0.4%	0.4%	0.3%	0.2%	0.3%	0.3%	0.3%
Leisure + Groups/Tours growth factor used	1.3%	1.1%	1.7%	2.2%	2.0%	1.8%	1.8%	1.8%	1.8%

Source: Colliers, Oxford Economics (GVA)

The level of uplifts used are informed by judgement and experience based on the factors stated. For note, the alternative approach, based on past performance, also provides a contextual check in relation to the growth factor levels applied.

Three scenarios of growth are considered – a base case and a high growth and low growth case. The base case presents a reasonable and likely scenario, but a range from low to high growth influences has been provided intentionally since hotel demand will be influenced by multiple factors, both in source markets and the evolution of drivers within the destinations - for example who business occupiers will be when and where and their level of business hotel demand generated, and how much will be invested in destination development and promotion. Factors such as these will lead to higher or lower demand. It is important to plan for flexibility therefore and vital to keep monitoring the situation and updating accordingly.

The average annual growth factor applied to rooms sold in the base case is 2.7% for business demand and 1.7% for leisure demand. For the high growth scenario +1% has been used, leading to 3.7% for business demand and 2.7% for leisure demand; and for the low growth scenario -0.5%, leading to 2.2% and 1.2% respectively for the low growth scenario.

The table below shows the growth factors by broad segment and year.

Exhibit 55: Growth factors used by broad market segment

Market Segment	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034 & beyond	Average 2025-2045
Base case											
Business	2.6%	2.5%	2.9%	3.3%	3.1%	3.0%	2.9%	2.9%	2.8%	2.5%	2.7%
Leisure + Groups/Tours	1.3%	1.1%	1.7%	2.2%	2.0%	1.8%	1.8%	1.8%	1.8%	1.8%	1.7%
MICE	2.1%	2.0%	2.4%	2.9%	2.7%	2.5%	2.5%	2.5%	2.4%	2.2%	2.3%
High growth											
Business	3.6%	3.5%	3.9%	4.3%	4.1%	4.0%	3.9%	3.9%	3.8%	3.5%	3.7%
Leisure + Groups/Tours	2.3%	2.1%	2.7%	3.2%	3.0%	2.8%	2.8%	2.8%	2.8%	2.8%	2.7%
MICE	3.1%	3.0%	3.4%	3.9%	3.7%	3.5%	3.5%	3.5%	3.4%	3.2%	3.3%
Low growth											
Business	2.1%	2.0%	2.4%	2.8%	2.6%	2.5%	2.4%	2.4%	2.3%	2.0%	2.2%
Leisure + Groups/Tours	0.8%	0.6%	1.2%	1.7%	1.5%	1.3%	1.3%	1.3%	1.3%	1.3%	1.2%
MICE	1.6%	1.5%	1.9%	2.4%	2.2%	2.0%	2.0%	2.0%	1.9%	1.7%	1.8%

Source: Colliers

UNSATISFIED DEMAND

In addition, we consider unsatisfied demand. This is when further hotel rooms could have been sold on a particular night if the right product at the right price point and location was available. This can particularly occur in peak season and on peak nights such as Tuesdays, Wednesdays and Saturdays. Without sufficient supply at peak demand times, potential guests respond in various ways including: being deterred from staying at all or not staying as long as intended; being displaced to another hotel location, type or price point; or selecting Airbnb or alternative accommodation instead particularly in relation to location and price point advantages. With sufficient supply of the right type at the right location and price point this demand can be satisfied.

We base our estimate of unsatisfied demand on daily occupancy data from the STR sets obtained. For each set, which represented market positionings in the different geographies, we are able to use the particularly high occupancy nights in particular months to identify how many nights per year can be assumed to have been constrained by supply, and to what extent. These assumptions then inform an estimated number of room nights per year that were unsatisfied. This is then converted to an average number of room nights per hotel per day and used in the wider modelling.

In this instance we have been conservative in estimates of unsatisfied demand since unsatisfied demand in the centre can be displaced to hotels in the periphery and Greater Cambridge Wider Area and all areas combined form part of this study. We have estimated 34,680 room nights are unsatisfied per year. This is equivalent to 3% of total room nights sold in the market at present. With additional supply such room nights can be satisfied. These room nights occur at peak times and so the rates for them are strong. It is favourable to a hotel business to harness these well-paid nights even if this means an excess supply at times (such as Sunday nights and off season) since at times of excess the rates are low anyway.

Given that additional rooms are assumed to enter the market in 2025 (see assumed pipeline below) and levels of unsatisfied demand are conservative, from a modelling perspective these are assumed to be met in 2025. Rooms sold projections in the model after this date represent the application of growth factors.

ASSUMED PIPELINE

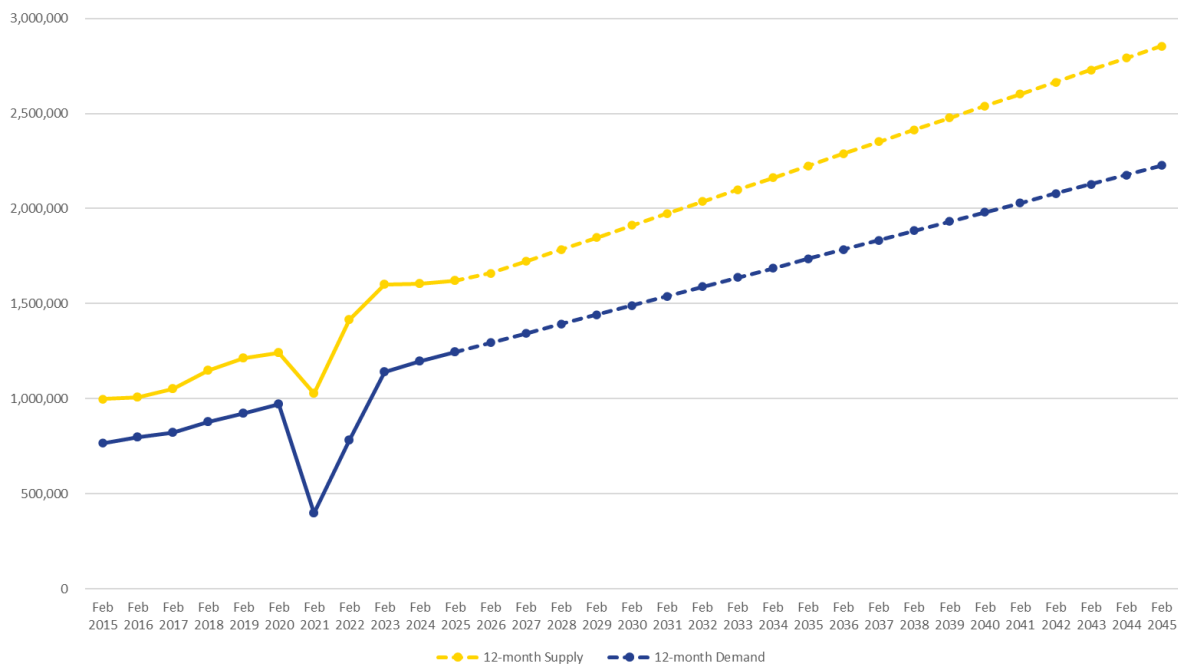
For the future demand growth modelling we have assumed that 283 rooms will enter the market in 2025 (Wilde and The Hobson) but no other potential pipeline hotels due to their uncertainty. In the base scenario we note that this new supply absorbs the supply requirement modelled for 2025, 2026 and partially 2027.

Past Performance Approach

In an alternative model we project forward past performance based on data from STR for weighted 12-month rolling demand room nights and applying a 78% occupancy to define supply requirement scenarios. (Using rolling 12-month data allows one to see a trend without the distraction of seasonality.) This is presented in the projections table with two rates of growth – one informed by performance based on 2017-2019, 2024 ('Alt Basis 1') and showing at 2.8%, and one based on 2015-2019, 2024 ('Alt Basis 2') and showing at 2.4%.

Growth was fairly similar and consistent during 2017-2019, 2024 as can be seen on demand graphs. This data spans a period dating back eight years, providing a medium term view, and also shows the same pace either side of the pandemic. To illustrate the trend and methodology we show the past performance and Alt Basis 1 projections below. More cautiously, the Alt Basis 2 scenario allows for a longer 10 year trend including a slightly slower pace at the start in 2015-2016.

Exhibit 56: Projections based on past performance trend – Alt Basis 1 scenario



Source: Colliers, STR past data

This analysis was also undertaken separately for within the Cambridge 3 mile radius and for the Greater Cambridge Wider Area. With regard to the relative scale of future supply requirement between the two areas this allows us to note that the Greater Cambridge Wider Area represents only 5% of the room supply requirement of the total Greater Cambridge area. This is due to the much lower historical demand growth since 2015 for the Greater Cambridge Wider Area (average 0.9% annual outside of pandemic years) compared to the Cambridge 3-mile radius area (average 5.7% annual outside of pandemic years).

7.2 Projections

The projections are shown in the following table.

Exhibit 57: Greater Cambridge Hotel Room Supply Requirement

Year / Period	Modelled available rooms - average daily [a]	Sold rooms - average daily [b]	Set market occupancy [c]	Available rooms - average daily [d]	Modelled additional room requirement - cumulative [e]	Room requirement growth above available rooms [f]	Average annual room requirement growth [g]	Cumulative additional hotels (rounded) if ave. 130 rooms [h]
Base case								
Base 2024	4233	3240	77%	4233	-	-	-	-
2025-2026	4516	3377	78%	4329	-187	-	-	-1
2027-2030	4516	3743	78%	4799	283	283	71	2
2031-2035	4516	4207	78%	5393	877	595	119	7
2036-2040	4516	4699	78%	6024	1508	631	126	12
2041-2045	4516	5250	78%	6731	2215	707	141	17
CAGR 2024-2045		-	-	2.2%	-	Average	114	-
High growth								
Base 2024	4233	3240	77%	4233	-	-	-	-
2025-2026	4516	3443	78%	4414	-102	-	-	-1
2027-2030	4516	3968	78%	5087	571	571	143	4
2031-2035	4516	4681	78%	6002	1486	915	183	11
2036-2040	4516	5490	78%	7038	2522	1036	207	19
2041-2045	4516	6440	78%	8256	3740	1218	244	29
CAGR 2024-2045		-	-	3.2%	-	Average	194	-
Low growth								
Base 2024	4233	3240	77%	4233	-	-	-	-
2025-2026	4516	3344	78%	4287	-229	-	-	-2
2027-2030	4516	3635	78%	4660	144	144	36	1
2031-2035	4516	3986	78%	5111	595	451	90	5
2036-2040	4516	4345	78%	5570	1054	460	92	8
2041-2045	4516	4737	78%	6073	1557	503	101	12
CAGR 2024-2045		-	-	1.7%	-	Average	80	-
If continued past demand performance (based on 2017-2019, 2024 - Alt Basis 1)								
2045			78%	-	3380	-	-	26
CAGR 2024-2045		-	--	2.8%	-	Average	169	-
If continued past demand performance (based on 2015-2019, 2024 - Alt Basis 2)								
2045			78%	-	2861	-	-	22
CAGR 2024-2045		-		2.4%	-	Average	143	-

Source: Colliers

Table column notes:

- [a] – Daily available room supply including 2025 additional expected new openings but not subsequent possible openings.
- [b] – Expected room demand (rooms sold) based on applying growth factors to rooms sold by each demand segment. Shown as average daily.
- [c] – Assumed occupancy level set for the market.
- [d] – Available rooms needed such that when occupancy level [c] is applied the rooms sold [b] is obtained.
- [e] – Difference between expected room demand [d] and modelled daily available rooms [a].
- [f] – Room requirement [e] shown as the additional need above available rooms for each time period
- [g] – Data in [f] shown on an annual basis
- [h] – Room requirement [e] divided by a scenario of 130 rooms average per hotel.

Negative numbers represent modelled oversupply for that period. This supply is subsequently absorbed.

The projections using the demand growth model show the following:

- In 2045 more than 2,200 additional rooms are expected to be required in the base case. In the high growth scenario this is nearly 3,800 and in the low growth scenario nearly 1,600.
- In the immediate term it is expected that the supply entering the market in 2025 (assumed to be 283 rooms) will more than cater to the supply requirement until 2028 in the base case, 2027 in the high growth scenario and 2029 in the low one. This period of heightened supply could impact occupancies / ADR in the market until demand has grown sufficiently to absorb it.
- By 2030 however an additional room requirement is evident in the market, with 283 additional rooms in base case and 571 in the high growth scenario.
- If, as a scenario, an additional 479 rooms (Premier Inn Grafton Centre 120, Residence Inn 134 and Shire Hall at an assumed 225) were all added to the market in 2028 then there would be an excess supply in the early years of opening, which could

impact occupancies / ADR, but a return to new room supply need from 2032 in the base case and 2030 in the high growth case. This shows relatively quick absorption of supply but also flags the challenges of lots of new supply at one time. In reality, these projects are not yet in construction and delivery and timelines can vary.

- The CAGR of the projected rooms growth is 2.2% in the base case and 3.2% in the high growth scenario. We note this is lower than CAGR of years leading to 2024 but this is to be expected as the absolute size of the market grows and the transformation of Cambridge into more of a business location has taken place.
- In the base case the average modelled annual supply requirement growth 2027-2045 is 114 rooms, and 194 rooms in the high growth scenario. It is 80 rooms in the low growth scenario. By year the annual room requirement has a growth trend – for example in the base case from 44 rooms in 2028, 121 in 2029, 148 in 2045. Hotel supply is unlikely to be delivered in such a specific annual fashion however and there may be periods of excess supply and the impact of that until demand catches up, or vice versa.

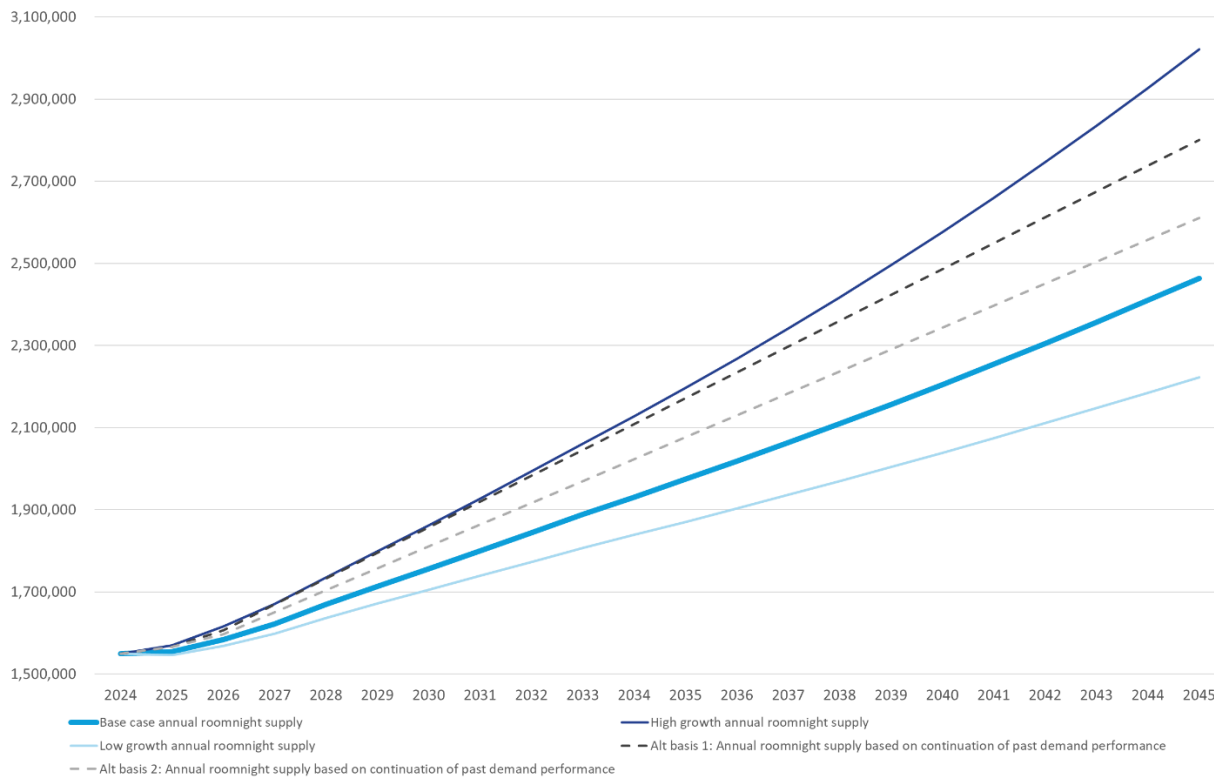
The alternative approach based on past demand performance shows the following:

- If recent past performance in demand (excepting the pandemic) were to continue, this would suggest nearly 3,400 rooms required by 2045, with an average annual addition of 169 rooms and CAGR of 2.8%.
- Taking in the slower growth of 2015-2016 as well, this moderates the figures to this would suggest nearly 2,900 rooms required by 2045, with an average annual addition of 143 rooms and CAGR of 2.4%.
- Both these trajectories fall between the base case and high growth scenarios.

For context, as mentioned in section 4.4.4, the room supply as defined by the 2012 hotel study and net growth analysis of the same as at mid-2024 showed a CAGR of 3.7%. This was growth from a lower starting supply volume however.

The projection scenarios are illustrated in the following graph.

Exhibit 58: Greater Cambridge annual room night supply requirement projections



Source: Colliers

The base data for the models is very slightly different in absolute room nights owing to different sourcing and weightings in STR but the trends are the same - past performance lines have been adjusted to commence at the same place so that trend comparisons can be observed.

7.2.1 Hotel Size, Style and positioning

The focus of the projections is on rooms supply. How these rooms are delivered in terms of the number of hotels will depend on multiple factors including location, site/building constraints/opportunities, market demand, branding, competing land uses, complementary facilities, and viability. Whether they are hotel-style serviced apartments or hotels will depend on similar factors.

We use an indicative average size of 130 rooms to illustrate a potential number of hotels, but properties could vary from small to very large. We note that recent supply has all been at the large / very large scale, likely due to viability economy of scale needs and site capabilities. This scale is less likely to be possible within the city centre however. It can also lead to 'lumpy' supply provision with a very large volume of rooms in a specific peripheral location, which may at times be hard to fill.

Further, a supply of only very large hotels can create a blandness of supply since their scale means the offer needs to be 'something for everyone' in order to fill the inventory. There is likely to be market demand additionally for properties of characterful, food and beverage led hotels or gym-led in residential areas, as well as more 'edgy' brands such as Moxy and Mama Shelter.

The positioning of future room supply is suggested in the table below. This is informed by the supply balance in city comparators, especially larger cities, and the existing expressed demand in Greater Cambridge. The city comparisons suggest there is a comparative lack of upper midscale / upscale properties in relation to the growing size of the market. As the market grows, we would also expect the economy / midscale sector share of the market to keep pace. Similarly, this would be the case at the upper upscale segment although this is already well-provided for. Such provision can be expected to represent the needs of the particular Cambridge market however and as this grows so will demand at this level.

Most notably, key influences will be what business travellers want in relation to who the corporate occupiers are that come into the market as the business economy expands; what leisure visitors want as the strategy to attract more overnight stay visitors is created and implemented; and the future permitted extent of alternative accommodation apartment offerings. The ultimate delivery of positioning and hotel versus hotel-style serviced

apartment will depend on the sites/buildings available, local demand influences to the site, and development appraisals 'stacking up'.

7.2.2 Locations

Greater Cambridge Wider Area (approximately South Cambridgeshire)

With regard to new room supply in the Greater Cambridge Wider Area, we note that the 5% share of future room supply growth based on the past performance modelling is a notable contrast to the 20% of demand that the Greater Cambridge Wider Area represented within all Greater Cambridge in the 12 months to February 2025. This supply growth is 9 additional rooms required annually.

We would consider this share of growth to be very cautious given the changes expected in the Greater Cambridge Wider Area in the future, including further business parks, rail additions and road improvements, new towns, the desire to encourage tourists to visit the wider area, and the opportunity for the area to attract Cambridge and regional major roads led demand. The area will also continue to take overspill from the Cambridge market. As such we have estimated 10% of the room growth to be in this area. This is approximately 220 rooms in the base case by 2045.

This projection may seem very modest in the context of new settlements and growth in settlements in the Greater Cambridge Wider Area. A key factor however is that Cambridge is the main draw of demand rather than there being major drivers of room night demand located specifically within these new settlements. Greater overspill of demand from Cambridge could be expected if Cambridge is not able to provide sufficient room supply since the new locations are well-connected for access to the city. With regard to current permissions, these will be evaluated by investors and only pursued if there is sufficient projected demand in relation to supply, and viability for the specific project.

Cambridge 3-mile radius (Centre and Periphery)

We estimate the very large majority of room supply growth to be needed in Cambridge. Past performance based projections estimate this to be 95%, but we have assumed 90% for the reasons mentioned above.

We therefore estimate in the base case 2,000 additional rooms by 2045, or 793 by 2035. In the high growth scenario this is 3,376 by 2045 and 1,242 by 2035.

If we consider this share of rooms and a 2045 projected population within 3 miles, this equates to 25 rooms per 1000 heads of population for the base case, with 23 and 31 for the low and high growth scenarios respectively. In comparison, the current rooms per 1000 heads of population (using 2021 census) for a 3 mile radius for York and Bath are 28 and 27 respectively, whilst Cambridge is 22. As mentioned previously, York is an undersupplied market and so the figure of rooms per 1000 heads of population could be expected to be higher if that demand was satisfied. This suggests that the high growth 2045 scenario for Cambridge 3-mile radius is not unreasonable. We also note that, albeit using a different basis, the high growth scenario of the 2012 hotel study was met and will be surpassed before 2026, as noted in section 4.4.4.

The central area is particularly attractive for hotels due its combined appeal for leisure and business travel, tourist sights, walkability / cyclability, many university buildings, evening economy and rail access. Although it is congested, parking can be challenging and there are few new sites. Conversions may offer potential however. Competing uses for sites and buildings are also high. The periphery does have some of its own appeal for hotels in terms of locations of businesses, quick access to major highways, greater parking potential and, for developers, lower land prices / existing building constraints. It is primarily however an offset for the centre. The interrelationship between all the areas of Greater Cambridge is the reason we have modelled the area as one.

To provide a sense of scale, we make an assumption that half the Cambridge requirement could be located in the periphery. This may need to be much greater if suitable hotel sites cannot be found in the more central area through conversions or (re)development. With hotels being part of a city's infrastructure however and driving the visitor and evening economy, there is good reason to look favourably upon the more central location of hotels. Development appraisals may still show such locations to be challenging however if competition is permitted from other more profitable use types.

Key elements in the location of hotels include the following:

- The ability to successfully attract both a leisure and business market since this combination is needed to fill occupancy across the week.
- Access to and from the hotel, and also access to destinations to be visited during the guest's stay. This is where rail access and safe walkability day and night, and/or road access and parking are particularly important. Local bus provision can feel very unfamiliar and challenging to tourists, particularly on their arrival and if first time visitors to a particular location. This is not to say tourists will not use buses / guided busways but the ease of understanding their route and when to get on and off, and how to pay is vital. Unfamiliarity with public transport access during the booking journey, if the hotel cannot be reached easily by foot or has parking, can act as a deterrent.

Comments by location are made in the table below.

Exhibit 59: Contextualisation of future room need by location (part 1)

	Cambridge 3-miles					Greater Cambridge Wider Area (approx South Cambridgeshire)
	Centre	Periphery				
	Centre	Periphery S	Periphery E	Periphery NE and N	Periphery NW and W	
Summary of demand influences	Cambridge demand for leisure tourism, offices including CB1, university-influenced visits, and general city demand. Fast growing city in its surrounds.	Cambridge demand via new rail location advantage, hospitals and existing employment, plus continued business growth and greater EW rail due course.	Cambridge demand but fewer transport advantages. Growth planned following airport move	Cambridge demand via A14 and rail location advantage, and continued business growth. Greater growth following move of WWTP	Cambridge demand via M11 proximity and proposed business growth.	Cambridge and area demand via arteries initially. Early changes are mainly population and so not big hotel drivers. Significant supply at Cambourne already. Future EW rail and employment elsewhere
Transport drivers	Rail EW rail (from 2035)	Rail (from 2026) EW rail (from 2035)	Some A14 proximity	Rail + A14	M11 proximity	M11, A428, A14, A505, A11, A10 EW rail (from 2035)
Leisure drivers	Very strong	Via access to centre	Via access to centre	Via access to centre	Via access to centre	IWM etc plus via access to centre
Business drivers	Very strong. City and including CB1 offices	Via access to city. Plus strong at CBC. Further major growth planned, occupier dependent	Via access to city. Major growth planned, occupier dependent	Via access to city. Some NW growth planned, occupier dependent	Via access to city. Major growth planned, occupier dependent	Via access to city. Some employment growth
Population influence	Servicing all Cambridge population	Hospitals as demand driver Modest population growth	Major population growth	Major population growth	Major population growth	Major population growth
Restrictions	Limited space + competing uses. Congestion and parking	Competing uses	Competing uses	Competing uses	Competing uses	Competing uses
Current hotel room provision	Major. Good performance	Extremely limited	Modest	Good.	Good	Fair. Better performance at lower class

Source: Colliers

Exhibit 60: Contextualisation of future room need by location (part 2)

	Cambridge 3-miles					Greater Cambridge Wider Area (approx South Cambridgeshire)
	Centre	Periphery				
	Centre	Periphery S	Periphery E	Periphery NE and N	Periphery NW and W	
Indicative share of 2045 rooms supply	45%	18%	27% across the rest of the periphery (E, NE, N, NW and W)			10%
Indicative share of 2045 rooms supply	Approx 1,000 in the central area	Approx 400 in the southern periphery	Approx 600 across the remaining periphery (E, NE, N, NW and W)			Approx 220
Focus of new supply timing						
2027-2030	x	x				
2031-2035	x	x		x		
2036-2040	x	x	x	x	x	x
2041-2045	x	x	x	x	x	x
Focus of new supply positioning	Opportunity to fill in more at mid and lower price points. Upper upscale well supplied at present but demand will grow again. Lack of viability for luxury.	Opportunity at all levels in new market area. Occupier influenced.	Opportunity to fill in more at lower price points and servicing community (F&B/gym), but also dependent on future business occupiers	Opportunity to fill in more at mid price points. Lower price points in line with wider supply growth.	Opportunity to fill in more at lower and mid price points. Also occupier influenced.	Opportunity continues at lower and mid price points on key roads, ideally combined with employment / attraction drivers.
Economy -	x	x	x	x	x	x
Midscale						
Upper mid -	x	x	x	x	x	x
upscale						
Upper upscale -	x	x				
Luxury						

7.3 Further Comments and Recommendations

In this section we make comments and recommendations regarding certain topics of relevance to future hotel room supply.

- **New permissions potentially creating challenges for existing hoteliers** - Existing hoteliers may not favour more supply entering the market since this would add to direct and partial competition. It would also lead to greater challenges in filling hotels on quieter days of the week / times of the year. However the RevPAR for the market is still strong in a national context, even if it is not as favourable to hotel businesses as it has been in the past. Whilst such factors exist, we would expect the council perspective to be prioritising achieving sufficient room supply. This supply is important for helping to facilitate the growth of Greater Cambridge in terms of creating jobs, commercial and leisure tourists spending in the economy, and profile.
- **Supporting existing hotel businesses** - It is important to remember though that running a hotel business can be challenging, especially at a time of rising operational costs. It is very important therefore that hoteliers are supported, particularly given all the economic and social wider benefits that hotels bring to an area. Support might include city and area marketing and international profile raising as an overnight destination; an extended event calendar encouraging overnight stays at non-peak times; listening to the voice of hoteliers in relation to destination development, access and parking; supporting skills and talent development; and other training and business support as required. Hotels are private businesses, but they are also a key part of the infrastructure.
- **The growth of alternative accommodation is having consequences** - A particular challenge at present is the substantial and rising role of the alternative accommodation market. Whilst this market is in some ways separate it still has an influence on hotels and their pricing. With extremely relaxed regulation in shared economy alternative accommodation compared with hotels, and locations/buildings that were/are not intended for tourist accommodation, the 'playing field' is not level. This means that alternative accommodation, often in favourable locations, can

be offered much more cheaply. As a consequence, this drives down rates in the hotel market, yet hotels have a higher operational cost base and extensive regulation. Uncapped growth of an underregulated shared economy alternative accommodation market could have notable consequences for current and future hotels. There is also a danger that new housing provision is used for this purpose rather than local resident permanent homes. Further, tourists using accommodation in residential buildings and areas can also be disruptive to fellow residents and the building of communities. Investigating ways to control or regulate alternative accommodation provision will be important.

- **Hotel room demand is dependent on external factors** – As well as influences on source market behaviour, future hotel room demand in Greater Cambridge will be fundamentally influenced by several factors and so provision is interdependent to these. They include the following: when new employment sites are delivered and who the occupiers are and their extent of driving business visits; how easy to use and convenient to tourists new access or parking provision is and when and where it is provided; how much demand new populations generate and when; how well-funded, coordinated, when delivered and successful destination promotion and development is; and the extent, pricing and location of alternative accommodation (private provision, other entities, and semi-open market hotels).
- **Hotel delivery is also dependent on external factors** – The delivery of new hotels is highly dependent on national and international factors influencing development projects, as discussed in 5.6.1. These include construction material costs, interest rates, the availability of debt and fiscal incentives / disincentives. High operating costs can also present challenges to projected hotel profits and so influencing project viability.
- **An excess of permissions is required for targets to be realised** - In allocations for hotel accommodation, it is important to note, as previously discussed in this report, that a significant proportion of permitted projects do not come to fruition. This means that a greater extent of sites, and advantageous sites and conditions for hotel operations, need to be considered for hotels in order for those that ultimately get developed to fulfil the room supply requirement forecasted.

7.4 Conclusion

Projections for future hotel need have been made in this study:

- In 2045 more than 2,200 additional rooms are expected to be required than in 2024 in the base case. In the high growth scenario this is nearly 3,800 and in the low growth scenario nearly 1,600.
- In 2035 nearly 880 additional rooms are expected to be required than in 2024 in the base case. In the high growth scenario this is nearly 1,500 and in the low growth scenario nearly 600.

The base case presents a reasonable and likely scenario, but a range from low to high growth influences has been provided intentionally since hotel demand will be influenced by multiple factors, both in source markets and the evolution of drivers within the destinations, which will lead to higher or lower demand. It is important to plan for flexibility therefore and vital to keep monitoring the situation and updating accordingly.

Future allocations for hotels should consider the factors that are important for successful hotel business operation, including favourable locations with strong demand drivers and accessibility for combined leisure and business demand. It should also be borne in mind that permitting a hotel development/conversion is only part of the puzzle in delivery of a successful operating hotel. Ultimately, provision will be determined by the market dynamics for any particular site and time of development, and viability of development and investor appetite, as well as if there is permitted competition from alternative uses. Hence hotel market and financial studies are undertaken and development appraisals. In this way room supply provision will also be self-modifying of excesses in supply to some extent and additionally many proposed projects will not materialise. Undersupply can be a risk if hotel viability cannot be achieved independently. It is in the interests of the council however to plan for hotels in favourable locations to successful hotel business operations since they are core elements of infrastructure.

The location of future hotel provision in Greater Cambridge is interrelated. Cambridge is the core driver with its mixed demand base, and with additional specific drivers of demand surrounding. If there is a shortage of room supply in the centre then there will be overspill further out. Whilst this will complement the direct drivers of that outer location it also has an environmental impact

of additional car / transport trips between the location of staying and where guests want to be. Planning hotel locations based primarily on overspill, even if they do help local vibrancy, also has consequences since when new hotels are added in more desirable locations to where guests ideally wish to be located, this could lessen demand in locations relying upon overspill.

This study provides an analysis based on the current situation, proposed future changes and forecasted economy. If, how and when those changes materialise, who occupies new business sites, what hotels are opened where and when, to what extent the area is promoted, and how the economy evolves will fundamentally influence the hotel market and need for room supply in Greater Cambridge in the future. The projections should therefore be updated regularly.

APPENDIX 1: GLOSSARY OF TERMS

ADR/ARR – Average Daily Rate/Average Room Rate

Calculated by dividing revenues by rooms sold.

AGOP – Adjusted Gross Operating Profit

Adjusted Gross Operating Profit is defined as total revenue less all departmental expenses and undistributed expenses and additional fees including management fees. Typically used as the basis for an incentive management fee.

Bednights

Quantifies the number of guests' resident in the hotel.

Cost of Sales

Expenses directly related to the sale of goods or services such as raw materials but excluding indirect expenses.

Capitalisation Rate

The overall capitalisation rate is used in the direct capitalisation method to convert a single year income into a value. In the DCF method the cap rate equals the discount rate plus or minus a factor for anticipated growth and is used to calculate the value of the future stable income stream after year 10.

Demand Build-Up

Demand build-up is a methodology used to project room night demand, and includes an assessment of seasonality, source of demand, and future trading potential of any given

EBITDA(R) – Earnings Before Interest Tax Depreciation Amortisation (and Rent)

Total revenue less all departmental expenses, undistributed expenses (and management fees if they apply) and fixed costs but before deductions for interest, tax, depreciation, amortisation (and rent if it is applicable). Also known as Net Operating Income (NOI).

Fair Share

Based on a quantification of current accommodation demand and supply in any given hotel market and includes an assessment of demand growth in the market, the impacts of future competitive supply and displaced and created demand in the market. The term 'fair share' relates to each hotel achieving an equal proportion of demand in the quantified market.

FF&E - Fixtures, Fittings and Equipment

FF&E are movable fixtures, fittings or other equipment that have no permanent connection to the structure of a building or utilities including chairs, tables, beds, wardrobes etc.

GOP – Gross Operating Profit

Gross Operating Profit is defined as total revenue less all departmental expenses and undistributed expenses (and management fees if they apply). Also referred to as IBFC (Income before Fixed Costs).

Management Fees

Management Fees are fees charged by an organisation managing a property for management services and supervision of the property. Typically made up of a base fee and an incentive fee.

PAR – Per Available Room

Revenue and expenses are often expressed as amounts per number of rooms available to let.

hotel.

Departmental Expenses

Departmental Expenses relates to costs incurred in each revenue generating department.

Discount Rate

The percentage rate required to calculate the present value of a future cashflow.

Discounted Cashflow (DCF)

A DCF is a projection of expected future earnings over a period of time (usually 10 years) to reflect what the expected cashflow would be and is in inflated values. A DCF valuation involves the capitalisation of the 10-year income stream discounted back to the valuation date using capitalisation and discount rates relevant to the market at the date of the valuation and thus reflects the time value of money and the realistic return expectations of the purchaser.

DOP – Departmental Operating Profit

Total departmental revenue less cost of sales, payroll costs and direct operating expenses.

Double Occupancy

Double occupancy describes a double or twin room that is occupied by two people as opposed to single occupancy in which case one person occupies a double or twin room.

Double Occupancy Factor

A measurement to denote the incidence of two people occupying double or twin room. A double

POR – Per Occupied Room

Revenue and expenses are often expressed as amounts per room occupied.

Rack Rate

The standard price of a hotel room before any discounting has taken place and is often a statement of position in the market.

RFF&E - Replacement Reserve FF&E

A fund; typically, a percentage of total revenue, put aside to replace FF&E.

RevPAR - Revenue Per Available Room (or Room Yield)

Calculated by dividing rooms revenue by rooms available for sale in the same period.

Room Occupancy/Occupancy

Calculated by dividing the number of room nights sold during a period by the total number of rooms available in the same period.

Room nights

Describes the number of rooms that are occupied in a hotel, regardless of the number of people staying in the room.

UOE – Undistributed (Operating) Expenses

This classification is used for administrative and general expenses, marketing expenses, energy costs, and property operation and maintenance expenses.

occupancy factor of 1.2 denotes that 20 per cent of the time two people share the room.

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