HIGHLANDS AND ISLANDS ENTERPRISE
&
SCOTTISH DEVELOPMENT INTERNATIONAL

INVERNESS AND MORAY ACCOMMODATION AUDIT

November 2011

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21st November 2011

Dear Lynne

INVERNESS AND MORAY – ACCOMMODATION AUDIT

We have pleasure in presenting our findings from research into the supply and demand dynamics of tourism accommodation in the Inverness and Moray Region. This final report presents the supply of accommodation along with the market demand calculations and includes a section suggesting strategic accommodation development opportunities to support continuous improvement in the tourism sector.

The scope of our work on this project is detailed in our proposal (Ref: P1592) dated 13th June 2011 and presents the sector's position as at end of August 2011.

This report, along with the accompanying database has been conscientiously prepared for use by the study sponsors and no liability to third parties can be accepted.

Yours sincerely
(For and on behalf of Tourism Resources Company)

Sandy Steven
Director

Ref: SS/IM/0841-FR1

TABLE OF CONTENTS

TABLE OF CONTENTS (CONT)

1 INTRODUCTION

1.1 Background

This study was commissioned by Highlands and Islands Enterprise (HIE) and Scottish Development International (SDI). The study is an overview of the commercial tourism accommodation sector in the Highland Council area, focused on Inverness, and Morayshire and is designed to provide for the first time a complete listing of all accommodation across the whole area. The aim is to provide a database of the Region's stock of bed spaces and its trading patterns. [The larger area / Region itself divided into smaller areas (zones) to reflect destination marketplaces]. The consultants were also tasked with assessing the strategic gaps in the current offering and the development opportunities that the sector offered in helping the various destinations reposition their tourism offering to improve economic performance.

In May 2011 tenders were sought from interested parties to conduct the audit. It was envisaged that at the conclusion of the research a detailed report would be produced that provided a range of data and market intelligence on the lodging sector including: supply / cataloguing of product viz scale, mix and types of facilities alongside an indication of current trading pattern viz occupancy / demand levels currently hosted and profiling of current demand mix. The aim of the work is to provide valuable information on the sector to inform current operators, those considering investment in the sector and the public agencies in evolving strategy and planning responses.

Tourism Resources Company (TRC), a specialist tourism consultancy submitted proposals to conduct the work and were commissioned after a competitive tendering process.

TRC's work has been used in the past to inform accommodation development strategies for tourist authorities; operators and owners throughout Scotland Our work on this project again used a tested methodology.

The geographic area / Region covered by this audit has been defined thus – the area of coverage and market 'zones' agreed with HIE and SDI at the outset. These zones reflecting the locations which form, what is seen to be the wider area's (Region's) tourism offering and its constituent parts (see the map on Page 3).

The postcodes that are included in this overview are:

- Greater Inverness: IV1,2,3,12;
- Loch Ness: IV2, 3, 4, 63, and PH32;
- Black Isle / Cromarty Firth: IV4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 17, 18, 19;
- Badenoch and Strathspey: IV13, PH20, 21, 22, 23, 24, 25, 26;
- Spey Valley: AB37, 38, 55, PH26, IV32; and
- Moray Coast: AB56, IV30, 31, 32, 36.

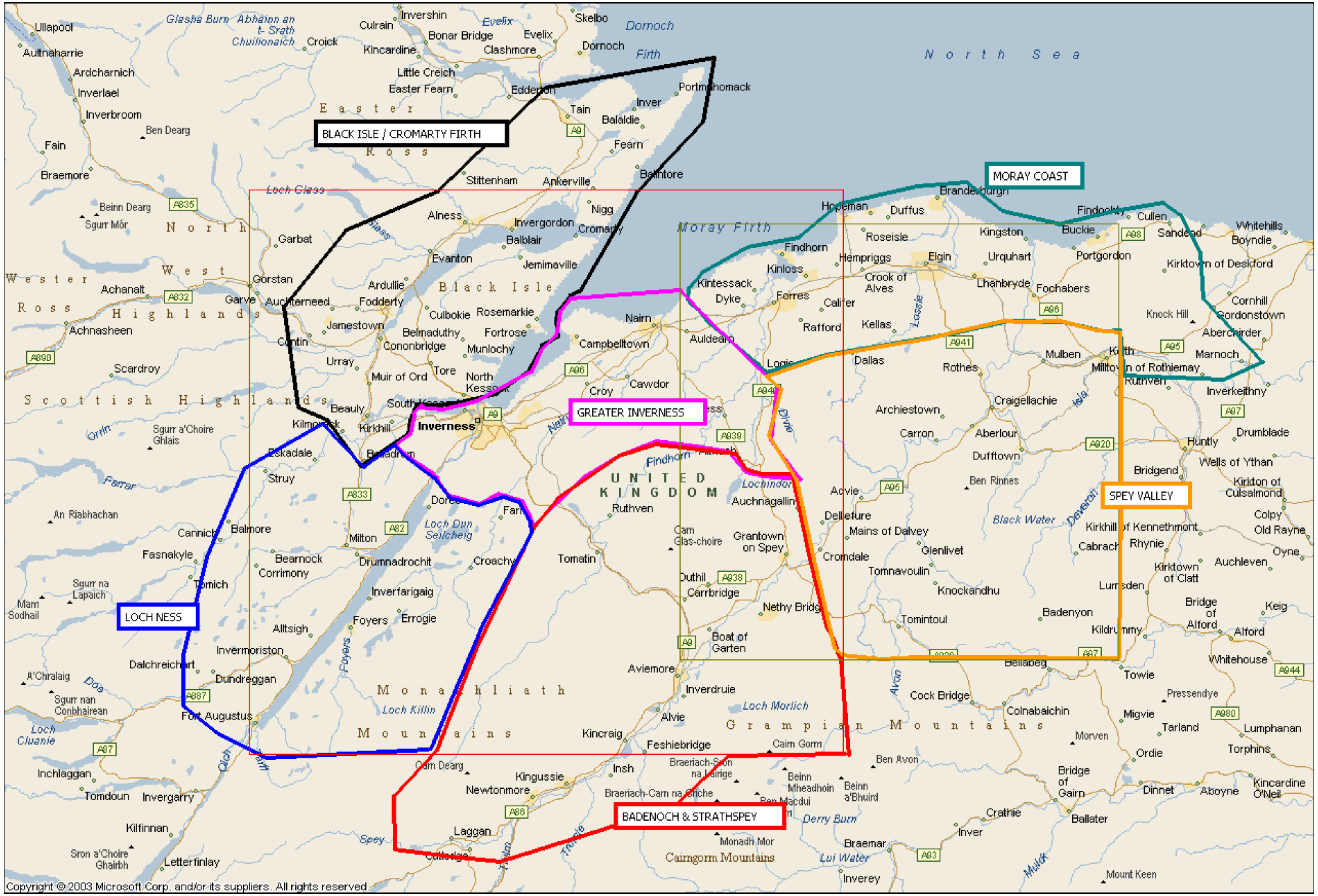
1.2 Study Objectives

In summary the study objectives were to provide:

- An audit and analysis of accommodation supply across all accommodation types, and quality, in line with VisitScotland designations;
- Detailed analysis of current accommodation demand by type, serviced / non-serviced and whether VisitScotland graded or not, highlighting key trends and trading patterns;
- Reliable, factual information to inform public and private sector investment in the accommodation sectors;
- Identification of the views of accommodation buyers re the current offering and their future qualitative / quantitative needs eg the: corporate sector; conference organisations; accommodation booking agents; wedding organisers and in the leisure sector ie tours / special groups including golf groups, short breaks, etc;
- Identification of product gaps / shortfalls in the accommodation sector in each area highlighting potential opportunities for development in the local accommodation supply chain.

The range of work concluded by the consultants was highlighted in our proposal to the Client Group. This involved creating a comprehensive database of supply and consulting with operators to identify current demand dynamics re the scale and profile of demand and the trading patterns being experienced. This work involved both interviews and an online survey of operators. The findings of all components of work are included in this report.

INVERNESS AND MORAY STUDY AREA



1.3 Report Format

This report displays the key relevant supply and demand data (adopting the VisitScotland categories of accommodation in the reporting format). In addition to this 'hard copy' report, a full, confidential, electronic database of the stock has been provided in a format that allows the data on stock available to be interrogated further by the Client Group. (However relevant trading data of operators, where supplied has been provided anonymously in this report and is excluded from the electronic database).

In conclusion this final report includes:

- A detailed catalogue / baseline of the accommodation sector in each of the six areas under review – Supply Analysis;
- Performance of the sector – Demand Analysis (anonymised);
- An assessment of issues relating to the future of the sector; and
- A discourse on potential future investment opportunities across the different sub-destinations / zones of the wider study geography.

The study provides the data for each of the six destinations in a format that sees each presented as a 'standalone' overview.

1.4 Study Participation Levels / Survey and Consulting Responses

Key to reporting current demand levels for the sector was our research amongst existing operators. TRC contacted directly, all operators where we were able to establish a valid email address to ask for participation in our area-wide survey to help identify the current level and profile of demand for bed spaces across the different zones of the Region. Our correspondence provided a link to the online survey. This communication was followed up some time later with a reminder email. To help build on the responses received, the various Destination Management Organisations across the area helped promote the survey and encouraged participation via newsletters and emails etc.

Our team also undertook a number of telephone consultations with operators where we did not receive sufficient responses to the survey to allow us to make comment on current trading patterns in the different accommodation categories across the different zones.

(TRC would like to extend our thanks to the various teams for their time and effort – we would also like to thank all those who participated in the survey for supplying data).

The responses derived from the various methods of contact resulted in participation in the 'demand' analysis by 218 of the 1,984 businesses recorded, ie 11%. In the final analysis the number of responses was encouraging even if the quality or range of data was somewhat varied. These participation levels mask the fact that the survey coverage, when measured on the basis of the number of bedrooms in the stock participating, is of a much greater proportion. This achieved by virtue of the high levels of participation by the larger business types eg the 'hotel' categories. The scale of participation of 'bedroom stock' was good overall with Hotel coverage at 46%, Guest House and B&B with 9% and Self-catering responses accounting for 18% of bedroom stock. Overall coverage of the survey saw 28% of all bedroom stock captured across the wider geography of the whole study area.

We would like to take this opportunity to thank all those who participated in this study including survey respondents, stakeholders and others with whom we consulted.

2 PROFILE OF REGIONAL ACCOMMODATION SUPPLY – AN OVERVIEW

2.1 Background

In this second section of our report into the regional accommodation provision we provide a brief overview of the supply of accommodation across the wider study area. This overview is constrained to the supply situation solely as any reporting of demand levels or patterns is somewhat meaningless when viewed at the regional level given the diverse range of trading environments and market forces at work across the area. Later sections of the report, as already highlighted, provide a more in-depth analysis of all six trading environments that go to make up the 'regional' geography. These profiles forming Section 3 of this document provide a more in-depth analysis of stock and trading patterns currently achieved.

Below we present the regional 'stock' / provision of supply position.

2.2 Operations – Current Stock

Highlighted in the table overleaf is a current overview of the accommodation offering available across all of the study area (the Region), categorised by VisitScotland accommodation types. The table presents the number of establishments that are operating in the area and provides an analysis of the proportion each category represents in the fully serviced / non-serviced sector mix and across the whole area's supply providing a comprehensive 'profile' of all stock. The supply of operations has also been plotted on the maps overleaf which indicate the concentration of serviced and non-serviced accommodation across the Region.

Included in the later sections to this report are maps for each of the six zones highlighting concentrations of serviced and non-serviced accommodation operations. These maps have been provided in 'electronic format to HIE / SDI and if Microsoft MapPoint is available the maps and 'pins' can be interrogated to reveal individual business details etc. [Conversely the electronic database can be used (postcode information) to create maps in other software formats].

ALL ESTABLISHMENTS BY ACCOMMODATION CATEGORY 2011[1]			
Accommodation Category	**Number of Operations**	**% Sector Mix**	**% of Overall Mix**
Fully Serviced			
Hotel	74	10.1%	3.7%
Small Hotel	68	9.3%	3.4%
Metro Hotel	2	0.3%	0.1%
Budget Hotel	5	0.7%	0.3%
Country House Hotel	11	1.5%	0.6%
Guest House	130	17.8%	6.6%
B&B	419	57.4%	21.1%
Restaurant with Rooms	5	0.7%	0.3%
Inn	16	2.2%	0.8%
Sub Total	**730**	**100.0%**	**36.8%**
Non-Serviced			0.0%
Self-Catering	1,131	96.3%	57.0%
Serviced Apartments	3	0.3%	0.2%
Exclusive Use Venue	4	0.3%	0.2%
Hostel	32	2.7%	1.6%
Other	5	0.4%	0.3%
Sub Total	**1,175**	**100.0%**	**59.2%**
Sub Total of Serviced and Non-Serviced Sectors	**1,905**		**96.0%**
Holiday / Touring Park	**79**		**4.0%**
TOTALS	**1,984**		**100.0%**

Source: TRC

The information is self-explanatory and clearly indicates that in total, the 730 establishments in the fully serviced sector accounts for 36.8% of the overall establishment mix. The non-serviced sector dominates the supply locally in terms of establishments / operators principally comprising self-catering units. (Many single unit operators – see later sections).

Note: Over recent years, the number of tourism accommodation categories used by VisitScotland has expanded to take account of evolving product trends and shifts in market demand. The VisitScotland categories of accommodation currently in use include new additions in the last few years of: metro hotel, serviced apartments and budget hotels / lodge – few of these categories or products are available in all of the study area zones.

[1] [1] Where 'hotel' operations are not participating in the VisitScotland Quality Assurance (QA) Scheme and have not been classified under the different hotel types the consultants have adopted a default position to categorise supply identified as 'hotel'

2.3 Potential Future Additions to the Portfolio of Accommodation

As part of any survey of an area's existing stock and its trading levels it is also important to understand what are potential new additions to supply that might come on stream in the foreseeable future. These proposals help identify what might be gaps or development opportunities over the medium timeframe and are included within the study. To this end our team identified from discussion with local planning authorities potential future increases to the stock. We have profiled in the relevant sections of this report on each of the six zones a section on what are the main, strategic, potential additions to the supply side of the equation in each case. (We also provide in the appendices listings of developments and their various stages in the planning process as supplied to us).

There will undoubtedly be other projects that, at the time of reporting, are still aspirations of developers and land owners but they have not, as yet, entered the formal planning process. Some are rumoured and our consultations with various individuals suggest that there are some frustrated development proposals in today's constrained economic times. Any growth in the accommodation sector like other areas of Scotland / UK is unlikely to resume significantly in the foreseeable future given the current investment climate.

2.4 Regional Overview of Room and Bed Space Supply (All Areas)

2.4.1 Room and Bed Space (Sleeper Capacity) Stock

The table overleaf profile the room and bed space capacity offered within the Regional commercial tourism accommodation stock.

The chart following identifying the proportional mix of rooms available across the three main accommodation sectors in the Region: fully serviced, non-serviced and caravanning / camping.

REGIONAL OVERVIEW OF SUPPLY BY ACCOMMODATION CATEGORY 2011 (ALL AREAS)						
Accommodation Category	**Number of Rooms**	**% Sector Mix**	**% of Overall Mix**	**Number of Bed Spaces**	**% Sector Mix**	**% of Overall Mix**
Fully Serviced						
Hotel	3,350	48.8%	27.6%	6,905	48.1%	18.6%
Small Hotel	683	10.0%	5.6%	1,379	9.6%	3.7%
Metro Hotel	108	1.6%	0.9%	216	1.5%	0.6%
Budget Hotel	315	4.6%	2.6%	879	6.1%	2.4%
Country House Hotel	157	2.3%	1.3%	315	2.2%	0.9%
Guest House	770	11.2%	6.3%	1,626	11.3%	4.4%
B&B	1,294	18.9%	10.6%	2,667	18.6%	7.2%
Restaurant with Rooms	44	0.6%	0.4%	89	0.6%	0.2%
Inn	143	2.1%	1.2%	284	2.0%	0.8%
Sub Total	**6,864**	**100.0%**	**56.5%**	**14,360**	**100.0%**	**38.8%**
Non-Serviced						
Self-Catering	4,863	93.2%	40.0%	9,939	85.8%	26.8%
Serviced Apartments	39	0.7%	0.3%	78	0.7%	0.2%
Exclusive Use Venue	39	0.7%	0.3%	81	0.7%	0.2%
Hostel	266	5.1%	2.2%	1,457	12.6%	3.9%
Other	12	0.2%	0.1%	24	0.2%	0.1%
Sub Total	**5,219**	**100.0%**	**43.0%**	**11,579**	**100.0%**	**31.3%**
Sub Total of Serviced and Non-Serviced Sectors	**12,083**		**73.1%**	**25,939**		**70.0%**
Holiday / Touring Park	4,441		26.9%	11,103		30.0%
TOTALS	**16,524**		**100.0%**	**37,042**		**100.0%**

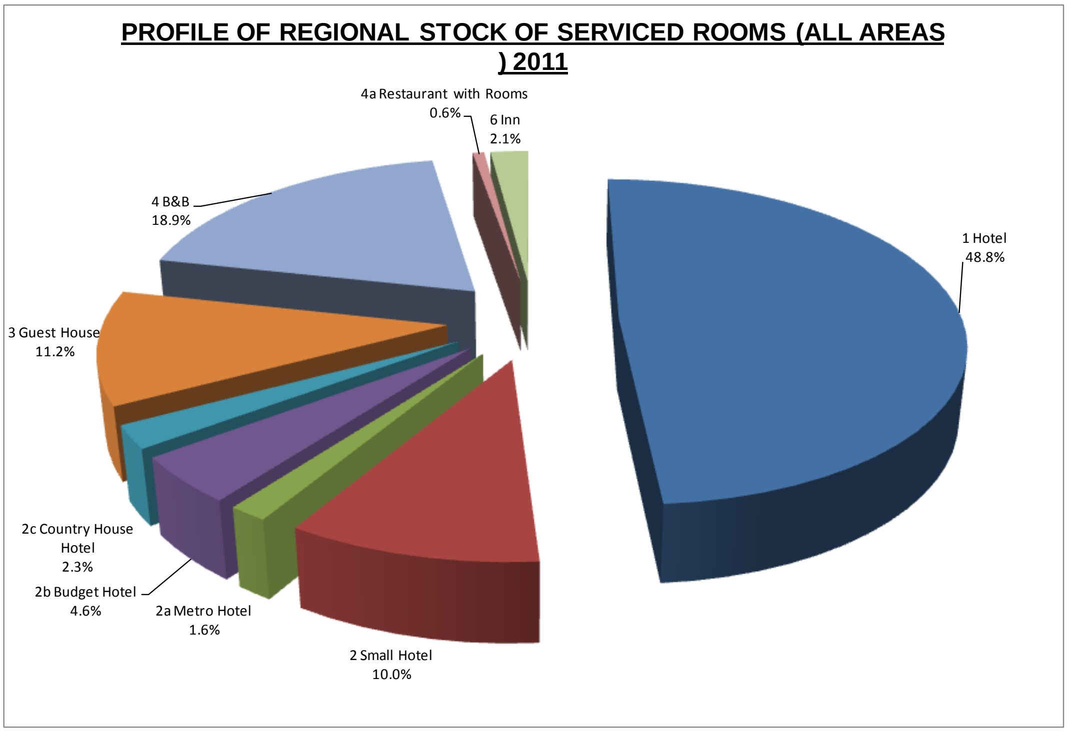
Note: * This is based on previous TRC findings in the sector and assumes 2.5 bed spaces per pitch. This includes stock that is in instances privately owned static vans that are not available to rent help create a notional tourism bed stock figure for this study and could in fact be larger. This stock used by owners, in cases lent to family and friends and on occasions rented out, however the consultants cannot quantify how much is in the commercial rental sector.

Source: TRC

The table above shows that regionally the majority of the 'built' bedrooms are available within the serviced sector. However when the non-serviced and caravan sector is viewed together the regional 'notional' bedroom / 'pitch' and bed space supply clearly is dominated by these sectors.

When the regional stock is viewed in terms of bed space / sleeper capacity the self-catering and other non-serviced sectors are in total smaller than the serviced sector. However when any notional 'bed stock' associated with the caravan sector is added into the mix the scale of the Region's notional and potential tourism bed stock grows significantly to over 37,000 bed spaces from circa 26,000 in 'built' stock. This indicates the importance of the caravan sector in the Region's tourism economy, not unlike other areas of Scotland, providing approximately 11,000 notional bed spaces.

The chart below highlights the available room mix within the Region's important serviced sector.



Total Available Rooms: 6,864 **Source: TRC**

2.4.2 Regional Dispersal of Bedroom Supply

The table overleaf indicates the number of bedrooms available across each of the six zones included within this Regional Audit. (Further detail on this stock is provided in the relevant following sections).

GEOGRAPHIC DISPERSAL OF ALL AVAILABLE BEDROOMS ACROSS THE STUDY REGION (2011)							
Type	**Total Rooms**	**Greater Inverness**	**Black Isle / Cromarty Firth**	**Loch Ness**	**Badenoch & Strathspey**	**Spey Valley**	**Moray Coast**
Fully Serviced							
Hotel	3,350	1,109	421	115	1,259	146	300
Small Hotel	683	123	156	95	174	43	92
Metro Hotel	108	108					
Budget Hotel	315	253					62
Country House Hotel	157	35	86		10		26
Guest House	770	363	48	14	243	16	86
B&B	1,294	332	252	245	179	119	167
Restaurant with Rooms	44			13	22		9
Inn	143	22	10	20	26	12	53
Sub Total	**6,864**	**2,345**	**973**	**502**	**1,913**	**336**	**795**
Non-Serviced							
Self-Catering	4,863	466	539	886	2,199	271	502
Serviced Apartments	39	39					
Exclusive Use Venue	39		17	22			
Hostel	266	53	14	74	118		7
Other	12	10			2		
Sub Total	**5,219**	**568**	**570**	**982**	**2,319**	**271**	**509**
Holiday / Touring Park (Pitches)	4,441	897	360	292	861	151	1,880
TOTALS	**16,524**	**3,810**	**1,903**	**1,776**	**5,093**	**758**	**3,184**

Source: TRC

2.4.3 Quality Profile of Regional Accommodation Supply

The tables overleaf provide an overview of the 'quality' profile (grading) of the Region's accommodation supply. Note: This section provides information on only those properties / businesses that are part of / participate in VisitScotland's Quality Assurance (QA) Scheme. No attempt has been made to grade non-participating operators.

In the study area a slightly higher percentage of properties participate in the QA Scheme when compared to other parts of Scotland. However at 54% of the total there is still a considerable number of operations not captured under the Scheme. Whilst only 54% of the Region's serviced 'operators' are participants this captures 72% of the serviced bed stock. The majority of stock is graded at 3 Star and above suggesting reasonable quality levels exist however this is open to question – see below. In the non-serviced sector participation by operators is below the 30% level in terms of properties which sees 46% of rooms captured.

The audit highlights that almost half of all accommodation businesses in the area are not part of the QA Scheme. This calls into question the ability of the recorded position to comprehensively and robustly indicate the overall quality make up of the current offering. Undoubtedly the quality of the the current stock (participants and non-participants) varies considerably across the board ranging between that which is good to that which is not highly regarded. Consumer feedback suggesting that in a number of situations the stock does not meet the quality standards demanded by the market – an issue for certain destinations.

The reasons for the low uptake by operators of the Scheme cannot be confirmed however numerous theories exist not all rehearsed here but range from cost to 'hiding bad news'. What is perhaps noteworthy from the data that supports this latter view is the fact that similar to other parts of Scotland, the majority of participants in the study area achieve gradings of 3 Stars and above. To many this is not considered surprising as there are schools of thought that suggest many operators of poorer quality businesses do not take part in QA as they are aware they would only achieve a 1 or 2 Star grading which would be seen as giving 'negative', or confirming less than complimentary messages about their product. (Lower Star ratings considered by many to suggest below 'average' quality ratios and not seen as a positive message).

If this anecdotal view is to be believed then it suggests a proportion of the non-participatory businesses are indeed at the lower end of the quality spectrum affecting the area's overall true quality position. (These assumptions cannot be confirmed or refuted as no source can lay claim to know the definitive position since Scotland does not practice compulsory registration. It is claimed by many a compulsory scheme has a role to play in raising quality of product and service as it would encourage operators to improve standards to ensure under a compulsory scheme they would achieve what are considered to be 'better' grades / Star ratings).

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REGIONAL SERVICED ACCOMMODATION – PROFILE OF GRADING – ALL PROPERTIES (2011)

Accommodation Category	Total Properties		Not Graded		Awaiting Inspection / Listed		1 Star		2 Star		3 Star		4 Star		5 Star		Total Properties Graded, Awaiting Inspection / Listed	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Hotel	75	100%	29	39%	2	3%	0	0%	3	4%	30	40%	11	15%	0	0%	46	61%
Small Hotel	68	100%	36	53%	0	0%	0	0%	2	3%	25	37%	3	4%	2	3%	32	47%
Metro Hotel	2	100%	0	0%	0	0%	0	0%	1	50%	1	50%	0	0%	0	0%	2	100%
Budget Hotel	5	100%	0	0%	5	100%	0	0%	0	0%	0	0%	0	0%	0	0%	5	100%
Country House Hotel	11	100%	1	9%	0	0%	0	0%	2	18%	3	27%	5	45%	0	0%	10	91%
Guest House	130	100%	39	30%	4	3%	0	0%	0	0%	47	36%	38	29%	2	2%	91	70%
B&B	423	100%	226	53%	10	2%	1	0%	4	1%	81	19%	96	23%	5	1%	197	47%
Restaurant w. Rooms	5	100%	1	20%	0	0%	0	0%	0	0%	0	0%	3	60%	1	20%	4	80%
Inn	16	100%	6	38%	1	6%	0	0%	2	13%	6	38%	1	6%	0	0%	10	63%
TOTAL PROPERTIES	**735**	**100%**	**338**	**46%**	**22**	**3%**	**1**	**0%**	**14**	**2%**	**193**	**26%**	**157**	**21%**	**10**	**1%**	**397**	**54%**
Percentage of Graded Properties					**5.5%**		**0.3%**		**3.5%**		**48.6%**		**39.5%**		**2.5%**		**100%**	

Source: TRC

REGIONAL SERVICED ACCOMMODATION – PROFILE OF GRADING – ALL ROOMS (2011)

Accommodation Category	Total Rooms		Not Graded		Awaiting Inspection / Listed		1 Star		2 Star		3 Star		4 Star		5 Star		Total Rooms Graded, Awaiting Inspection / Listed	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Hotel	3,350	100%	616	18%	146	4%	0	0%	238	7%	1,762	53%	588	18%	0	0%	2734	82%
Small Hotel	683	100%	329	48%	0	0%	0	0%	22	3%	286	42%	27	4%	19	3%	354	52%
Metro Hotel	108	100%	0	0%	0	0%	0	0%	14	13%	94	87%	0	0%	0	0%	108	100%
Budget Hotel	315	100%	0	0%	315	100%	0	0%	0	0%	0	0%	0	0%	0	0%	315	100%
Country House Hotel	157	100%	3	2%	0	0%	0	0%	22	14%	54	34%	78	50%	0	0%	154	98%
Guest House	770	100%	185	24%	21	3%	0	0%	0	0%	341	44%	215	28%	8	1%	585	76%
B&B	1,294	100%	723	56%	37	3%	2	0.2%	12	1%	240	19%	265	20%	15	1%	571	44%
Restaurant w. Rooms	44	100%	14	32%	0	0%	0	0%	0	0%	0	0%	23	52%	7	16%	30	68%
Inn	143	100%	56	39%	7	5%	0	0%	13	9%	52	36%	15	10%	0	0%	87	61%
TOTAL ROOMS	**6,864**	**100%**	**1,926**	**28%**	**526**	**8%**	**2**	**0%**	**321**	**5%**	**2,829**	**41%**	**1,211**	**18%**	**49**	**1%**	**4,938**	**72%**
Percentage of Graded Rooms					**10.7%**		**0.0%**		**6.5%**		**57.3%**		**24.5%**		**1.0%**		**100%**	

Source: TRC

REGIONAL NON-SERVICED ACCOMMODATION – PROFILE OF GRADING – ALL PROPERTIES (2011)

Accommodation Category	Total Units	Not Graded	Awaiting Inspection / Listed	1 Star	2 Star	2-3 Star*	2-4 Star*	3 Star	3-4 Star*	4 Star	4-5 Star*	5 Star	Total Units Graded, Awaiting Inspection / Listed	
													No.	%
Self-Catering	1,920	965	82	6	13	44	117	277	136	224	11	45	955	50%
Serviced Apartments	20	1	0	0	0	0	0	0	0	19	0	0	19	95%
Exclusive Use Venue	4	2	0	0	0	0	0	0	0	0	0	2	2	50%
Hostel	34	28	0	0	0	0	0	2	0	4	0	0	6	18%
Other	33	33	0	0	0	0	0	0	0	0	0	0	0	0%
TOTAL PROPERTIES	**2,011**	**1,029**	**82**	**6**	**13**	**44**	**117**	**279**	**136**	**247**	**11**	**47**	**982**	**28%**
Percentage of Properties	**100.0%**	**51.2%**	**4.1%**	**0.3%**	**0.6%**	**2.2%**	**5.8%**	**13.9%**	**6.8%**	**12.3%**	**0.5%**	**2.3%**	**48.8%**	
Percentage of Graded Properties			**8.4%**	**0.6%**	**1.3%**	**4.5%**	**11.9%**	**28.4%**	**13.8%**	**25.2%**	**1.1%**	**4.8%**	**100.0%**	

Note: * Captures operators with more than one unit where each reflects different VS grading levels **Source: TRC**

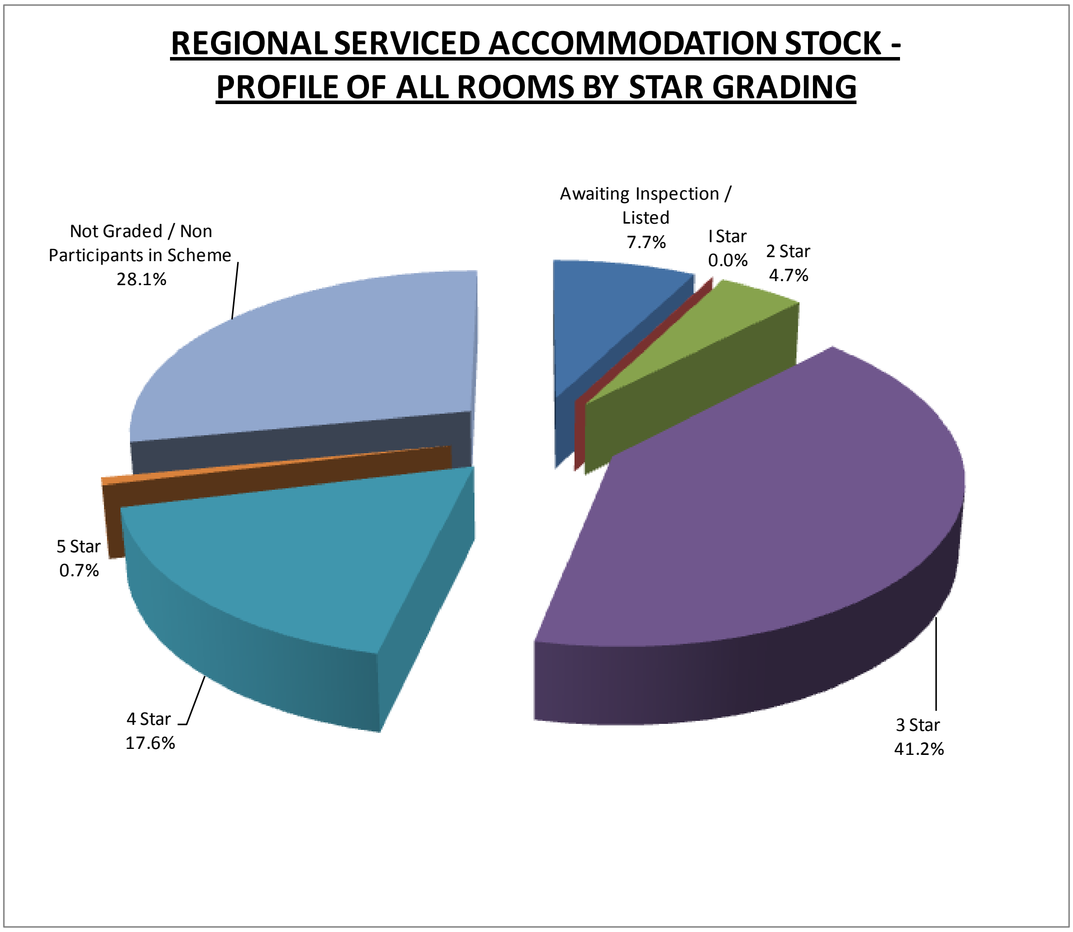
REGIONAL NON-SERVICED ACCOMMODATION – PROFILE OF GRADING – ALL ROOMS (2011)

Accommodation Category	Total Rooms	Not Graded	Awaiting Inspection / Listed	1 Star	2 Star	2-3 Star*	2-4 Star*	3 Star	3-4 Star*	4 Star	4-5 Star*	5 Star	Total Rooms Graded, Awaiting Inspection / Listed	
													No.	%
Self-Catering	4,863	2,589	166	15	33	96	259	683	280	622	28	92	2,274	47%
Serviced Apartments	39	2	0	0	0	0	0	0	0	37	0	0	37	95%
Exclusive Use Venue	39	17	0	0	0	0	0	0	0	0	0	22	22	56%
Hostel	266	224	0	0	0	0	0	28	0	14	0	0	42	16%
Other	12	12	0	0	0	0	0	0	0	0	0	0	0	0%
TOTAL ROOMS	**5,219**	**2,844**	**166**	**15**	**33**	**96**	**259**	**711**	**280**	**673**	**28**	**114**	**2,375**	**46%**
Percentage of Rooms	**100.0%**	**54.5%**	**3.2%**	**0.3%**	**0.6%**	**1.8%**	**5.0%**	**13.6%**	**5.4%**	**12.9%**	**0.5%**	**2.2%**	**45.5%**	
Percentage of Graded Rooms			**7.0%**	**0.6%**	**1.4%**	**4.0%**	**10.9%**	**29.9%**	**11.8%**	**28.3%**	**1.2%**	**4.8%**	**100.0%**	

Note: * Captures operators with more than one unit where each reflects different VS grading levels **Source: TRC**

2.4.4 Quality Position All Serviced Stock

The chart below provides a visual overview of the official quality grading of the Region's total stock of available rooms. Of the total, 28% of room stock is non-participatory, the majority of the balance graded at 3 and 4 Star in quality.



Base: 6,864 Rooms **Source: VisitScotland – Analysed by TRC**

2.4.5 Regional Grading Comparisons

The table overleaf provide analysis of the regional stock's relative gradings against national averages.

AVERAGE GRADING SCORES – STUDY AREA Vs NATIONAL [PROPERTIES]		
Category	**Area Average[1]**	**National Average**
Serviced Sector		
Hotel	3.22	3.27
Small Hotel	3.10	2.94
Metro Hotel	2.50	2.95
Budget Hotel	-	-
Country House Hotel	3.30	3.58
Guest House	3.45	3.38
B&B	3.52	3.48
Restaurant with Rooms	4.25	3.79
Inn	2.89	2.88
Serviced Sector Average	**3.40**	**3.37**
Non-Serviced		
Self-Catering	3.44	3.48
Serviced Apartments	3.67	3.67
Exclusive Use Venue	5.00	4.75
Hostel	3.67	3.27
Non-Serviced Sector Average	**3.52**	**3.50**

Notes: [1] Source – VisitScotland, averages recast by TRC to exclude accommodation categories not present in the Inverness and Moray study area to allow for comparison.

Source: TRC

The table above indicates that the regional average for those participating in the National QA Scheme is, within the total serviced and non-serviced sector marginally above the National Average. However within these figures are variations. In a number of instances average quality of particular types of properties exceeds the National Average and in others is very marginally below.

The table below provides a profile of properties participating in the scheme by grades. This table again indicating that a greater proportion of properties / businesses that are graded are in the higher grading brackets than is the ratio achieved when compared to the National picture.

GRADING PROFILE OF SERVICED PROPERTIES – STUDY AREA vs NATIONAL (2011)				
Star Grade	**All Types of Accommodation Total in Study Area**	**Regional % of Total Graded**	**National Equivalent All Types Total**	**National % of Total Graded**
Awaiting Inspection / Listed	22	5.5%	219	7.0%
1	1	0.3%	20	0.6%
2	14	3.5%	204	6.5%
3	193	48.6%	1,491	47.5%
4	157	39.5%	1,095	34.9%
5	10	2.5%	108	3.4%
TOTALS	**397**	**100%**	**3,137**	**100%**

Source: TRC

2.5 Overview of Demand for Accommodation in the Study Region

This section provides little comment other than background as the 'Region' under study is neither homogenous nor a 'single' marketplace for accommodation demand. The diverse geography of the Region and the various zonal economies and destination offerings resulting in different marketplaces for the accommodation sector. Accommodation demand in the different zones is, both in terms of scale and profile, influenced by the various economies and destination appeal in different markets across leisure and business related demand sectors. These issues are all dealt with in more detail in each of the 'zone profiles' that make up the remainder of this extensive report.

It is spurious to quote scale or volume of demand for accommodation across the Region because it varies so widely. As would be expected it peaks in the Greater Inverness zone but even here is influenced by seasonality of demand. Seasonality is reported across all six zones under review. In terms of profile of demand and mix of rooms demand viz leisure and business tourism this varies across all six zones and as indicated is discussed later at the appropriate juncture.

The consulting team when researching the current demand scenarios also conducted an extensive range of interviews amongst 'demand intermediaries' and local buyers of accommodation to better understand their views of the current offering. This was work conducted to establish how the market viewed the current supply of accommodation across the Region and different zones. This research helped establish whether current supply in terms of scale and quality was satisfactory and met the demands of the marketplace or whether there were 'gaps' in supply indicating a potential need for new supply or quality improvements. The findings provided a good general insight into the health of the local accommodation sectors from a consumer's perspective.

This work informing the ultimate comments made by the consultants on the Regional accommodation sector. The findings and contacts established are presented as an Appendix to this report in the form of a summary overview of the discussions held with a range of intermediaries that included: Booking Agents; Event and Conference Organisers; Tour Operators, etc (See Appendix VI).

2.6 Conclusion

Across the wider Region a diverse mix and range of accommodation exists. A considerable degree of operations participate in VisitScotland’s QA Scheme and those that do achieve grading, in the main, above 3 Star level at overall quality averages above the national picture however the picture changes at the zone level – see later sections. However that said interviews and consultations with consumer representatives suggest that in some of the zones (see later sections) there are gaps in current provision which manifest themselves either as a shortfall in bed space supply at different times of the year or as gaps in the quality sought by the marketplace. This suggests that in certain geographies there are insufficient rooms at certain quality points or within certain ‘types’ of accommodation. These factors explored more later.

The remainder of this report profiles the relevant supply, profile of demand and issues affecting the accommodation sector across each of the six different zones that make up the Region under review.

3 OBSERVATIONS ON SUPPLY – ISSUES AND POTENTIAL DEVELOPMENT OPPORTUNITIES (STUDY AREA SUMMARY)

One of the planned outcomes of this audit was for the consultants to exercise professional judgement over the research and identify where the market findings suggested there were shortfalls in the accommodation sector's ability to meet the needs of the market and unlock economic advantage. These 'gaps' / potential investment opportunities are presented here as a series of observations for each zone that if enacted upon could help reposition the accommodation sector of each to optimise its economic potential. The opportunities available across each of the zones obviously varies.

The developments proposed are not merely a list of what types of accommodation each zone currently doesn't offer. Years of development expertise has been used to analyse the consultation and research findings to confirm potential viable and necessary proposals to balance the accommodation economy of each zone.

The audit profiles the current offering in each area, and the trading patterns experienced by operators – this providing an important 'snapshot' of the current state of play. These findings have then been overlaid with the feedback received from intermediaries and buyers that have given the research team insight into where there is currently market dissatisfaction with the offering. These findings when considered alongside new projects or investments that will potentially change the supply in the future, in tandem with anticipated changes to the wider economy of each zone, have informed the consultancy team's deliberations over what are the issues that will ultimately affect the future dynamics of the relevant accommodation sectors.

The tables overleaf profile what is, in the team's opinion, needed if each zone is to reach a position where it can better meet existing and potential future demand.

Within the accommodation sector of any destination there can on occasion also be opportunities for certain forms of new accommodation not currently available, to 'lead', or in themselves, actually attract new markets and demand into an area. Strategic investment in such properties and in upgrading existing stock can help a destination raise its overall awareness and appeal and support repositioning strategies.

We present our findings and conclusions for each zone as bullet points at this time, presented in no particular order. In each case the consultants have refrained from making specific recommendations or suggesting specific sites for new development as this was not within our remit. On an initial read of the document it may seem to the audience that there is a degree of repetition across the zones in terms of opportunities / needs. For this the consultancy makes no apology. Our conclusions merely present the facts and our informed analysis of the findings. Across the wider study area many of the issues and opportunities affecting the different marketplaces are indeed generic and in some zones the product gaps and opportunities are similar. The one recurring theme from the consumer research is that of dissatisfaction in certain quarters with the 'quality' of certain offerings and service standards available within some of the accommodation sector.

The potential development opportunities have been identified after considerable in-house debate by the research team and are those that it is believed each destination should seek to progress further. The projects identified are those it is considered will fill the gaps that the audit and consumer interviews highlight need to be addressed if 'unsatisfied' and 'dissatisfied' demand is to be eliminated in each zone and economic advantage unlocked. The initiatives highlighted are those that experience suggests have the potential to be viable, sustainable investments in the short / medium term. Projects include those required to meet both existing demand as well as investments that can become 'attractors' in their own right. Where certain products in the correct locations can pull new markets into an area, and not merely displace or canabilise demand from existing operators, these have been highlighted.

The tables are laid out as a Strengths, Weaknesses and Opportunities Analysis for each zone. Highlighted are factors that potentially will 'positively' affect demand for bed spaces in the future set against factors and issues currently curtailing the success of the accommodation sector. Obviously addressing and taking due cognisance of these issues and aligning the accommodation sector with the positives and mitigating the negatives will be to the future benefit of the accommodation / tourism economy of each zone.

It is envisaged that the tables can, to an extent, form the basis of an action plan for a successful accommodation sector in each destination. Each initiative supported and progressed through to the next stage in a number of ways. This taking many formats through the planning, design or construction phases of a project; or helping to identifying development sites; through to encouraging developers / investors / operators to step up to the mark and either create the new stock needed or improve / develop / reposition existing stock. At its most basic it may merely be helping investors or operators consider the viability of potential projects. Whatever future actions the sector takes the overall aim is to ensure existing markets get what they want or new products are introduced that have the opportunity to attract new markets and increase economic activity.

GREATER INVERNESS

Future Strengths / Factors Potentially Affecting Accommodation Demand	Current Weaknesses of Accommodation Sector / Factors Adversely Affecting Success of the Tourism Economy
– A growing economy and demographic; – A planned corridor of growth between City and Nairn incorporating the Airport zone; – UHI and other proposed investments; – New planned settlements; – Growing golf profile and infrastructure; – Inverness Highland Capital Credentials / High awareness / perceptions; – Transport network best in Highlands; and – Untapped potential in Scottish leisure tourism markets.	– Seasonal peaks in demand leading to shortages in accommodation supply; – Inconsistent pricing / value for money fluctuation; – Quality of offering an issue in certain instances; – Lack of 4 Star accommodation; – Does not offer a profile of supply associated with a City – gaps in existing products including a quality conference / spa hotel; and – Labour skills and service standards an issue.

Observations – Issues and Potential Investment Opportunities

The team's analysis of all the issues highlighted by the audit lead us to the following observations for the sector. We highlight below issues, if addressed, could help the zone better meet the needs of existing and future markets and unlock further economic advantage.

- In many cases improvements to the quality of the existing provision would bring the offering 'up to speed' in today's market;
- The zone would benefit from an increase in the supply of quality bed stock at 4 Star level (and above) to better meet the needs of business sectors in particular (non-discretionary and conference and discretionary in particular). Any development proposals to include 'in house' conference facilities offering state of the art technical support services and facilities;
- The zone, if it can prove viable would benefit from the provision of a 'resort' / spa type property;
- The City itself would benefit from the creation, if viability can be proved, of hybrid 'aparthotel'-type supply. This could be targeted at both the 'business' and student populations. (The City has little in the way of this form of offering which is growing in appeal to business / contractors);
- Again hybrid hostel-type accommodation aimed at student / leisure / budget business visitors and contract workers could have a role to play in the City. Truly low 'budget' operators of the Easyhotel- / Yotel-type concept could prove beneficial to the accommodation mix. (See UHI developments with initial focus of development on under graduates / contractors and supply available at other times to other sectors of the market notably leisure travellers / backpackers and those on budgets); and
- Interviews and analysis suggests in tandem with the above that the sector also needs to address certain skills issues.

BLACK ISLE / CROMARTY FIRTH

Future Strengths / Factors Potentially Affecting Accommodation Demand	Current Weaknesses / Factors Adversely Affecting Success of Accommodation Sector
– The wider zone benefits from a good mix of demand generated across the year and is, in places less seasonal than other parts of the regional study area (VFR, business, leisure and golf markets); – The 'Black Isle' itself is a recognised address and is in close proximity to the buoyant Inverness market providing overspill and supporting visitor infrastructure to the City; – The economies of Invergordon and surrounding area will continue to exert a good influence and when linked to the possible resurgence at Nigg and on the Firth suggests the future could be positive for the accommodation sector with demand levels increasing; and – Strathpeffer as a traditional Highland tourist destination has potential untapped appeal in certain leisure markets.	– The area around the Firth itself has a low profile in the leisure market; – Quality of existing supply is poor in certain areas / types of supply; – The volume of supply is insufficient at times of peak demand and it is questioned by some if it can cope in future if manufacturing / industrial and commercial activity increases; – The area has lost some of its more price competitive supply in the recent past that offered product to a transient contractor market; – It is recorded that currently a proportion of locally generated business-related demand is being displaced to the City; and – Strathpeffer and surrounding area offers a range of stock aimed at the group tour market but some is dated and quality will increasingly become an issue.

Observations – Issues and Potential Investment Opportunities

The team's analysis of all the issues highlighted by the audit lead us to make the following observations for the sector. We highlight below issues, if addressed, could help the zone better meet the needs of existing and future markets and unlock further economic advantage.

- The existing coaching stock associated with Strathpeffer would benefit from upgrade and potentially could extend appeal by providing quality upgrades and associated investment in spa / leisure facilities (Viability to be proved);
- Across the area, a degree of the stock, particularly that linked to small hotels / inns and pubs with rooms would benefit from quality enhancements – transition to inns with food / Gastro Pub with rooms would provide products more suited to today's markets; and
- In the main settlements upgrading of existing stock to better meet future needs of contractors / business-related demand would be beneficial (See and assess potential for introduction of a new budget hotel operator eg Easyhotel- / Yotel-type concept – however viability needs to be tested).

LOCH NESS

Future Strengths / Factors Potentially Affecting Accommodation Demand	Current Weaknesses / Factors Adversely Affecting Success of Accommodation Sector
– A zone of high profile and awareness; – One of Scotland's tourist honeypots; – Recognised address internationally; and – New visitor infrastructure on and beside the Loch planned that will raise visitor appeal.	– Whilst a magnet for tourists the Lochside itself plays a dual role and is used by many merely as a 'transport' link / day visit destination nestling between the Inverness and the West Coast / Fort William hubs used by the groups market and individual leisure tourists who prefer to stay in these locations with their greater concentration of visitor infrastructure, appeal and supporting services (retail, food and beverage, formal activities / attractions, etc). Limited overnight demand for accommodation currently provided. Few accommodation products that are destinations or quality products in their own right that encourage stayovers / extend dwell time; – Interviews suggest limited numbers of things to do around the Loch itself though the hinterland provides focus for activities; – Seasonality of demand is an issue particularly 'serviced' accommodation as there is little or no business-related demand associated with what is predominantly a rural, agricultural economy. Demand peaking during holiday periods and falling away dramatically at shoulder seasons and winter placing many operations at the edge of year-round viability and little opportunity of current offering to extend season of demand and attract and service new markets. The quality of existing provision is average with few 'destination' / quality offerings of high profile. Possible exception is a project like The Highland Club. –

Observations – Issues and Potential Investment Opportunities

The team's analysis of all the issues highlighted by the audit lead us to the following observations for the sector. We highlight below issues, if addressed, could help the zone better meet the needs of existing and future markets and unlock further economic advantage.

- Analysis of the current and medium term future suggests that the area could benefit from improvements to the quality and service standards associated with the existing stock provision;
- The provision of country inns / gastro pubs would help fill gaps in current supply and products sought by the markets (good food and accommodation models);
- The area would benefit from the development of 'boutique' serviced property / signature hotel of quality that can attract and hold demand year-round;
- There is potentially still opportunity for further quality self-catering particularly that associated with the area's main asset Loch Ness / Caledonian Canal. (The viability of unusual self-catering in the form of house boats could be worthy of exploration) – See focus around Fort Augustus in particular; and
- Certain discussions and from the consultants own experience suggest that 'off the beaten' track in the zone eg the Glen Affric area etc there is a shortfall in accommodation particularly during the main holiday season re bed spaces and for certain types of accommodation eg hostels targeted at those exploring the outdoors / players in the activity sector, on training, etc. (Exploration of opportunities / viability worthy of further work).

BADENOCH AND STRATHSPEY (AVIEMORE)

Future Strengths / Factors Potentially Affecting Accommodation Demand	**Current Weaknesses / Factors Adversely Affecting Success of Accommodation Sector**
– Aviemore is a key leisure destination with a high profile offering a wide range of visitor infrastructure; – Appeal of the zone is its activity focus, a growing sector of the leisure market with a destination that offers year-round provision of activities; – Family appeal of destination in tandem with the extreme activities on offer sees wider market appeal; – Scale and mix of existing accommodation provision attractive to a range of markets ongoing; – New developments and proposals for a new settlement in the area fuelling demographic change; – The Cairngorm Mountain and National Park brand cementing appeal ongoing; and – The various settlements in the zone offer, and can continue to offer, differing experiences to a broad sector of the marketplace.	– Perceived poor service standards in existing accommodation; – Quality of certain operations curtailing appeal; – Seasonality – midweek / weekend out of main holiday periods an issue to be addressed particularly for serviced accommodation providers; – mismatch between conference / food and beverage capacity when set alongside bed space capacity for the 'events' market; and – market positioning and mixing of markets sometimes difficult to achieve and will remain an issue going forward. (The needs of conference delegates vs family groups / leisure activity travellers).

Observations – Issues and Potential Investment Opportunities

The team's analysis of all the issues highlighted by the audit lead us to the following observations for the sector. We highlight below issues, if addressed, could help the zone better meet the needs of existing and future markets and unlock further economic advantage.

Given the diversity of destinations and differing appeal across the geography of the zone it is considered that the opportunities apparent in the Aviemore focus are different from those for Badenoch to the South and the Grantown focus to the north. The following are considered worthy of further consideration in relation to the zone's accommodation sector.

Aviemore – (Urban Focus)

- Upgrade quality and service standards of existing stock where required;
- Assess potential for expansion of 'outward bound' driven accommodation models. (See bunk house, hostel and activity-focused, budget accommodation models – see Glenmore Lodge direction);
- Budget hotel / limited service opportunity potentially exists in Aviemore;
- Budget aparthotel operation aimed at a range of price conscious / short stay markets could prove a viable investment opportunity;
- The development of a 4 Star plus resort hotel linked to golf and other sports / spa facilities is a current gap in the market and could be the 'destination' or 'signature' property the leisure / conference sector seeks. (A 'signature' property for the National Park in the zone?);
- Accommodation models aimed at the 'family', youth, activities market potentially setting the theme for the sector – see above hotel, outward bound, bunkhouse, etc.

Newtonmore / Laggan

- Upgrade existing offering to reflect current market requirements and modern accommodation standards; and
- Creation of 'gastro pubs' / traditional inns from existing provision (restaurant / pub with rooms).

Grantown on Spey

- Upgrade to existing properties and potential repositioning where considered appropriate – see recent changes (Grant Arms);
- Improvements to food and beverage within existing provision / potential for boutique destination properties to evolve. (Already some examples exist that need the final push to differentiate to achieve a following);
- See above re boutique / niche offerings in the serviced sector;
- Again similar to the wider zone 'activity-focused' accommodation models to be considered – properties aimed at serving 'niche markets' (Lifelong Learning / Education / and providing links with an activity focus – potentially aimed at an older sector of the market leaving Aviemore to the family / youth activity set); and
- See crossover and potential in the Grantown / Aviemore axis for a 'resort destination hotel' property. (However rail access afforded by Aviemore suggests a development location nearer that settlement).

SPEY VALLEY (NORTH STRATHSPEY)

Future Strengths / Factors Potentially Affecting Accommodation Demand	Current Weaknesses / Factors Adversely Affecting Success of Accommodation Sector / The Tourism Economy
– The zone's manufacturing / processing capacity viz food, drink and mill products give it considerable profile and will continue to provide spin-off demand for accommodation. Using this profile to advantage in the leisure tourism sector could potentially produce future benefits; – The name (Spey Valley) has a high profile and awareness but unfortunately this does not translate to the area's leisure tourism profile in the 'stayover' markets; and – The growing demands for increased whisky production. As the world market and interest in the product grows this could generate increased business-related demand from the sector and the raised profile and appeal in emerging markets translate into future leisure demand for accommodation.	– The area has a perceived shortage / availability of accommodation in certain locations and of certain quality points – potentially seeing demand displaced elsewhere; – The scale of leisure demand for bed spaces is currently low; – There are no properties of scale that can host groups; – It is reported that during the winter ski season in the Cairngorms / Lecht areas there is insufficient supply or product of the right type to service demand which is being displaced to the detriment of the accommodation economy; – Quality of existing provision is considered poor in places; – Research suggests demand for bed spaces in the zone are being displaced to Elgin and further afield due to a lack of bed spaces of the quality demanded; – The zone currently exhibits limited appeal as a 'stop over' for individuals and group tours. It is seen as a day visit / 'drive through' for tourists experiencing the Whisky Trail, not dissimilar to those 'checking out' the Loch Ness hotspot as a must see. This situation is exacerbated by the fact the zone has no 'sizeable' core settlement with a strong awareness and mix of visitor services that acts as an attractor and focus for the zone.

Observations – Issues and Potential Investment Opportunities

The team's analysis of all the issues highlighted by the audit lead us to the following observations for the sector. We highlight below issues, if addressed, could help the zone better meet the needs of existing and future markets and unlock further economic advantage.

- The existing market / demand levels are fragile and discussion suggests this makes current operations financially a challenge. However it is reported demand is displaced and given there are few destination, signature or quality products available then provision of such offering might be the catalyst for change in the future. If products better aligned to the markets are provided these can hold demand and potentially themselves attract new markets into Speyside;
- Quality improvements to some of the existing stock are suggested;
- Locations like Tomintoul would benefit from the re-opening of lost stock;
- The creation of quality country inns / gastro pubs with rooms from existing smaller operations could provide potentially new attractants / serviced properties to increase the very modest scale of existing provision and hold markets encouraging stopovers in the rural economy;
- Provision of a quality boutique hotel operation in the area would help repositioning and service lost demand; and
- Linked with the Elgin marketplace to the north potential may exist for development of a larger quality hotel that can better service the needs of business visitors to the area and potentially provide sufficient rooms to host specialist, quality groups / tourism markets. Actual location needs to be confirmed. (Scale, location and viability of such a property would require careful consideration but such a product would go some way to filling existing gaps).

MORAYSHIRE COAST

Future Strengths / Factors Potentially Affecting Accommodation Demand	Current Weaknesses / Factors Adversely Affecting Success of Accommodation Sector / The Tourism Economy
– High profile and potentially guaranteed ongoing activity associated with MOD / Whisky and food manufacturing sectors (Baxters, Diageo, etc); – Elgin, the focus of the zone is the 'capital' of the county and is the fulcrum of the area's economy (commercial and social) eg Diageo NHS, Education, etc; – The Moray Firth has further potential in the 'marine economy' eg wildlife tourism and the offshore renewable energy sector; and – Aspirational development and growth of the zone and Elgin in particular sees policies and projects evolving for the area in future potentially providing benefits and encouraging increased demand for the accommodation sector.	– Road network / links currently see a degree of remoteness being the general perception of the area; – Zone has little leisure tourism profile / awareness; – Existing provision is in many instance poor and perceived, and known, to be limited in supply; – The zone has little formal visitor provision / attractions; – The zone has poor food and beverage provision and other visitor infrastructure; and – Shortage of accommodation at times causing displacement over a wide area.

Observations – Issues and Potential Investment Opportunities

The team's analysis of all the issues highlighted by the audit lead us to the following observations for the sector. We highlight below issues, if addressed, could help the zone better meet the needs of existing and future markets and unlock further economic advantage.

Assessment of current issues suggests the following issues and proposals would benefit from further consideration.

- The area could benefit from the creation of a fully serviced 3/4 Star hotel of quality with supporting food and beverage and conference / meeting room provision. A property large enough to accommodate groups / coaches potentially a benefit to the wider area – see links / a geographic position that can benefit the supply / demand equation in both the Elgin focused coastal area and the Spey Valley marketplace;
- In Elgin itself a national budget operator (limited service hotel either existing type of offer or new 'pod' / mini room product eg Yotel). This may provide a product that will help satisfy MOD demand and displaced demand during high points in activity and from the midweek construction, business-related sector. A product of this nature providing 'formal' bed space at lower cost to fully serviced hotels and providing bed spaces for leisure visitors at other times. This in turn could help attract new leisure demand and price sensitive tour operators seeking hotel bed spaces to use destination as a base for touring. (Attracting new markets that traditionally would not use B&Bs or other forms of stock);
- The food and beverage offering associated with existing accommodation operations would benefit from attention and the evolution of some local hostelries into gastro pubs / with rooms ie traditional inns would enhance the leisure and business offering. (More use of local produce with its provenance a marketing / promotional tool);
- As in other zones attention to quality of existing stock and service standards is also a requirement if demand is to be satisfied in future.

4 OVERVIEW OF THE ACCOMMODATION SECTOR IN EACH ZONE

4.1 Introduction

This section of our report is divided into a number of key, in reality, 'separate' reports that profile the supply and demand dynamics of each of the six zones that make up the area under study. In each case the reporting on each zone concludes with a range of proposals or comments on gaps / opportunities for the accommodation sector going forward.

We report accordingly:

Section A - Greater Inverness
B - Black Isle / Cromarty Firth
C - Loch Ness
D - Badenoch and Strathspey (Aviemore)
E - Spey Valley (North Strathspey)
F - Morayshire Coast

A GREATER INVERNESS

A1 INTRODUCTION / OVERVIEW

The focus of this zone is the main 'urban' location within the Highlands centred on the City of Inverness. The study area / zone, covers a geography that captures Nairn to the East and Moy to the South and is bounded by the Moray and Beauly Firth to the North. (See maps overleaf).

As per the introductory sections to the main report a full audit of supply was conducted as well as survey work to establish current scale and profile of demand for accommodation in the zone. A range of consumer intermediaries were also canvassed and the various agencies contacted to understand what potential new supply was in the pipeline. All this work coming together to provide a profile of the accommodation sector in the zone and helping identify opportunities for the future.

A2 OVERVIEW OF CURRENT SUPPLY OF ACCOMMODATION

Establishments / Operations

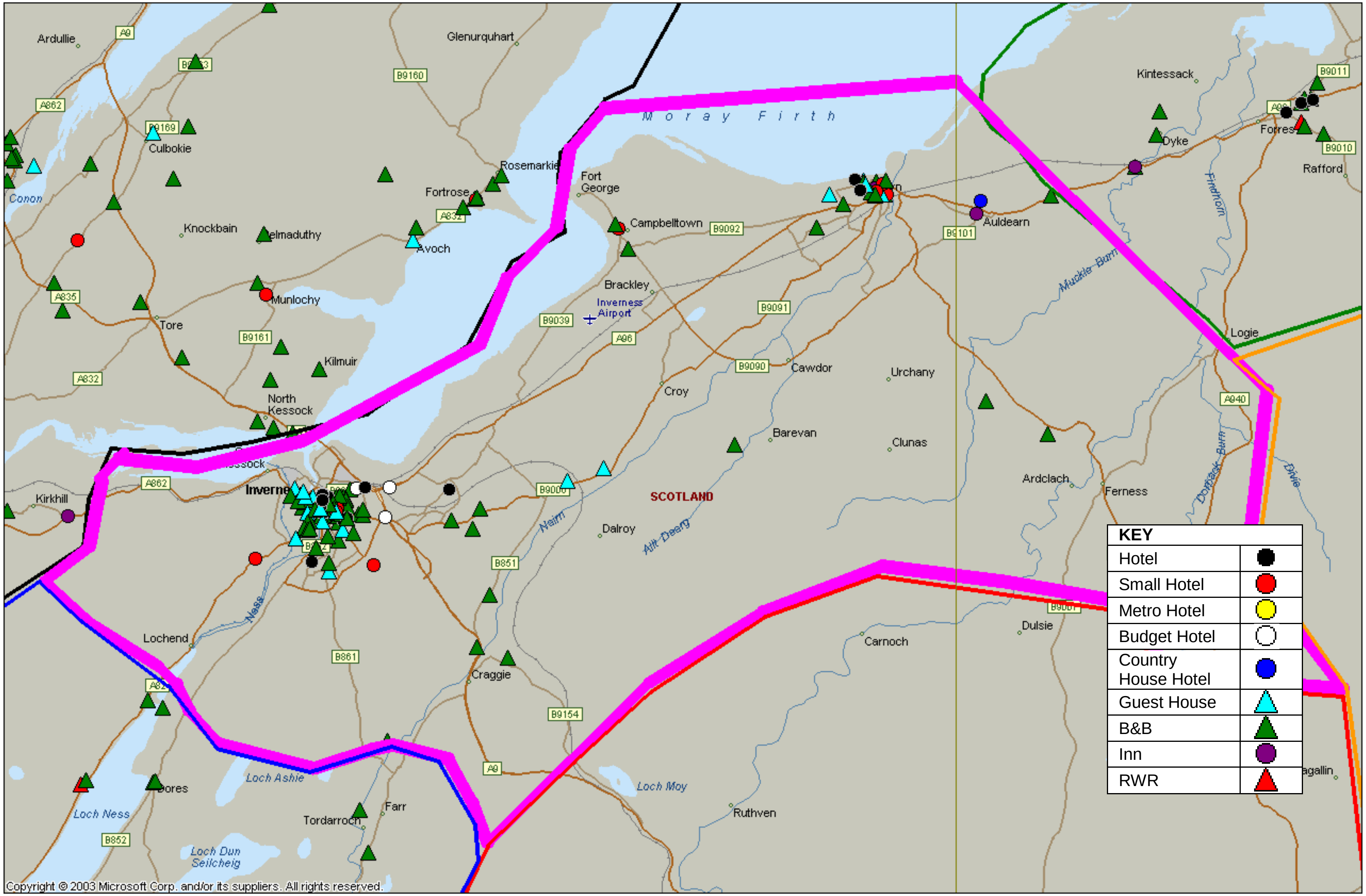
The table overleaf identifies the number of 'business' operations / establishments within the zone's commercial accommodation sector. Similar to other urban / conurbation locations in Scotland the number of serviced accommodation businesses exceeds those within the non-serviced sector. A situation normally reversed in many rural destinations.

GREATER INVERNESS 2011 ALL ESTABLISHMENTS BY ACCOMMODATION CATEGORY			
Accommodation Category	**Number of Operations**	**% Sector Mix**	**% of Overall Mix**
Fully Serviced			
Hotel	19	9.7%	5.5%
Small Hotel	13	6.6%	3.8%
Metro Hotel	2	1.0%	0.6%
Budget Hotel	4	2.0%	1.2%
Country House Hotel	3	1.5%	0.9%
Guest House	55	28.1%	16.0%
B&B	98	50.0%	28.6%
Restaurant with Rooms	0	0.0%	0.0%
Inn	2	1.0%	0.6%
Sub Total	**196**	**100.0%**	**57.1%**
Non-Serviced			0.0%
Self-Catering	126	92.6%	36.7%
Serviced Apartments	3	0.3%	0.9%
Exclusive Use Venue	0	0.4%	0.0%
Hostel	4	2.7%	1.2%
Other	3	0.4%	0.9%
Sub Total	**136**	**100.0%**	**39.7%**
Sub Total of Serviced and Non-Serviced Sectors	**332**		**96.8%**
Holiday / Touring Park	**11**		3.2%
TOTALS	**343**		**100.0%**

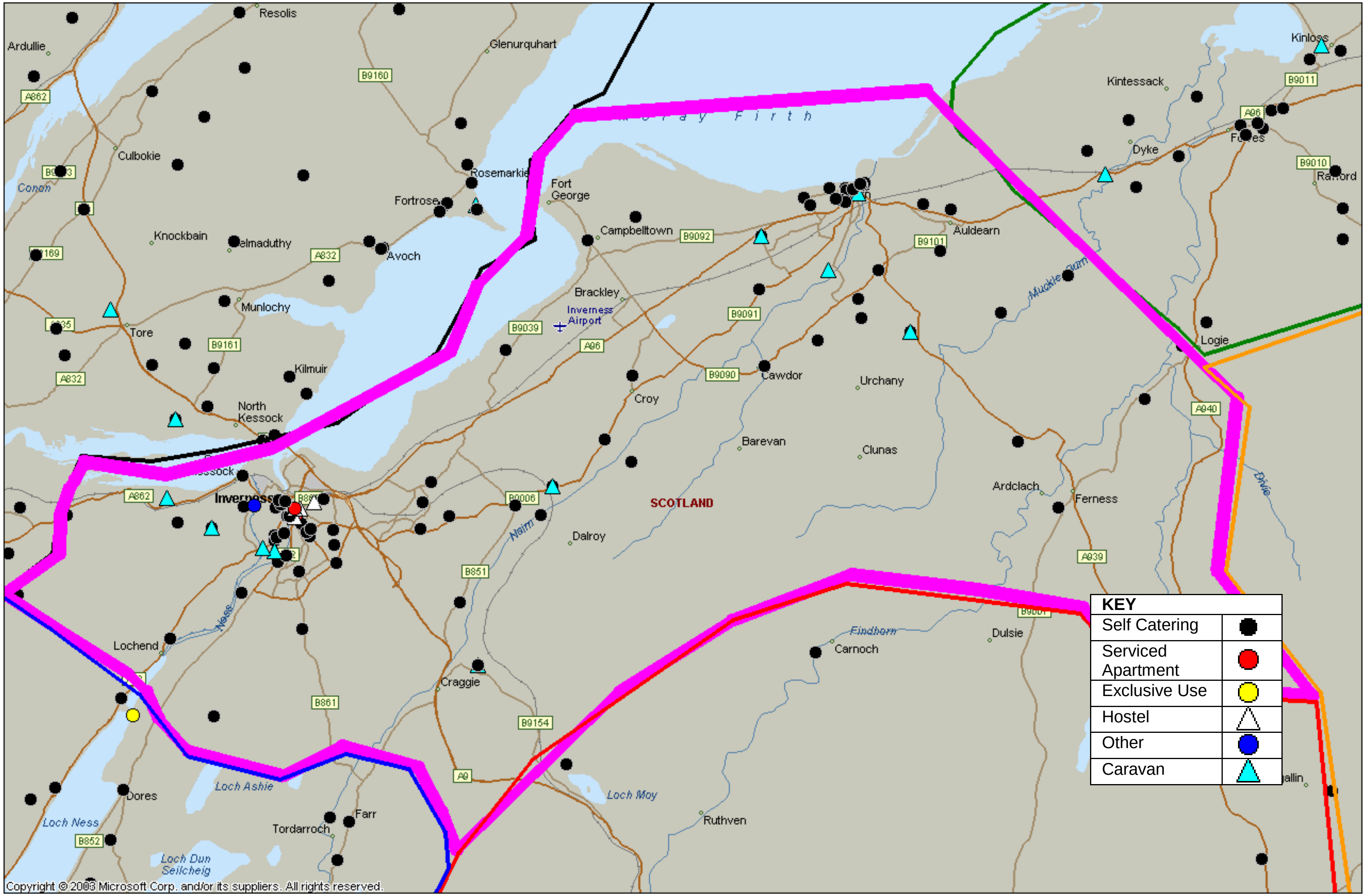
Source: TRC

The maps overleaf highlight the Greater Inverness zone and the concentration of accommodation establishments across its geography.

GREATER INVERNESS SERVICED ACCOMMODATION – OPERATIONS



GREATER INVERNESS NON-SERVICED ACCOMMODATION – OPERATIONS



Room and Bed Space Capacity

The mix of establishments available provides the following scale of bedroom and bed space capacity across the zone as displayed in the table below.

GREATER INVERNESS 2011
NUMBER OF ROOMS AND BED SPACE CAPACITY BY ACCOMMODATION CATEGORY

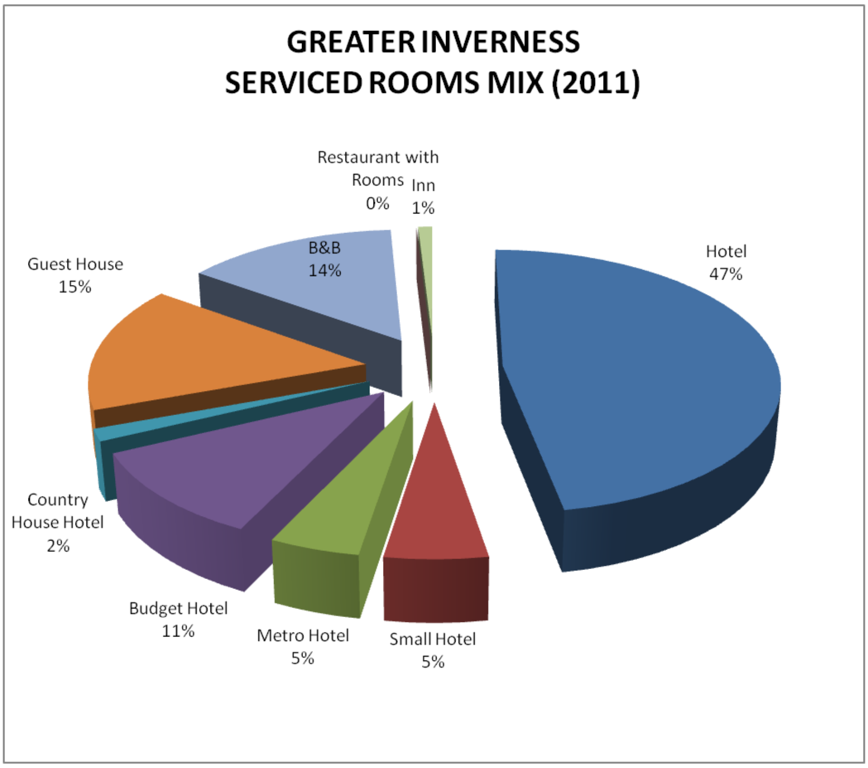
Accommodation Category	Number of Rooms	% Sector Mix	% of Overall Mix	Number of Bed Spaces	% Sector Mix	% of Overall Mix
Fully Serviced						
Hotel	1,109	47.3%	29.1%	2,256	44.8%	26.2%
Small Hotel	123	5.2%	3.2%	257	5.1%	3.0%
Metro Hotel	108	4.6%	2.8%	216	4.3%	2.5%
Budget Hotel	253	10.8%	6.6%	759	15.1%	8.8%
Country House Hotel	35	1.5%	0.9%	70	1.4%	0.8%
Guest House	363	15.5%	9.5%	760	15.1%	8.8%
B&B	332	14.2%	8.7%	677	13.4%	7.9%
Restaurant with Rooms	-	0.0%	0.0%	-	0.0%	0.0%
Inn	22	0.9%	0.6%	44	0.9%	0.5%
Sub Total	**2,345**	**100.0%**	**61.5%**	**5,039**	**100.0%**	**58.4%**
Non-Serviced						
Self-Catering	466	82.0%	12.2%	909	85.7%	10.5%
Serviced Apartments	39	6.9%	1.0%	78	0.7%	0.9%
Exclusive Use Venue	-	0.0%	0.0%	-	0.7%	0.0%
Hostel	53	9.3%	1.4%	334	12.7%	3.9%
Other	10	1.8%	0.3%	20	0.2%	0.2%
Sub Total	**568**	**100.0%**	**14.9%**	**1,341**	**100.0%**	**15.6%**
Sub Total of Serviced and Non-Serviced Sectors	**2,913**		**76.5%**	**6,380**		**74.0%**
Holiday / Touring Park	897(1)		23.5%	2,243*		26.0%
TOTALS	**3,810**		**100.0%**	**8,623**		**100.0%**

Note: (1) Pitches **Source: TRC**

* This is based on previous TRC findings in the sector and assumes 2.5 bed spaces per pitch. This includes stock that is in instances privately owned static vans that are not available to rent help create a notional tourism bed stock figure for this study and could in fact be larger. This stock used by owners, in cases lent to family and friends and on occasions rented out, however the consultants cannot quantify how much is in the commercial rental sector.

The table clearly indicates the predominance of the serviced accommodation sector within the zone providing around 60% of rooms and bed spaces. However similar to other areas of Scotland, particularly those with attractive coastlines, the scale of the notional tourism bed space capacity available within the holiday park sector of the local economy is still strong at over 2,000 bed spaces which is larger than the area's stock of other non-serviced capacity.

The chart below highlights the mix of room types available within the serviced sector of the Greater Inverness zone.



Source : TRC

Quality Gradings – Serviced and Non-Serviced Sectors

The tables overleaf provide a profile of the accommodation within the zone that participates in the VisitScotland QA Scheme. This gives an 'indication' of the quality mix and profile of the area's stock across the serviced and non-serviced sectors, only of those properties that participate. (The consultants make no attempt to grade non-participants).

Within the Greater Inverness zone, from the consultant's experience, what is apparent is the much higher levels of participation in the Scheme than there is in other parts of Scotland. This is particularly noticeable within the serviced sector where operator participation is at a level of nearly 70% which captures 84% of the available room stock.

The tables also indicate that the majority of serviced stock participating in the Scheme achieve gradings of 3 Stars and above, the focus at 3 Star level. This is in contrast to the non- serviced sector which sees the majority of participants graded at higher levels > 4 Star.

GREATER INVERNESS 2011 – SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – PROPERTIES / OPERATIONS

Accommodation Category	Total Properties		Not Graded		Awaiting Inspection / Listed		1 Star		2 Star		3 Star		4 Star		5 Star		Total Properties Graded, Awaiting Inspection / Listed	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Hotel	19	100%	2	11%	2	11%			1	5%	9	47%	5	26%			17	89%
Small Hotel	13	100%	5	38%					1	8%	4	31%	2	15%	1	8%	8	62%
Metro Hotel	2	100%							1	50%	1	50%					2	100%
Budget Hotel	4	100%			4	100%											4	100%
Country House Hotel	3	100%											3	100%			3	100%
Guest House	55	100%	15	27%	3	5%					27	49%	10	18%			40	73%
B&B	98	100%	37	38%	6	6%	1	1%	2	2%	26	27%	24	24%	2	2%	61	62%
Restaurant w. Rooms																		
Inn	2	100%	1	50%							1	50%					1	50%
TOTAL PROPERTIES	196	100%	60	31%	15	8%	1	1%	5	3%	68	35%	44	22%	3	2%	136	69%
Percentage of Graded Properties					**11.0%**		**0.7%**		**3.7%**		**50.0%**		**32.4%**		**2.2%**		**100%**	

Source: TRC

GREATER INVERNESS 2011 – SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – ROOMS

Accommodation Category	Total Rooms		Not Graded		Awaiting Inspection / Listed		1 Star		2 Star		3 Star		4 Star		5 Star		Total Rooms Graded, Awaiting Inspection / Listed	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Hotel	1,109	100%	113	10%	146	13%			16	1%	544	49%	290	26%			996	90%
Small Hotel	123	100%	43	35%					10	8%	38	31%	21	17%	11	9%	80	65%
Metro Hotel	108	100%							14	13%	94	87%					108	100%
Budget Hotel	253	100%			253	100%											253	100%
Country House Hotel	35	100%											35	100%			35	100%
Guest House	363	100%	74	20%	16	4%					213	59%	60	17%			289	80%
B&B	332	100%	142	43%	18	5%	2	1%	5	2%	77	23%	82	25%	6	2%	190	57%
Restaurant w. Rooms																		
Inn	22	100%	8	36%							14	64%					14	64%
TOTAL ROOMS	2,345	100%	380	16%	433	18%	2	0%	45	2%	980	42%	488	21%	17	1%	1,965	84%
Percentage of Graded Rooms					**22.0%**		**0.1%**		**2.3%**		**49.9%**		**24.8%**		**0.9%**		**100%**	

Source: TRC

In similar fashion the tables overleaf provide a profile of the grading mix achieved by the area's non-serviced operators / rooms that participate in the VisitScotland scheme. Participation levels are lower than the serviced sector but still above that of many other parts of Scotland. Of note is the fact that of the 'properties' graded in the non-serviced sector more than half are of 4 Star or higher grading which, in terms of rooms, sees in excess of 60% of the stock trading at or above 4 Star level.

GREATER INVERNESS 2011 NON-SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – PROPERTIES / OPERATIONS														
Accommodation Category	**Total Units**	**Not Graded**	**Awaiting Inspection / Listed**	**1 Star**	**2 Star**	**2-3* Star**	**2-4* Star**	**3 Star**	**3-4* Star**	**4 Star**	**4-5* Star**	**5 Star**	**Total Units Graded, Awaiting Inspection / Listed**	
													No.	**%**
Self-Catering	196	93	7	1	0	4	4	28	3	51	4	1	103	53%
Serviced Apartments	3	1	0	0	0	0	0	0	0	2	0	0	2	67%
Exclusive Use Venue	0	0	0	0	0	0	0	0	0	0	0	0	0	
Hostel	4	4	0	0	0	0	0	0	0	0	0	0	0	0%
Other	3	3	0	0	0	0	0	0	0	0	0	0	0	0%
TOTAL PROPERTIES	**206**	**101**	**7**	**1**	**0**	**4**	**4**	**28**	**3**	**53**	**4**	**1**	**105**	**51%**
Percentage of Properties	**100.0%**	**49.0%**	**3.4%**	**0.5%**	**0.0%**	**1.9%**	**1.9%**	**13.6%**	**1.5%**	**25.7%**	**1.9%**	**0.5%**	**51.0%**	
Percentage of Graded Properties			**6.7%**	**1.0%**	**0.0%**	**3.8%**	**3.8%**	**26.7%**	**2.9%**	**50.5%**	**3.8%**	**1.0%**	**100.0%**	

Note:* Captures operators with more than one unit where each reflects different VS grading levels **Source: TRC**

GREATER INVERNESS 2011 NON-SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – ROOMS														
Accommodation Category	**Total Rooms**	**Not Graded**	**Awaiting Inspection / Listed**	**1 Star**	**2 Star**	**2-3* Star**	**2-4* Star**	**3 Star**	**3-4* Star**	**4 Star**	**4-5* Star**	**5 Star**	**Total Rooms Graded, Awaiting Inspection / Listed**	
													No.	**%**
Self-Catering	466	202	15	3	0	13	11	59	9	138	14	2	264	57%
Serviced Apartments	39	2	0	0	0	0	0	0	0	37	0	0	37	95%
Exclusive Use Venue	0	0	0	0	0	0	0	0	0	0	0	0	0	
Hostel	53	53	0	0	0	0	0	0	0	0	0	0	0	0%
Other	10	10	0	0	0	0	0	0	0	0	0	0	0	0%
TOTAL ROOMS	**568**	**267**	**15**	**3**	**0**	**13**	**11**	**59**	**9**	**175**	**14**	**2**	**301**	53%
Percentage of Rooms	**100.0%**	**47.0%**	**2.6%**	**0.5%**	**0.0%**	**2.3%**	**1.9%**	**10.4%**	**1.6%**	**30.8%**	**2.5%**	**0.4%**	**53.0%**	
Percentage of Graded Rooms			**5.0%**	**1.0%**	**0.0%**	**4.3%**	**3.7%**	**19.6%**	**3.0%**	**58.1%**	**4.7%**	**0.7%**	**100.0%**	

Note:* Captures operators with more than one unit where each reflects different VS grading levels **Source: TRC**

A3 OVERVIEW OF CURRENT DEMAND FOR ACCOMMODATION

Introduction

Below we provide in quantitative terms the scale and profile of demand for accommodation across the different accommodation sectors in the study zone. These figures are generated from the survey returns completed by operators and supplemented by telephone research amongst others. We also provide a brief overview of the feedback received from interviews with intermediaries and demand generators conducted by the research team. This latter work provides comment on how segments of the market perceive and view the marketplace and accommodation provision. (Included in the Appendices to this full document is a report that provides a summary of this interview work – See Appendix VII).

Occupancy

The table below provides the 'median' and 'weighted average' annual room and unit occupancies achieved by the different serviced and non-serviced operations in the Greater Inverness zone.

	ROOM OCCUPANCY PERCENTAGE (MEDIANS) [1]		ROOM OCCUPANCY PERCENTAGE (WEIGHTED AVERAGES)	
	2009	**2010**	**2009**	**2010**
Hotel	74%	75%	74%	74%
Guest House / B&B	75%	70%	72%	71%
Self-Catering (Unit)	51%	55%	65%	67%
Total	**74%**	**75%**	**74%**	**74%**

[1] Medians from survey responses

Source: TRC

The table highlights a healthy marketplace with good occupancy levels when compared to much of Scotland and tend to reflect the higher occupancies recorded by other cities nationally. Within the City of Inverness itself our discussions with relevant individuals suggest that within the larger hotels the average annual room occupancy fluctuates around 75%. It is reported at the height of the season hotels can achieve room occupancies in excess of 90% (in reality trading at maximum levels ie full) and in the autumn shoulder months at between 60% and 70%.

Market Mix (Profile of Demand)

As part of this audit it was incumbent on the research team to establish not just the level / scale of demand currently being hosted / attracted by operators in the zone but also to provide a profile and identification of the mix and sources of that demand. It was deemed important to understand if demand was being generated from: leisure tourists; business-related tourists; or Visiting Friends and Relatives (VFR) or came from other sources. (The many numerous and various classifications used by different operators when recording demand can cause confusion so the number of classifications adopted by this study has been curtailed). Our research in this zone suggests the demand mix is that displayed below, across the different accommodation sectors. (We provide the 'weighted' averages from the findings of the surveys and our interviews in each case).

DEMAND MIX (1)			
	Leisure	**Business**	**Other**
Hotel	53%	47%	15%
Guest House / B&B	82%	18%	3%
Self-Catering	98%	2%	0%
Total	**75.3%**	**18.5%**	**6.2%**

Note: (1) Weighted Averages
(These figures only reflect the trading patterns of operators that provided data)
Source: TRC

The table indicates that as would be expected from this destination the serviced sector is attracting a high proportion of business tourism demand when measured alongside leisure demand. This helps the destination achieve higher year-round room occupancies. The self-catering sector more dependent upon the leisure sector.

Achieved Room Rate

A statistic often used by the hotel sector in particular as a 'measurement' of demand or strength of demand for accommodation is the average achieved room rate or RevPar statistic. In this instance the survey sought to identify Average Achieved Room Rate (ARR) for serviced sector operators in each of the zones. In the Greater Inverness zone only a modest number of operators provided returns to this particular question. This was because either operators do not collect the data or they were unwilling to share the data.

Discussion however with the Chairman of the Inverness Hoteliers Association suggest that ARRs currently being achieved are in excess of £60-£65 – a level first achieved in 2009 and grown year on year including through 2011. [ARR = Total Rooms Revenue (net of VAT and Breakfast, etc) divided by the Total Number of Rooms Sold in a year].

The above level of ARR suggests a fairly strong market exists for accommodation in the City Region. These statistics indicating that the sector can take a strong stance on its charging / pricing regimes and discounting policies viz quality, demand levels for accommodation and product offering. The zonal level compares favourably with other cities in Scotland given its location.

Qualitative Feedback from Consultations and Research

As indicated a range of intermediaries and local buyers / demand generators for overnight tourism accommodation were interviewed (More findings are available in Appendix VII). This consumer overview suggests that market perceptions of the Greater Inverness market include the following:

- The City itself is perceived as an expensive destination for the quality of product on offer in certain instances as highlighted from consultations with local business demand generators;
- At times particularly during the peak summer holiday period it is often difficult to find accommodation of choice and demand can be dispersed over a wider geographic area. (See business tourists in particular who can be ‘crowded out’ at that time a recurring theme from interviews with local business demand generators;
- The City and surrounding Region whilst coming onto the radar of conference / event organisers still suffers from perceptions of peripherality and costly accessibility (time and money);
- Event organisers suggest that the main major conference venue (Eden Court) is not as flexible as other destinations and the supporting accommodation infrastructure and dining experiences need to be addressed. Often quoted was the ‘lack’ of available 4 and 5 Star bed space for delegates;
- Tour operators consider the area good as a touring base but availability at acceptable prices is seen as patchy;
- The Greater Inverness zone is appealing to the ‘incentive’ market;
- There is a suggestion that the area needs a ‘good’ specialist, flexible conference hotel;

- The Nairn focus of the area is seen as offering what the market needs and there are no specific issues highlighted by those interviewed – golf tour operators in particular making wider use of the area;
- Perceived to be shortage of properties that offer leisure and spa facilities;
- Quality of built fabric and service offered by many operators commented on by many as an issue.

A4 POTENTIAL NEW SUPPLY

Having completed an audit of the current supply and demand dynamics of both the serviced and non-serviced sector, the research team then set out to identify potential, significant, new additions to supply that may come into play in the foreseeable future. These new additions, in turn, affecting the dynamics of the marketplace. In each case we had discussions with local planning officials to establish what projects were in the formal planning process either awaiting a decision or having been granted planning permission. We outline below the more significant proposals associated with this zone. (In Appendix I is a more detailed listing provided by Highland Council).

In the Greater Inverness zone the following are some of the more significant development proposals that may affect the supply situation in the future. (In instances we also discuss certain proposals that are either rumoured or are significant aspirations or development targets identified in the relevant economic and tourism strategies associated with this zone).

Discussions indicate the following major projects in the planning process and those under construction / the aspiration of others.

- There are currently two new Premier Inns under construction in Inverness (total 176 new rooms);
- There are proposals for at least one and possibly two new hotels of varying standard on the proposed new business park site at Inverness Airport;
- There are plans for a significant range of accommodation developments at Castle Stuart to the east of Inverness by the golf course including:

a) A 'Dormy House' Hotel of approximately 50 Rooms;
b) A Full Service hotel of 60 Rooms; and
c) 140 plus lodging units of varying sizes and ownership models.

- We also understand that the Inverness Harbour Authority have aspirations to develop an hotel which is included within the masterplan for the dockside / marina redevelopment proposals;
- A range of other developments and smaller proposals exist for the City Region and these are profiled in the Appendices to this document – Appendix I.

A5 OBSERVATIONS ON SUPPLY – ISSUES AND POTENTIAL DEVELOPMENT OPPORTUNITIES

One of the planned outcomes of this audit was for the consultants to exercise professional judgement over the research and identify where the market findings suggested there were shortfalls in the accommodation sector's ability to meet the needs of the market and unlock economic advantage. These 'gaps' / potential investment opportunities are presented here as a series of observations for the zone that if enacted upon could help reposition the accommodation sector to optimise its economic potential. The opportunities available across the zones vary.

The developments proposed are not merely a list of what types of accommodation the zone currently doesn't offer. Years of development expertise has been used to analyse the consultation and research findings to confirm potential viable and necessary proposals to balance the accommodation economy of the zone.

The audit profiles the current offering of the area, and the trading patterns experienced by operators – this providing an important 'snapshot' of the current state of play. These findings have then been overlaid with the feedback received from intermediaries and buyers that have given the research team insight into where there is currently market dissatisfaction with the offering.

These findings when considered alongside new projects or investments that will potentially change the supply in the future, in tandem with anticipated changes to the wider economy of the zone, have informed the consultancy team's deliberations over what are the issues that will ultimately affect the future dynamics of the accommodation sector.

The table overleaf profiles what is, in the team's opinion, needed if the zone is to reach a position where it can better meet existing and potential future demand.

Within the accommodation sector of any destination there can on occasion also be opportunities for certain forms of new accommodation not currently available, to 'lead', or in themselves, actually attract new markets and demand into an area. Strategic investment in such properties and in upgrading existing stock can help a destination raise its overall awareness and appeal and support repositioning strategies.

We present our findings and conclusions for the zone as bullet points at this time, presented in no particular order. The consultants have refrained from making specific recommendations or suggesting specific sites for new development as this was not within our remit. On an initial read of the document it may seem to any audience that has read the returns for each zone that there is a degree of repetition across the zones in terms of opportunities / needs. For this the consultancy makes no apology. Our conclusions merely present the facts and our informed analysis of the findings. Across the wider study area many of the issues and opportunities affecting the different marketplaces are indeed generic and in some zones the product gaps and opportunities are similar. The one recurring theme from the consumer research is that of dissatisfaction in certain quarters with the 'quality' of certain offerings and service standards available within some of the accommodation sector.

The potential development opportunities presented have been identified after considerable in-house debate by the research team and are those that it is believed the destination should seek to progress further. The projects identified are those it is considered will fill the gaps that the audit and consumer interviews highlight need to be addressed if 'unsatisfied' and 'dissatisfied' demand is to be eliminated in the zone and economic advantage unlocked.

The initiatives highlighted are those that experience suggests have the potential to be viable, sustainable investments in the short / medium term. Projects include those required to meet both existing demand as well as investments that can become ‘attractors’ in their own right. Where certain products in the correct locations can pull new markets into an area, and not merely displace or canabilise demand from existing operators, these have been highlighted.

The table is laid out as a Strengths, Weaknesses and Opportunities Analysis for the zone. Highlighted are factors that potentially will ‘positively’ affect demand for bed spaces in the future set against factors and issues currently curtailing the success of the accommodation sector. Obviously addressing and taking due cognisance of these issues and aligning the accommodation sector with the positives and mitigating the negatives will be to the future benefit of the accommodation / tourism economy of the zone.

It is envisaged that the tables can, to an extent, form the basis of an action plan for a successful accommodation sector in the area. Each initiative supported and progressed through to the next stage in a number of ways. This taking many formats through the planning, design or construction phases of a project; or helping to identifying development sites; through to encouraging developers / investors / operators to step up to the mark and either create the new stock needed or improve / develop / reposition existing stock. At its most basic it may merely be helping investors or operators consider the viability of potential projects. Whatever future actions the sector takes the overall aim is to ensure existing markets get what they want or new products are introduced that have the opportunity to attract new markets and increase economic activity.

GREATER INVERNESS

Future Strengths / Factors Potentially Affecting Accommodation Demand	Current Weaknesses of Accommodation Sector / Factors Adversely Affecting Success of the Tourism Economy
- A growing economy and demographic; - A planned corridor of growth between City and Nairn incorporating the Airport zone; - UHI and other proposed investments; - New planned settlements; - Growing golf profile and infrastructure; - Inverness Highland Capital Credentials / High awareness / perceptions; - Transport network best in Highlands; and - Untapped potential in Scottish leisure tourism markets.	- Seasonal peaks in demand leading to shortages in accommodation supply; - Inconsistent pricing / value for money fluctuation; - Quality of offering an issue in certain instances; - Lack of 4 Star accommodation; - Does not offer a profile of supply associated with a City – gaps in existing products including a quality conference / spa hotel; and - Labour skills and service standards an issue.

Observations – Issues and Potential Investment Opportunities

The team's analysis of all the issues highlighted by the audit lead us to the following observations for the sector. We highlight below issues, if addressed, could help the zone better meet the needs of existing and future markets and unlock further economic advantage.

- In many cases improvements to the quality of the existing provision would bring the offering 'up to speed' in today's market;
- The zone would benefit from an increase in the supply of quality bed stock at 4 Star level (and above) to better meet the needs of business sectors in particular (non-discretionary and conference and discretionary in particular). Any development proposals to include 'in house' conference facilities offering state of the art technical support services and facilities;
- The zone, if it can prove viable would benefit from the provision of a 'resort' / spa type property;
- The City itself would benefit from the creation, if viability can be proved, of hybrid 'aparthotel'-type supply. This could be targeted at both the 'business' and student populations. (The City has little in the way of this form of offering which is growing in appeal to business / contractors);
- Again hybrid hostel-type accommodation aimed at student / leisure / budget business visitors and contract workers could have a role to play in the City. Truly low 'budget' operators of the Easyhotel- / Yotel-type concept could prove beneficial to the accommodation mix. (See UHI developments with initial focus of development on under graduates / contractors and supply available at other times to other sectors of the market notably leisure travellers / backpackers and those on budgets); and
- Interviews and analysis suggests in tandem with the above that the sector also needs to address certain skills issues.

B BLACK ISLE / CROMARTY FIRTH

B1 INTRODUCTION / OVERVIEW

The focus of this zone is the Cromarty Firth extending to Tain in the North to Kessock Bridge on the south of the Black Isle and west as far as the traditional spa town of Strathpeffer. The area is rural in character but with a number of well-known and sizeable settlements including Dingwall, Alness, Invergordon and Tain. (See maps overleaf).

As per the introductory sections to the main report a full audit of supply was conducted as well as survey work to establish current scale and profile of demand for accommodation in the zone. A range of consumer intermediaries were also canvassed and the various agencies contacted to understand what potential new supply was in the pipeline. All this work coming together to provide a profile of the accommodation sector in the zone and helping identify opportunities for the future.

B2 OVERVIEW OF CURRENT SUPPLY OF ACCOMMODATION

Establishments / Operations

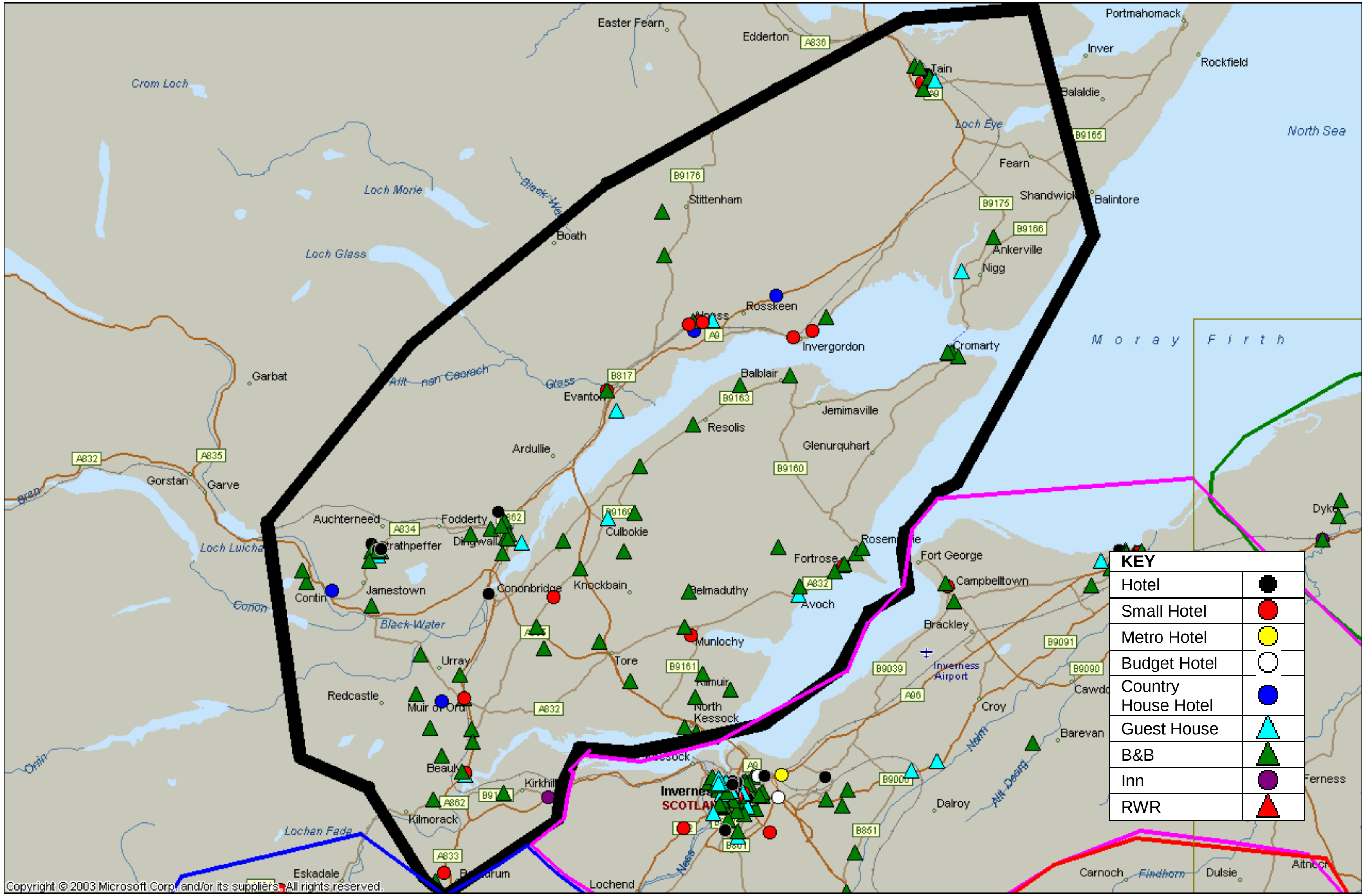
The table overleaf identifies the number of ‘business’ operations / establishments within the zone’s commercial accommodation sector. Similar to other mainly rural locations in Scotland the number of non-serviced accommodation businesses exceeds those within the serviced sector. However the majority of these ‘operations’ are single unit self-catering properties. The real mix of availability is better illustrated by the bedroom and bed space capacity table later.

BLACK ISLE / CROMARTY FIRTH 2011 ALL ESTABLISHMENTS BY ACCOMMODATION CATEGORY			
Accommodation Category	**Number of Operations**	**% Sector Mix**	**% of Overall Mix**
Fully Serviced			
Hotel	8	6.5%	2.7%
Small Hotel	17	13.7%	5.6%
Metro Hotel			
Budget Hotel			
Country House Hotel	5	4.0%	1.7%
Guest House	10	8.1%	3.3%
B&B	83	66.9%	27.6%
Restaurant with Rooms			
Inn	1	0.8%	0.3%
Sub Total	**124**	**100.0%**	**41.2%**
Non-Serviced			0.0%
Self-Catering	160	98.2%	53.2%
Serviced Apartments			
Exclusive Use Venue	2	1.2%	0.7%
Hostel	1	0.6%	0.3%
Other			
Sub Total	**163**	**100.0%**	**54.2%**
Sub Total of Serviced and Non-Serviced Sectors	**287**		**95.3%**
Holiday / Touring Park	**14**		4.7%
TOTALS	**301**		**100.0%**

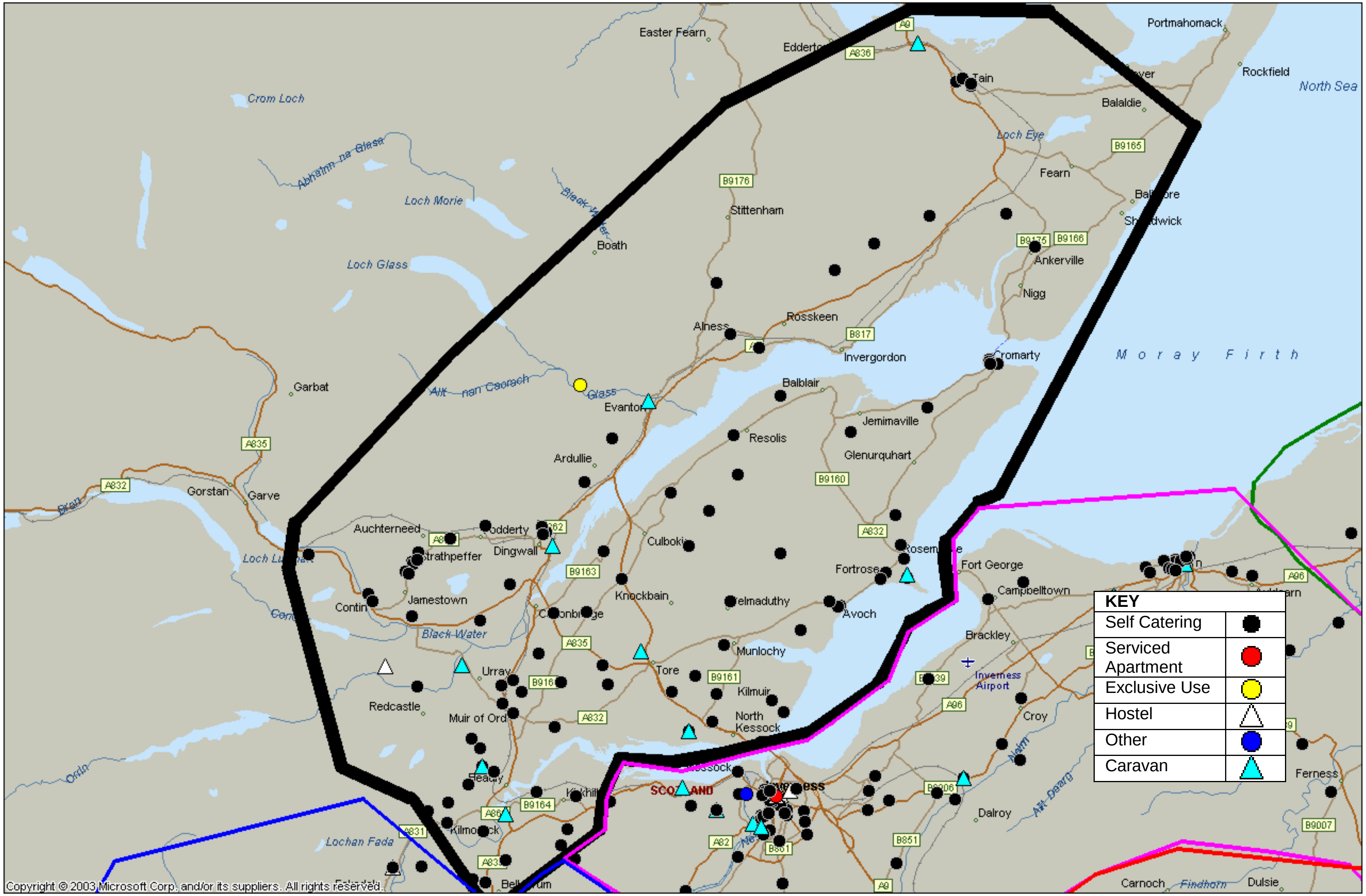
Source: TRC

The maps overleaf highlight the Black Isle / Cromarty Firth zone and the concentration of accommodation establishments across its geography.

BLACK ISLE / CROMARTY FIRTH SERVICED ACCOMMODATION – OPERATIONS



BLACK ISLE / CROMARTY FIRTH NON-SERVICED ACCOMMODATION – OPERATIONS



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Room and Bed Space Capacity

The mix of establishments available provides the following scale of bedroom and bed-space capacity across the zone as displayed in the table below.

BLACK ISLE / CROMARTY FIRTH 2011
NUMBER OF ROOMS AND BED SPACE CAPACITY BY ACCOMMODATION CATEGORY

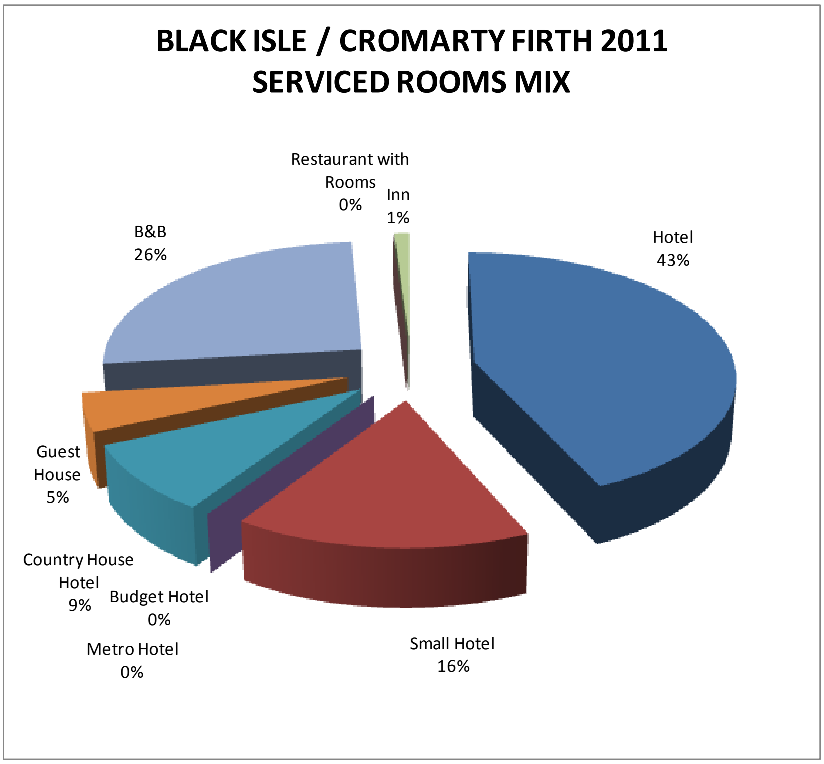
Accommodation Category	Number of Rooms	% Sector Mix	% of Overall Mix	Number of Bed Spaces	% Sector Mix	% of Overall Mix
Fully Serviced						
Hotel	421	43.3%	22.1%	834	42.7%	21.0%
Small Hotel	156	16.0%	8.2%	316	16.2%	8.0%
Metro Hotel						
Budget Hotel						
Country House Hotel	86	8.8%	4.5%	161	8.2%	4.1%
Guest House	48	4.9%	2.5%	99	5.1%	2.5%
B&B	252	25.9%	13.2%	522	26.7%	13.1%
Restaurant with Rooms						
Inn	10	1.0%	0.5%	20	1.0%	0.5%
Sub Total	**973**	**100.0%**	**51.1%**	**1,952**	**100.0%**	**49.1%**
Non-Serviced						
Self-Catering	539	94.6%	28.3%	1,087	97.0%	27.4%
Serviced Apartments						
Exclusive Use Venue	17	3.0%	0.9%	34	3.0%	0.9%
Hostel	14	2.5%	0.7%	-		
Other						
Sub Total	**570**	**100.0%**	**30.0%**	**1,121**	**100.0%**	**28.2%**
Sub Total of Serviced and Non-Serviced Sectors	**1,543**		**81.1%**	**3,073**		**77.3%**
Holiday / Touring Park	360(1)		18.9%	900*		22.7%
TOTALS	**1,903**		**100.0%**	**3,973**		**100.0%**

Note: (1) Pitches
* This is based on previous TRC findings in the sector and assumes 2.5 bed spaces per pitch. This includes stock that is in instances privately owned static vans that are not available to rent help create a notional tourism bed stock figure for this study and could in fact be larger. This stock used by owners, in cases lent to family and friends and on occasions rented out, however the consultants cannot quantify how much is in the commercial rental sector.

Source: TRC

The table clearly indicates that whilst the non-serviced sector dominates in terms of operations when it comes to rooms and bed spaces the serviced sector is predominant providing around 50% of rooms and bed spaces when the notional caravan / holiday park stock is included, and significantly more when caravans are not included. The scale of the notional tourism bed space capacity available within the holiday park sector of the local economy is more modest when compared to those in other areas / zones of study.

The chart below highlights the mix of room types across those available within the serviced sector of the Black Isle / Cromarty Firth zone.



Source: TRC

<u>Quality Gradings – Serviced and Non-Serviced Sectors</u>

The tables overleaf provide a profile of the accommodation within the zone that participates in the VisitScotland QA Scheme. This gives an 'indication' of the quality mix and profile of the area's stock across the serviced and non-serviced sectors, <u>only</u> of those properties that participate. (The consultants make no attempt to grade non-participants).

Within the Black Isle / Cromarty Firth zone, from the consultant's experience, what is apparent is the much lower levels of participation in the Scheme than there is in some other parts of the wider study area. This is apparent within the serviced sector where operator participation is at a level of only 40% but this does capture nearly 60% of the available room stock.

The tables indicating that the majority of stock participating achieves gradings of 3 Stars and above, the focus at 3 Star level ie 40% of room stock.

BLACK ISLE / CROMARTY FIRTH 2011
SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – PROPERTIES / OPERATIONS

Accommodation Category	Total Properties		Not Graded		Awaiting Inspection / Listed		1 Star		2 Star		3 Star		4 Star		5 Star		Total Properties Graded, Awaiting Inspection / Listed	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Hotel	8	100%	3	38%					1	13%	2	25%	2	25%	0	0%	5	63%
Small Hotel	17	100%	12	71%					0	0%	4	24%	0	0%	1	6%	5	29%
Metro Hotel																		
Budget Hotel																		
Country House Hotel	5	100%	0	0%					2	40%	1	20%	2	40%	0	0%	5	100%
Guest House	10	100%	8	80%					0	0%	0	0%	2	20%	0	0%	2	20%
B&B	83	100%	50	60%	2	2%			1	1%	12	14%	17	20%	1	1%	33	40%
Restaurant w. Rooms																		
Inn	1	100%	1	100 %														
TOTAL PROPERTIES	**124**	**100%**	**74**	**60%**	**2**	**2%**			**4**	**3%**	**19**	**15%**	**23**	**19%**	**2**	**2%**	**50**	**40%**
Percentage of Graded Properties					**4.0%**				**8.0%**		**38.0%**		**46.0%**		**4.0%**		**100%**	

Source: TRC

BLACK ISLE / CROMARTY FIRTH 2011
SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – ROOMS

Accommodation Category	Total Rooms		Not Graded		Awaiting Inspection / Listed		1 Star		2 Star		3 Star		4 Star		5 Star		Total Rooms Graded, Awaiting Inspection / Listed	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Hotel	421	100%	89	21%					137	33%	131	31%	64	15%			332	79%
Small Hotel	156	100%	103	66%							45	29%	0	0%	8	5%	53	34%
Metro Hotel																		
Budget Hotel																		
Country House Hotel	86	100%							22	26%	21	24%	43	50%			86	100%
Guest House	48	100%	38	79%									10	21%			10	21%
B&B	252	100%	163	65%	10	4%			3	1%	30	12%	43	17%	3	1%	89	35%
Restaurant w. Rooms																		
Inn	10	100%	10	100%														
TOTAL ROOMS	**973**	**100%**	**403**	**41%**	**10**	**1%**			**162**	**17%**	**227**	**23%**	**160**	**16%**	**11**	**1%**	**570**	**59%**
Percentage of Graded Rooms					**1.8%**				**28.4%**		**39.8%**		**28.1%**		**1.9%**		**100%**	

Source: TRC

In similar fashion the tables overleaf provide a profile of the grading mix achieved by the area's non-serviced operators / rooms that participate in the VisitScotland scheme. Participation levels are again low but of note is the fact that of the 'properties' graded in the non-serviced sector that around half of properties and rooms are of 4 Star or higher grading.

BLACK ISLE / CROMARTY FIRTH 2011
NON-SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – PROPERTIES / OPERATIONS

Accommodation Category	Total Units	Not Graded	Awaiting Inspection / Listed	1 Star	2 Star	2-3* Star	2-4* Star	3 Star	3-4* Star	4 Star	4-5* Star	5 Star	Total Units Graded, Awaiting Inspection / Listed	
													No.	%
Self-Catering	242	147	7	2	1		7	31	7	27	4	9	95	39%
Serviced Apartments														
Exclusive Use Venue	2	1									1		1	50%
Hostel	1	1												
Other														
TOTAL PROPERTIES	**245**	**149**	**7**	**2**	**1**		**7**	**31**	**7**	**27**	**5**	**9**	**96**	39%
Percentage of Properties	**100.0%**	**60.8%**	**2.9%**	**0.8%**	**0.4%**		**2.9%**	**12.7%**	**2.9%**	**11.0%**	**2.0%**	**3.7%**	**39.2%**	
Percentage of Graded Properties			**7.3%**	**2.1%**	**1.0%**		**7.3%**	**32.3%**	**7.3%**	**28.1%**	**5.2%**	**9.4%**	**100.0%**	

Note:* Captures operators with more than one unit where each reflects different VS grading levels — **Source: TRC**

BLACK ISLE / CROMARTY FIRTH 2011
NON-SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – ROOMS

Accommodation Category	Total Rooms	Not Graded	Awaiting Inspection / Listed	1 Star	2 Star	2-3* Star	2-4* Star	3 Star	3-4* Star	4 Star	4-5* Star	5 Star	Total Rooms Graded, Awaiting Inspection / Listed	
													No.	%
Self-Catering	539	332	13	4	3	0	26	58	14	60	9	20	207	38%
Serviced Apartments														
Exclusive Use Venue	17	10										7	7	41%
Hostel	14	14												
Other														
TOTAL ROOMS	**570**	**356**	**13**	**4**	**3**		**26**	**58**	**14**	**60**	**9**	**27**	**214**	38%
Percentage of Rooms	**100.0%**	**62.5%**	**2.3%**	**0.7%**	**0.5%**		**4.6%**	**10.2%**	**2.5%**	**10.5%**	**1.6%**	**4.7%**	**37.5%**	
Percentage of Graded Rooms			**6.1%**	**1.9%**	**1.4%**		**12.1%**	**27.1%**	**6.5%**	**28.0%**	**4.2%**	**12.6%**	**100.0%**	

Note:* Captures operators with more than one unit where each reflects different VS grading levels — **Source: TRC**

B3 OVERVIEW OF CURRENT DEMAND FOR ACCOMMODATION

Introduction

Below we provide in quantitative terms the scale and profile of demand for accommodation across the different accommodation sectors in the study zone. These figures are generated from the survey returns completed by operators and supplemented by telephone research amongst others. We also provide a brief overview of the feedback received from interviews with intermediaries and demand generators conducted by the research team. This latter work provides comment on how segments of the market perceive and view the marketplace and accommodation provision. (Included in the Appendices to this full document is a report that provides a summary of this interview work – See Appendix VII).

Occupancy

The table below draws from the findings of the survey and our interviews and provides the 'median' and weighted average annual room and unit occupancies achieved by the different serviced and non-serviced operations in the Black Isle / Cromarty Firth zone.

	ROOM OCCUPANCY PERCENTAGE (MEDIANS) [1]		**ROOM OCCUPANCY PERCENTAGE (WEIGHTED AVERAGES)**	
	2009	**2010**	**2009**	**2010**
Hotel	74%	75%	71.7%	73.6%
Guest House / B&B	65%	65%	62.1%	66.2%
Self-Catering (Unit)	54%	52%	54.2%	53.3%
Total	**66%**	**65%**	**70.3%**	**72.5%**

[1] Medians from survey responses

Source: TRC

The table highlights that again this zone exhibits fairly robust annual room occupancies in the serviced sector, particularly in hotels. The number of hotels in this area is small but has some good quality operations experiencing good levels of demand and achieving excellent ARRs. Conversely the self-catering sector is not as robust as other parts of the wider study area or the Highlands but is above the Scotland average. This is potentially a reflection of the area's lower awareness, perceptions or appeal in the leisure tourism sector.

The zone includes a land mass / settlements that are industrial / commercially focused eg Nigg / Invergordon, etc as well as some more traditional leisure destinations like Strathpeffer. That said most of the responses to occupancy and market profile data were gleaned from those operators in the commercial / industrial focused destinations.

Market Mix (Profile of Demand)

As part of this audit it was incumbent on the research team to establish not just the level / scale of demand currently being hosted / attracted by operators in the zone but also to provide a profile and identification of the mix and sources of that demand. It was deemed important to understand if demand was being generated from: leisure tourists; business-related tourists; or Visiting Friends and Relatives (VFR) or came from other sources. (The many numerous and various classifications used by different operators when recording demand can cause confusion so the number of classifications adopted by this study has been curtailed). Our research in this zone suggests the demand mix is that displayed below, across the different accommodation sectors. (We provide the 'weighted' averages from the findings of the surveys and our interviews in each case).

DEMAND MIX (1)

	Leisure	Business	Other
Hotel	31.3%	59.4%	9.3%
Guest House / B&B	82.1%	17.9%	0.0%
Self-Catering	99.5%	0.5%	0.0%
Total	**68.2%**	**27.7%**	**4.0%**

Note: (1) Weighted Averages
(These figures only reflect the trading patterns of operators that provided data)

Source: TRC

The table indicates that in the hotel component of the serviced sector demand is mainly business-related where as in guest houses and B&Bs it was mainly leisure driven similar to the self-catering sector.

Achieved Room Rate

A statistic used by the hotel sector in particular as a 'measurement' of demand or strength of demand for accommodation is the average achieved room rate or RevPar statistic. In this instance the survey sought to identify Average Achieved Room Rate (ARR) for serviced sector operators in each of the zones. In the Black Isle / Cromarty Firth zone the survey produced only a modest number of returns but those properties that did record the data and responded to the survey suggest that, in instances, ARRs in excess of those in Inverness were being achieved. [ARR = Total Rooms Revenue (net of VAT and Breakfast, etc) divided by the Total Number of Rooms Sold in a year].

However it must be remembered that this is not all properties. General returns show some operators in the zone are achieving only modest occupancy levels sometimes an indication that low ARRs will be achieved but without the data to support this we cannot confirm what ARRs are being achieved. However, the statistics provided indicate that certain operators in the zone can and do take a strong stance on charging / pricing regimes and discounting policies viz quality, reflected in good ARRs and demand levels.

Qualitative Feedback from Consultations and Research

As indicated a range of intermediaries and local buyers / demand generators for overnight tourism accommodation were interviewed. (More detailed findings are available in Appendix VII).

Perceptions of this area vary like the other zones depending upon which sector of the market is being asked for its views. In respect of the leisure traveller sector (individuals and groups / coach travel) interviews suggest intermediaries have no issues with current provision of bed stock. Centres like Strathpeffer are geared for the group market and contracts for accommodation negotiated well in advance suggests no shortfall in supply. The area around Dingwall, Alness etc sees it 'serviced' and backed up by stock available in the City itself with local business users identifying that when local supply is full then it is displaced to the City. Of note however were discussions with local business operators re demand associated with the commercial activities around the Firth.

Discussions suggest a shortfall in both scale and quality in the serviced sector in the Tain, Alness, Invergordon areas. This exacerbated recently with the loss of some of the smaller hotels / inn operators that serviced a strong demand from contractors. Discussions suggest it is envisaged in this area that when and if operations at Nigg Yard pick up significantly in the future re renewable and offshore activities then business-related (contractor) demand, etc for accommodation will be frustrated.

Discussions with the management of the VICs, etc suggest that the existing stock currently meets the needs of other sectors and is deemed adequate for current requirements.

(In the main seasonality was not cited as an issue in this zone for those interviewed but it must be borne in mind that many of the intermediaries canvassed are not actively involved with the zone).

B4 POTENTIAL NEW SUPPLY

Having completed an audit of the current supply and demand dynamics of both the serviced and non-serviced sector, the research team then set out to identify potential, significant, new additions to supply that may come into play in the foreseeable future. These new additions, in turn, affecting the dynamics of the marketplace. In each case discussions were held with local planning officials to establish what projects were in the formal planning process either awaiting a decision or having been granted planning permission. Discussions suggest no significant developments are anticipated within the accommodation sector of this zone. What projects do exist are small in nature and unlikely to strategically change the supply and demand equation in the medium term. (In Appendix I is a more detailed listing).

B5 OBSERVATIONS ON SUPPLY – ISSUES AND POTENTIAL DEVELOPMENT OPPORTUNITIES

One of the planned outcomes of this audit was for the consultants to exercise professional judgement over the research and identify where the market findings suggested there were shortfalls in the accommodation sector's ability to meet the needs of the market and unlock economic advantage.

These 'gaps' / potential investment opportunities are presented here as a series of observations for the zone that if enacted upon could help reposition the accommodation sector to optimise its economic potential. The opportunities available across the zones vary.

The developments proposed are not merely a list of what types of accommodation the zone currently doesn't offer. Years of development expertise has been used to analyse the consultation and research findings to confirm potential viable and necessary proposals to balance the accommodation economy of the zone.

The audit profiles the current offering of the area, and the trading patterns experienced by operators – this providing an important 'snapshot' of the current state of play. These findings have then been overlaid with the feedback received from intermediaries and buyers that have given the research team insight into where there is currently market dissatisfaction with the offering.

These findings when considered alongside new projects or investments that will potentially change the supply in the future, in tandem with anticipated changes to the wider economy of the zone, have informed the consultancy team's deliberations over what are the issues that will ultimately affect the future dynamics of the accommodation sector.

The table overleaf profiles what is, in the team's opinion, needed if the zone is to reach a position where it can better meet existing and potential future demand.

Within the accommodation sector of any destination there can on occasion also be opportunities for certain forms of new accommodation not currently available, to 'lead', or in themselves, actually attract new markets and demand into an area. Strategic investment in such properties and in upgrading existing stock can help a destination raise its overall awareness and appeal and support repositioning strategies.

We present our findings and conclusions for the zone as bullet points at this time, presented in no particular order. The consultants have refrained from making specific recommendations or suggesting specific sites for new development as this was not within our remit. On an initial read of the document it may seem to any audience that has read the returns for each zone that there is a degree of repetition across the zones in terms of opportunities / needs. For this the consultancy makes no apology. Our conclusions merely present the facts and our informed analysis of the findings. Across the wider study area many of the issues and opportunities affecting the different marketplaces are indeed generic and in some zones the product gaps and opportunities are similar. The one recurring theme from the consumer research is that of dissatisfaction in certain quarters with the 'quality' of certain offerings and service standards available within some of the accommodation sector.

The potential development opportunities presented have been identified after considerable in-house debate by the research team and are those that it is believed the destination should seek to progress further. The projects identified are those it is considered will fill the gaps that the audit and consumer interviews highlight need to be addressed if 'unsatisfied' and 'dissatisfied' demand is to be eliminated in the zone and economic advantage unlocked.

The initiatives highlighted are those that experience suggests have the potential to be viable, sustainable investments in the short / medium term. Projects include those required to meet both existing demand as well as investments that can become 'attractors' in their own right. Where certain products in the correct locations can pull new markets into an area, and not merely displace or canabilise demand from existing operators, these have been highlighted.

The table is laid out as a Strengths, Weaknesses and Opportunities Analysis for the zone. Highlighted are factors that potentially will 'positively' affect demand for bed spaces in the future set against factors and issues currently curtailing the success of the accommodation sector. Obviously addressing and taking due cognisance of these issues and aligning the accommodation sector with the positives and mitigating the negatives will be to the future benefit of the accommodation / tourism economy of the zone.

It is envisaged that the tables can, to an extent, form the basis of an action plan for a successful accommodation sector in the area. Each initiative supported and progressed through to the next stage in a number of ways. This taking many formats through the planning, design or construction phases of a project; or helping to identifying development sites; through to encouraging developers / investors / operators to step up to the mark and either create the new stock needed or improve / develop / reposition existing stock. At its most basic it may merely be helping investors or operators consider the viability of potential projects. Whatever future actions the sector takes the overall aim is to ensure existing markets get what they want or new products are introduced that have the opportunity to attract new markets and increase economic activity.

BLACK ISLE / CROMARTY FIRTH

Future Strengths / Factors Potentially Affecting Accommodation Demand	**Current Weaknesses / Factors Adversely Affecting Success of Accommodation Sector**
– The wider zone benefits from a good mix of demand generated across the year and is, in places less seasonal than other parts of the regional study area (VFR, business, leisure and golf markets); – The 'Black Isle' itself is a recognised address and is in close proximity to the buoyant Inverness market providing overspill and supporting visitor infrastructure to the City; – The economies of Invergordon and surrounding area will continue to exert a good influence and when linked to the possible resurgence at Nigg and on the Firth suggests the future could be positive for the accommodation sector with demand levels increasing; and – Strathpeffer as a traditional Highland tourist destination has potential untapped appeal in certain leisure markets.	– The area around the Firth itself has a low profile in the leisure market; – Quality of existing supply is poor in certain areas / types of supply; – The volume of supply is insufficient at times of peak demand and it is questioned by some if it can cope in future if manufacturing / industrial and commercial activity increases; – The area has lost some of its more price competitive supply in the recent past that offered product to a transient contractor market; – It is recorded that currently a proportion of locally generated business-related demand is being displaced to the City; and – Strathpeffer and surrounding area offers a range of stock aimed at the group tour market but some is dated and quality will increasingly become an issue.

Observations – Issues and Potential Investment Opportunities

The team's analysis of all the issues highlighted by the audit lead us to make the following observations for the sector. We highlight below issues, if addressed, could help the zone better meet the needs of existing and future markets and unlock further economic advantage.

- The existing coaching stock associated with Strathpeffer would benefit from upgrade and potentially could extend appeal by providing quality upgrades and associated investment in spa / leisure facilities (Viability to be proved);
- Across the area, a degree of the stock, particularly that linked to small hotels / inns and pubs with rooms would benefit from quality enhancements – transition to inns with food / Gastro Pub with rooms would provide products more suited to today's markets; and
- In the main settlements upgrading of existing stock to better meet future needs of contractors / business-related demand would be beneficial (See and assess potential for introduction of a new budget hotel operator eg Easyhotel- / Yotel-type concept – however viability needs to be tested).

C LOCH NESS

C1 INTRODUCTION / OVERVIEW

The focus of this zone is obviously the Loch itself and the accommodation sector based on its shores and in the hinterland north and south. The study area / zone, covers a geography that captures Fort Augustus to the South and Lochend to the North, and includes Glen Affric / Cannich to the West and the rural and more sparsely populated eastern shore of the loch itself and the area of Glen Mor. (See maps overleaf).

As per the introductory sections to the main report a full audit of supply was conducted as well as survey work to establish current scale and profile of demand for accommodation in the zone. A range of consumer intermediaries were also canvassed and the various agencies contacted to understand what potential new supply was in the pipeline. All this work coming together to provide a profile of the accommodation sector in the zone and helping identify opportunities for the future.

C2 OVERVIEW OF CURRENT SUPPLY OF ACCOMMODATION

Establishments / Operations

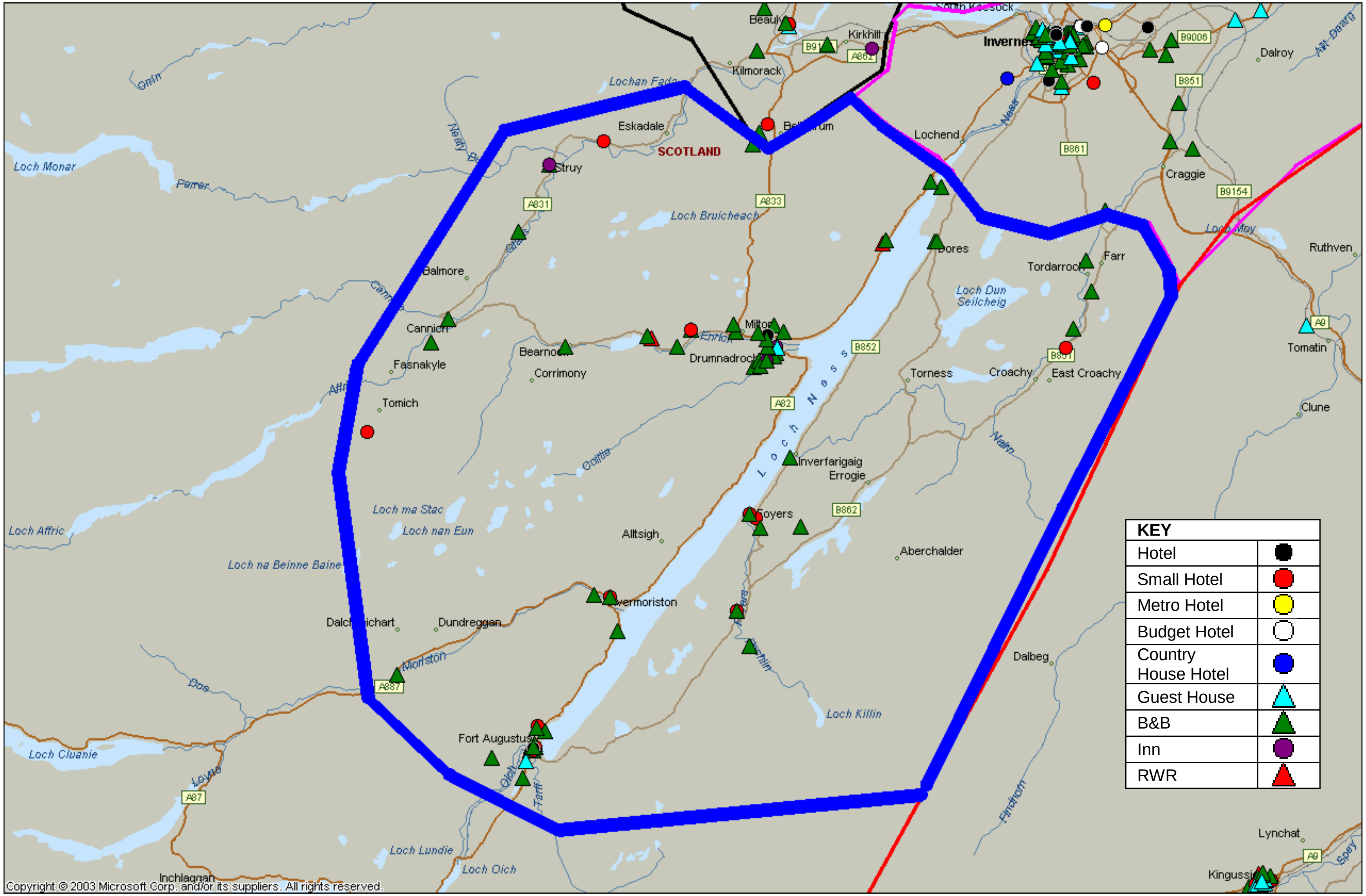
The table overleaf identifies the number of ‘business’ operations / establishments within the zone’s commercial accommodation sector. Similar to many rural locations in Scotland the number of non-serviced self-catering accommodation businesses exceeds those within the serviced sector. What is apparent from the audit is the very low number of purpose built commercial operations ie hotels, etc, the majority of businesses B&Bs. In the non-serviced sector the majority of businesses are single unit self-catering properties. This indicates, for such a high profile destination, a very small stock situation when viewed at the bedroom level.

LOCH NESS 2011 ALL ESTABLISHMENTS BY ACCOMMODATION CATEGORY			
Accommodation Category	**Number of Operations**	**% Sector Mix**	**% of Overall Mix**
Fully Serviced			
Hotel	4	3.8%	1.3%
Small Hotel	10	9.4%	3.3%
Metro Hotel	0	0.0%	0.0%
Budget Hotel	0	0.0%	0.0%
Country House Hotel	0	0.0%	0.0%
Guest House	4	3.8%	1.3%
B&B	83	78.3%	27.1%
Restaurant with Rooms	2	1.9%	0.7%
Inn	3	2.8%	1.0%
Sub Total	**106**	**100.0%**	**34.6%**
Non-Serviced			
Self-Catering	186	95.9%	60.8%
Serviced Apartments	0	0.0%	0.0%
Exclusive Use Venue	2	1.0%	0.7%
Hostel	6	3.1%	2.0%
Other	0	0.0%	0.0%
Sub Total	**194**	**100.0%**	**63.4%**
Sub Total of Serviced and Non-Serviced Sectors	**300**		**98.0%**
Holiday / Touring Park	**6**		2.0%
TOTALS	**306**		**100.0%**

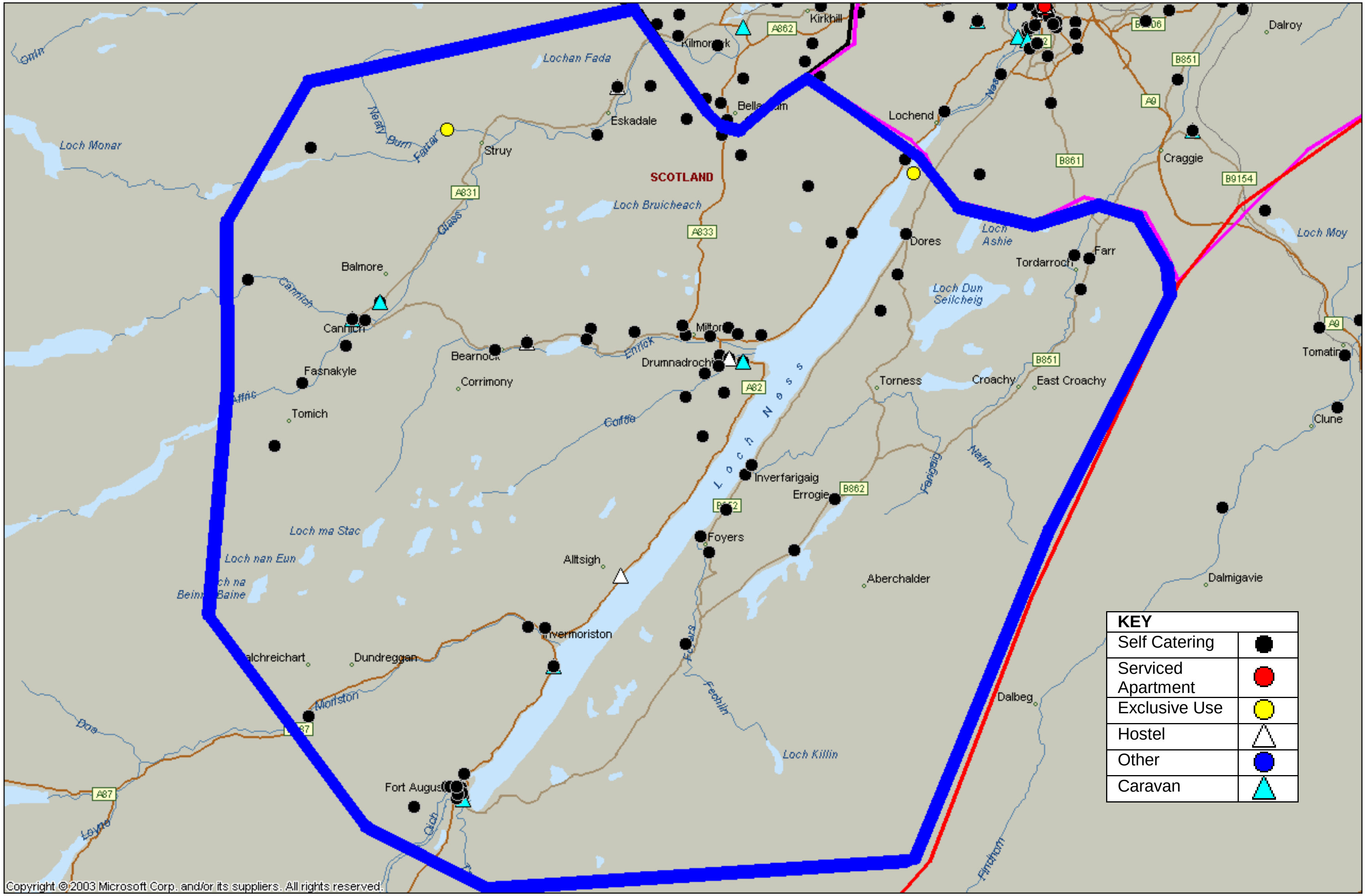
Source: TRC

The maps overleaf highlight the Loch Ness zone and the concentration of accommodation establishments across its geography.

LOCH NESS SERVICED ACCOMMODATION – OPERATIONS



LOCH NESS NON-SERVICED ACCOMMODATION – OPERATIONS



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Room and Bed Space Capacity

The mix of establishments available provides the following scale of bedroom and bed-space capacity across the zone as displayed in the table below.

LOCH NESS 2011
NUMBER OF ROOMS AND BED SPACE CAPACITY BY ACCOMMODATION CATEGORY

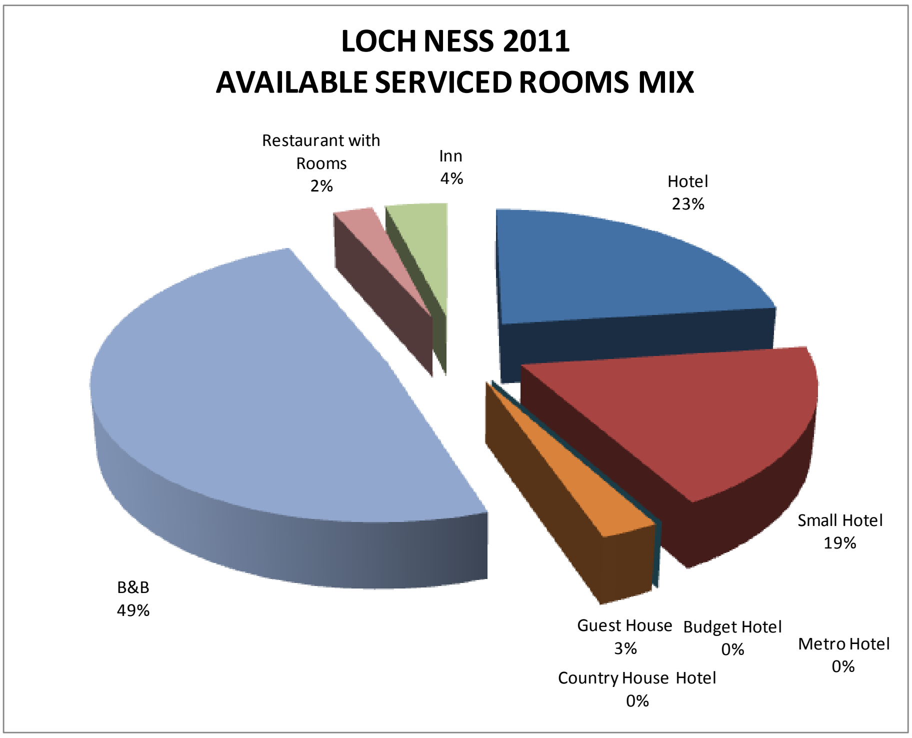
Accommodation Category	Number of Rooms	% Sector Mix	% of Overall Mix	Number of Bed Spaces	% Sector Mix	% of Overall Mix
Fully Serviced						
Hotel	115	22.9%	6.5%	234	22.5%	5.9%
Small Hotel	95	18.9%	5.3%	190	18.3%	4.8%
Metro Hotel						
Budget Hotel						
Country House Hotel						
Guest House	14	2.8%	0.8%	31	3.0%	0.8%
B&B	245	48.8%	13.8%	517	49.7%	13.0%
Restaurant with Rooms	13	2.6%	0.7%	26	2.5%	0.7%
Inn	20	4.0%	1.1%	42	4.0%	1.1%
Sub Total	**502**	**100.0%**	**28.3%**	**1,040**	**100.0%**	**26.1%**
Non-Serviced						
Self-Catering	886	93.1%	49.9%	1,888	85.0%	47.3%
Serviced Apartments						
Exclusive Use Venue	22	0.8%	1.2%	47	2.1%	1.2%
Hostel	74	5.2%	4.2%	286	12.9%	7.2%
Other						
Sub Total	**982**	**100.0%**	**55.3%**	**2,221**	**100.0%**	**55.7%**
Sub Total of Serviced and Non-Serviced Sectors	**1,484**		**83.6%**	**3,261**		**81.8%**
Holiday / Touring Park	292(1)		16.4%	730*		18.3%
TOTALS	**1,776**		**100.0%**	**3,991**		**100.0%**

Note: (1) Pitches **Source: TRC**

* This is based on previous TRC findings in the sector and assumes 2.5 bed spaces per pitch. This includes stock that is in instances privately owned static vans that are not available to rent help create a notional tourism bed stock figure for this study and could in fact be larger. This stock used by owners, in cases lent to family and friends and on occasions rented out, however the consultants cannot quantify how much is in the commercial rental sector.

The table clearly indicates the predominance of the non-serviced accommodation sector within the zone representing around 56% of rooms and bed spaces. However similar to other areas of Scotland the notional tourism bed space capacity available within the local economy's holiday park sector at around 730 bed spaces, which whilst not as large as in some other zones, still provides around 20% of bed spaces.

The chart below highlights the mix of room types across those available within the serviced sector.



Source: TRC

Quality Gradings – Serviced and Non-Serviced Sectors

The tables overleaf provide a profile of the accommodation within the zone that participates in the VisitScotland QA Scheme. This gives an 'indication' of the quality mix and profile of the area's stock across the serviced and non-serviced sectors, only of those properties that participate. (The consultants make no attempt to grade non-participants).

Within the Loch Ness zone the levels of participation in the Scheme reflects those that are achieved in many other parts of Scotland. This sees a serviced sector where operator participation is at a level of just under 50% capturing nearly 60% of the available room stock.

The tables indicating that the majority of serviced stock participating in the Scheme achieves gradings of 3 Stars and above. The focus at 3 Star level again a situation mirrored across much of the wider study area and Scotland in general.

LOCH NESS 2011
SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – PROPERTIES / OPERATIONS

Accommodation Category	Total Properties		Not Graded		Awaiting Inspection / Listed		1 Star		2 Star		3 Star		4 Star		5 Star		Total Properties Graded, Awaiting Inspection / Listed	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Hotel	4	100%	1	25%							3	75%					3	75%
Small Hotel	10	100%	5	50%					1	10%	4	40%					5	50%
Metro Hotel																		
Budget Hotel																		
Country House Hotel																		
Guest House	4	100%	1	25%							1	25%	2	50%			3	75%
B&B	83	100%	47	57%					1	1%	17	20%	17	20%	1	1%	36	43%
Restaurant w. Rooms	2	100%											1	50%	1	50%	2	100%
Inn	3	100%	1	33%					1	33%	1	33%					2	67%
TOTAL PROPERTIES	**106**	**100%**	**55**	**52%**					**3**	**3%**	**26**	**25%**	**20**	**19%**	**2**	**2%**	**51**	**48%**
Percentage of Graded Properties					**0.0%**		**0.0%**		**5.9%**		**51.0%**		**39.2%**		**3.9%**		**100%**	

Source: TRC

LOCH NESS 2011
SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – ROOMS

Accommodation Category	Total Rooms		Not Graded		Awaiting Inspection / Listed		1 Star		2 Star		3 Star		4 Star		5 Star		Total Rooms Graded, Awaiting Inspection / Listed	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Hotel	115	100%	8	7%							107	93%					107	93%
Small Hotel	95	100%	46	48%					12	13%	37	39%					49	52%
Metro Hotel																		
Budget Hotel																		
Country House Hotel																		
Guest House	14	100%	3	21%							5	36%	6	43%			11	79%
B&B	245	100%	144	59%					4	2%	51	21%	43	18%	3	1%	101	41%
Restaurant w. Rooms	13	100%											6	46%	7	54%	13	100%
Inn	20	100%	4	20%					6	30%	10	50%					16	80%
TOTAL ROOMS	**502**	**100%**	**205**	**41%**					**22**	**4%**	**210**	**42%**	**55**	**11%**	**10**	**2%**	**297**	**59%**
Percentage of Graded Rooms					**0.0%**		**0.0%**		**7.4%**		**70.7%**		**18.5%**		**3.4%**		**100%**	

Source: TRC

In similar fashion the tables overleaf provide a profile of the grading mix achieved by the area's non-serviced operators / rooms that participate in the VisitScotland scheme. Participation levels are lower than the serviced sector with only 39% of the rooms graded. Again participants achieving in the main grading of 3 Star and above.

LOCH NESS 2011
NON-SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – PROPERTIES / OPERATIONS

Accommodation Category	Total Units	Not Graded	Awaiting Inspection / Listed	1 Star	2 Star	2-3* Star	2-4* Star	3 Star	3-4* Star	4 Star	4-5* Star	5 Star	Total Units Graded, Awaiting Inspection / Listed	
													No.	%
Self-Catering	382	220	1	1	2	17		39	48	23		31	162	42%
Serviced Apartments														
Exclusive Use Venue	2	1										1	1	50%
Hostel	6	6												
Other														
TOTAL PROPERTIES	**390**	**227**	**1**	**1**	**2**	**17**	**0**	**39**	**48**	**23**	**0**	**32**	**163**	42%
Percentage of Properties	**100.0%**	**58.2%**	**0.3%**	**0.3%**	**0.5%**	**4.4%**	**0.0%**	**10.0%**	**12.3%**	**5.9%**	**0.0%**	**8.2%**	**41.8%**	
Percentage of Graded Properties			**0.6%**	**0.6%**	**1.2%**	**10.4%**	**0.0%**	**23.9%**	**29.4%**	**14.1%**	**0.0%**	**19.6%**	**100.0%**	

Note:* Captures operators with more than one unit where each reflects different VS grading levels

Source: TRC

LOCH NESS 2011
NON-SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – ROOMS

Accommodation Category	Total Rooms	Not Graded	Awaiting Inspection / Listed	1 Star	2 Star	2-3* Star	2-4* Star	3 Star	3-4* Star	4 Star	4-5* Star	5 Star	Total Rooms Graded, Awaiting Inspection / Listed	
													No.	%
Self-Catering	886	518	4	2	6	47		87	107	61		54	368	42%
Serviced Apartments														
Exclusive Use Venue	22	7										15	15	68%
Hostel	74	74												
Other														
TOTAL ROOMS	**982**	**599**	**4**	**2**	**6**	**47**		**87**	**107**	**61**		**69**	**383**	39%
Percentage of Rooms	**100.0%**	**61.0%**	**0.4%**	**0.2%**	**0.6%**	**4.8%**	**0.0%**	**8.9%**	**10.9%**	**6.2%**	**0.0%**	**7.0%**	**39.0%**	
Percentage of Graded Rooms			**1.0%**	**0.5%**	**1.6%**	**12.3%**	**0.0%**	**22.7%**	**27.9%**	**15.9%**	**0.0%**	**18.0%**	**100.0%**	

Note:* Captures operators with more than one unit where each reflects different VS grading levels

Source: TRC

C3 OVERVIEW OF CURRENT DEMAND FOR ACCOMMODATION

Introduction

Below we provide in quantitative terms the scale and profile of demand for accommodation across the different accommodation sectors in the study zones. These figures are generated from the survey returns completed by operators and supplemented by telephone research amongst others. We also provide a brief overview of the feedback received from interviews with intermediaries and demand generators conducted by the research team. This latter work provides comment on how segments of the market perceive and view the marketplace and accommodation provision. (Included in the Appendices to this full document is a report that provides a summary of this interview work – See Appendix VII).

Occupancy

The table below provides, from those making returns to the survey and consultations, the 'median' and weighted average annual room and unit occupancies achieved by the different serviced and non-serviced operations in the Loch Ness zone. Note the small number of hotels within the zone and those making returns provided insufficient data for us to report on the occupancy levels being achieved. Of note however is the good level of demand achieved by the guest house and B&B sector and the unit occupancy achieved by the self-catering sector amongst the highest achieved in any part of the study area and above the Highlands and National averages. The latter again highlighting the awareness levels and leisure tourism credentials of the zone.

	ROOM OCCUPANCY PERCENTAGE (MEDIANS)[1]		ROOM OCCUPANCY PERCENTAGE (WEIGHTED AVERAGES)	
	2009	**2010**	**2009**	**2010**
Hotel	n/a	n/a	n/a	n/a
Guest House / B&B	78%	67%	74%	74%
Self-Catering (Unit)	73%	70%	68%	70%
Total	**73%**	**67%**	**61%**	**64%**

[1] Medians from survey responses **Source: TRC**

Market Mix (Profile of Demand)

As part of this audit it was incumbent on the research team to establish not just the level / scale of demand currently being hosted / attracted by operators in the zone but also to provide a profile and identification of the mix and sources of that demand. It was deemed important to understand if demand was being generated from: leisure tourists; business-related tourists; or Visiting Friends and Relatives (VFR) or came from other sources. (The many numerous and various classifications used by different operators when recording demand can cause confusion so the number of classifications adopted by this study has been curtailed). Our research in this zone suggests the demand mix is that displayed below, across the different accommodation sectors. (We provide the 'weighted' averages from the findings of the surveys and our interviews in each case). Again insufficient data was forthcoming from the hotel sector to make comment.

DEMAND MIX (1)			
	Leisure	**Business**	**Other**
Hotel	n/a	n/a	n/a
Guest House / B&B	80.3%	16.4%	3.4%
Self-Catering	97.1%	2.9%	0.0%
Total	**87.7%**	**10.3%**	**2.0%**

Note: (1) Weighted Averages
(These figures only reflect the trading patterns of operators that provided data)

Source: TRC

The table indicate, as would be expected, the dominance of the leisure tourism sector in the accommodation economy of the Loch Ness zone. However it is interesting that the guest house and B&B sector records such a high level of business-related demand suggesting that contractors and others working in the area make good use of these forms of facilities – again potentially a result of the small' hotel' stock seeing the market make some use of the less formal serviced stock.

Achieved Room Rate

A statistic used by the hotel sector in particular as a 'measurement' of demand or strength of demand for accommodation is the average achieved room rate or RevPar statistic. In this instance the survey provided insufficient responses for any comment to make on the Average Achieved Room Rate (ARR) for serviced sector operators in this zone. Data was either not recorded by operators or they declined to share it. [ARR = Total Rooms Revenue (net of VAT and Breakfast, etc) divided by the Total Number of Rooms Sold in a year].

Qualitative Feedback from Consultations and Research

As indicated a range of intermediaries and local buyers / demand generators for overnight tourism accommodation were interviewed. (More detailed findings are available in Appendix VII).

The Loch Ness marketplace (both sides of the Loch) is focused on one of Scotland's best known and high profile leisure tourism icons. That said it is an unusual marketplace in that high awareness does not translate directly into large scale demand for the 'Lochside' or surrounding area itself! It needs to be remembered that the study area incorporates an extensive mountain and glen hinterland on both banks up to Glen Affric in the north and Glen Mor on the south side. Discussions suggest that in the 'tour group' market operators pass through the area and have no frustrated demand for accommodation in the zone tending and preferring to use / base themselves in Fort William or Inverness and surrounding area. (The Loch itself a 'pass-through' / day visit destination for most tour operators). However anecdotal evidence suggests that in other instances it is the individual leisure traveller that can have problems finding overnight accommodation. This was highlighted by various sources and from the consultant's own work across Scotland. Any supply shortfalls however appear to be purely seasonal, peaking in the summer months but tend to affect all types of accommodation although it is suggested less so the self-catering sector in certain locations. (See discussion with Self-Catering Booking Agents).

Specific shortages in serviced supply are suggested around Fort Augustus for individual leisure travellers, a situation highlighted by discussion with the VIC operators. Also anecdotally from the consultants' own experience in some of the glens and mountain areas attracting activity tourists drawn by the outdoor / wildlife and informal sporting / activity opportunities eg Glen Affric / Cannich there is a shortage of most forms of accommodation particularly during the summer season.

Business-related demand, conferences and golf / specialist tour groups etc appear to be unaffected positively or negatively by the current state of the market as the destination is not a prime destination for demand from these sectors. Our research amongst these intermediaries producing no positive or negative feedback. That said potentially modest opportunities do exist in the 'activities' sector, training and team building sectors in future.

C4 POTENTIAL NEW SUPPLY

Having completed an audit of the current supply and demand dynamics of both the serviced and non-serviced sector, the research team then set out to identify potential, significant, new additions to supply that may come into play in the foreseeable future. These new additions, in turn, affecting the dynamics of the marketplace.

In each case we had discussions with local planning officials to establish what projects were in the formal planning process either awaiting a decision or having been granted planning permission. (In Appendix I is a more detailed listing provided by Highland Council).

There are few major development proposals in the accommodation sector planned or under construction in the Loch Ness zone. That said, there are interesting projects proposed for the Loch but these are other forms of visitor infrastructure and focus more on the provision of attractions / retail facilities. A number of projects aimed at servicing the day visit / tour market are coming to the fore on Loch Ness itself to the north of Drumnadrochit. In the recent past the area has also seen some significant development at Fort Augustus with the last phases of The Highland Club at Fort Augustus Abbey coming on stream. Other projects in the planning pipeline are much smaller in nature – see Appendix.

C5 OBSERVATIONS ON SUPPLY – ISSUES AND POTENTIAL DEVELOPMENT OPPORTUNITIES

One of the planned outcomes of this audit was for the consultants to exercise professional judgement over the research and identify where the market findings suggested there were shortfalls in the accommodation sector's ability to meet the needs of the market and unlock economic advantage. These 'gaps' / potential investment opportunities are presented here as a series of observations for the zone that if enacted upon could help reposition the accommodation sector to optimise its economic potential. The opportunities available across the zones vary.

The developments proposed are not merely a list of what types of accommodation the zone currently doesn't offer. Years of development expertise has been used to analyse the consultation and research findings to confirm potential viable and necessary proposals to balance the accommodation economy of the zone.

The audit profiles the current offering of the area, and the trading patterns experienced by operators – this providing an important 'snapshot' of the current state of play. These findings have then been overlaid with the feedback received from intermediaries and buyers that have given the research team insight into where there is currently market dissatisfaction with the offering.

These findings when considered alongside new projects or investments that will potentially change the supply in the future, in tandem with anticipated changes to the wider economy of the zone, have informed the consultancy team's deliberations over what are the issues that will ultimately affect the future dynamics of the accommodation sector.

The table overleaf profiles what is, in the team's opinion, needed if the zone is to reach a position where it can better meet existing and potential future demand.

Within the accommodation sector of any destination there can on occasion also be opportunities for certain forms of new accommodation not currently available, to 'lead', or in themselves, actually attract new markets and demand into an area. Strategic investment in such properties and in upgrading existing stock can help a destination raise its overall awareness and appeal and support repositioning strategies.

We present our findings and conclusions for the zone as bullet points at this time, presented in no particular order. The consultants have refrained from making specific recommendations or suggesting specific sites for new development as this was not within our remit. On an initial read of the document it may seem to any audience that has read the returns for each zone that there is a degree of repetition across the zones in terms of opportunities / needs. For this the consultancy makes no apology. Our conclusions merely present the facts and our informed analysis of the findings. Across the wider study area many of the issues and opportunities affecting the different marketplaces are indeed generic and in some zones the product gaps and opportunities are similar. The one recurring theme from the consumer research is that of dissatisfaction in certain quarters with the 'quality' of certain offerings and service standards available within some of the accommodation sector.

The potential development opportunities presented have been identified after considerable in-house debate by the research team and are those that it is believed the destination should seek to progress further. The projects identified are those it is considered will fill the gaps that the audit and consumer interviews highlight need to be addressed if 'unsatisfied' and 'dissatisfied' demand is to be eliminated in the zone and economic advantage unlocked.

The initiatives highlighted are those that experience suggests have the potential to be viable, sustainable investments in the short / medium term. Projects include those required to meet both existing demand as well as investments that can become 'attractors' in their own right. Where certain products in the correct locations can pull new markets into an area, and not merely displace or canabilise demand from existing operators, these have been highlighted.

The table is laid out as a Strengths, Weaknesses and Opportunities Analysis for the zone. Highlighted are factors that potentially will 'positively' affect demand for bed spaces in the future set against factors and issues currently curtailing the success of the accommodation sector. Obviously addressing and taking due cognisance of these issues and aligning the accommodation sector with the positives and mitigating the negatives will be to the future benefit of the accommodation / tourism economy of the zone.

It is envisaged that the tables can, to an extent, form the basis of an action plan for a successful accommodation sector in the area. Each initiative supported and progressed through to the next stage in a number of ways. This taking many formats through the planning, design or construction phases of a project; or helping to identifying development sites; through to encouraging developers / investors / operators to step up to the mark and either create the new stock needed or improve / develop / reposition existing stock. At its most basic it may merely be helping investors or operators consider the viability of potential projects. Whatever future actions the sector takes the overall aim is to ensure existing markets get what they want or new products are introduced that have the opportunity to attract new markets and increase economic activity.

LOCH NESS	
Future Strengths / Factors Potentially Affecting Accommodation Demand – A zone of high profile and awareness; – One of Scotland's tourist honeypots; – Recognised address internationally; and – New visitor infrastructure on and beside the Loch planned that will raise visitor appeal.	**Current Weaknesses / Factors Adversely Affecting Success of Accommodation Sector** – Whilst a magnet for tourists the Lochside itself plays a dual role and is used by many merely as a 'transport' link / day visit destination nestling between the Inverness and the West Coast / Fort William hubs used by the groups market and individual leisure tourists who prefer to stay in these locations with their greater concentration of visitor infrastructure, appeal and supporting services (retail, food and beverage, formal activities / attractions, etc). Limited overnight demand for accommodation currently provided. Few accommodation products that are destinations or quality products in their own right that encourage stayovers / extend dwell time; – Interviews suggest limited numbers of things to do around the Loch itself though the hinterland provides focus for activities; – Seasonality of demand is an issue particularly 'serviced' accommodation as there is little or no business-related demand associated with what is predominantly a rural, agricultural economy. Demand peaking during holiday periods and falling away dramatically at shoulder seasons and winter placing many operations at the edge of year-round viability and little opportunity of current offering to extend season of demand and attract and service new markets. The quality of existing provision is average with few 'destination' / quality offerings of high profile. Possible exception is a project like The Highland Club. –
Observations – Issues and Potential Investment Opportunities The team's analysis of all the issues highlighted by the audit lead us to the following observations for the sector. We highlight below issues, if addressed, could help the zone better meet the needs of existing and future markets and unlock further economic advantage. – Analysis of the current and medium term future suggests that the area could benefit from improvements to the quality and service standards associated with the existing stock provision; – The provision of country inns / gastro pubs would help fill gaps in current supply and products sought by the markets (good food and accommodation models); – The area would benefit from the development of 'boutique' serviced property / signature hotel of quality that can attract and hold demand year-round; – There is potentially still opportunity for further quality self-catering particularly that associated with the area's main asset Loch Ness / Caledonian Canal. (The viability of unusual self-catering in the form of house boats could be worthy of exploration) – See focus around Fort Augustus in particular; and – Certain discussions and from the consultants own experience suggest that 'off the beaten' track in the zone eg the Glen Affric area etc there is a shortfall in accommodation particularly during the main holiday season re bed spaces and for certain types of accommodation eg hostels targeted at those exploring the outdoors / players in the activity sector, on training, etc. (Exploration of opportunities / viability worthy of further work).	

D BADENOCH AND STRATHSPEY (AVIEMORE)

D1 INTRODUCTION / OVERVIEW

The focus of this zone is one of the main high profile tourism locations within the Highlands centred on the settlement of Aviemore in the Cairngorm National Park. The study area / zone covers a geography that captures Daviot and Grantown on Spey to the north and Laggan and Newtonmore to the south and is bounded by the Cairngorm itself to the east and the Monadhliath Mountains to the west. The zone for the main part straddling the A9 trunk road corridor. (See maps overleaf).

As per the introductory sections to the main report a full audit of supply was conducted as well as survey work to establish current scale and profile of demand for accommodation in the zone. A range of consumer intermediaries were also canvassed and the various agencies contacted to understand what potential new supply was in the pipeline. All this work coming together to provide a profile of the accommodation sector in the zone and helping identify opportunities for the future.

D2 OVERVIEW OF CURRENT SUPPLY OF ACCOMMODATION

Establishments / Operations

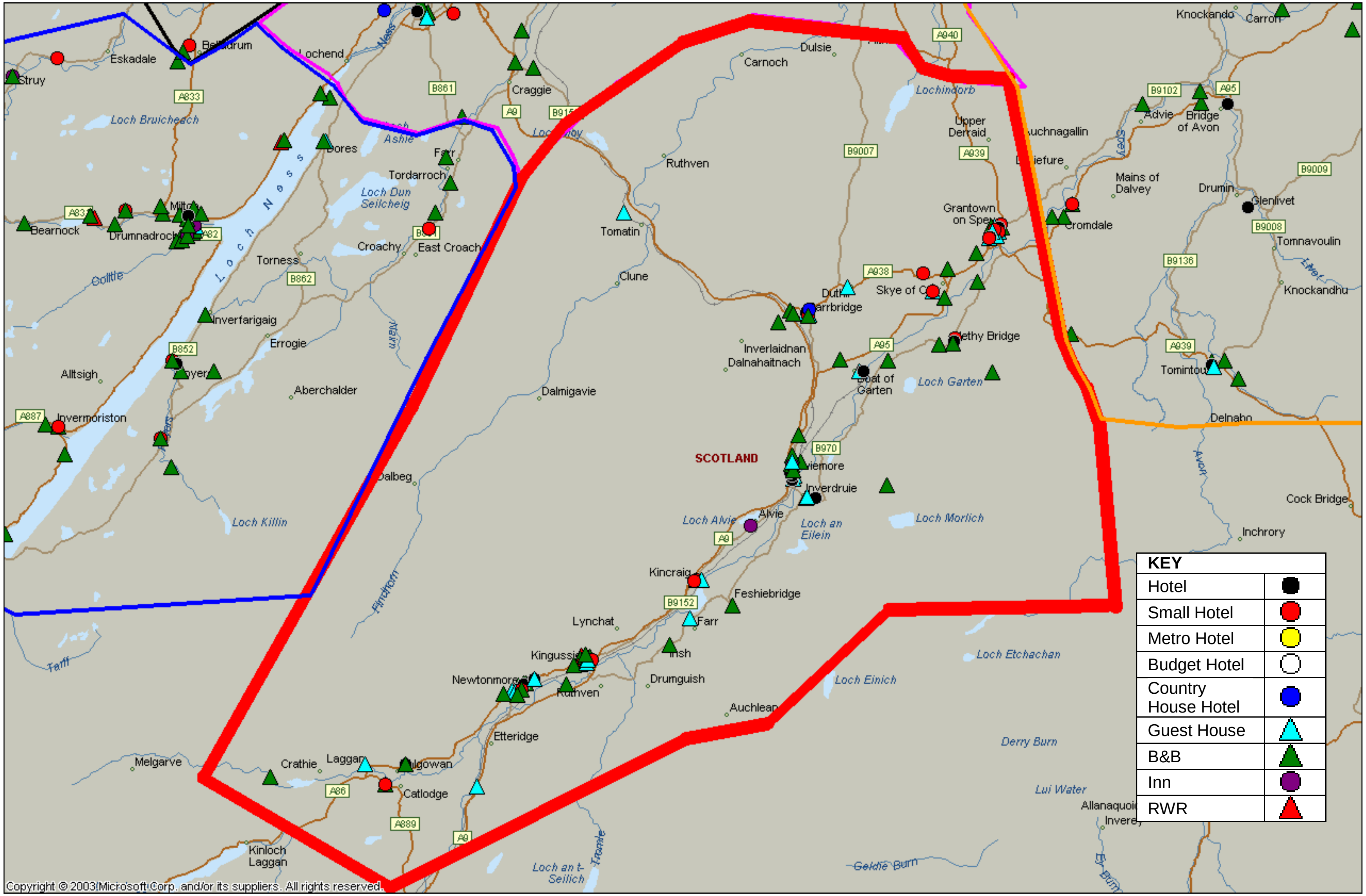
The table overleaf identifies the number of 'business' operations / establishments within the zone's commercial accommodation sector. The area's mix of operations dominated by the extensive self-catering sector.

BADENOCH AND STRATHSPEY (AVIEMORE) 2011 ALL ESTABLISHMENTS BY ACCOMMODATION CATEGORY			
Accommodation Category	**Number of Operations**	**% Sector Mix**	**% of Overall Mix**
Fully Serviced			
Hotel	20	13.6%	3.1%
Small Hotel	16	10.9%	2.5%
Metro Hotel	0	0.0%	0.0%
Budget Hotel	0	0.0%	0.0%
Country House Hotel	1	0.7%	0.2%
Guest House	44	29.9%	6.9%
B&B	61	41.5%	9.5%
Restaurant with Rooms	2	1.4%	0.3%
Inn	3	2.0%	0.5%
Sub Total	**147**	**100.0%**	**23.0%**
Non-Serviced			0.0%
Self-Catering	446	95.7%	69.8%
Serviced Apartments	0	0.0%	0.0%
Exclusive Use Venue	0	0.0%	0.0%
Hostel	18	3.9%	2.8%
Other	2	0.4%	0.3%
Sub Total	**466**	**100.0%**	**72.9%**
Sub Total of Serviced and Non-Serviced Sectors	**613**		**95.9%**
Holiday / Touring Park	26		4.1%
TOTALS	**639**		**100.0%**

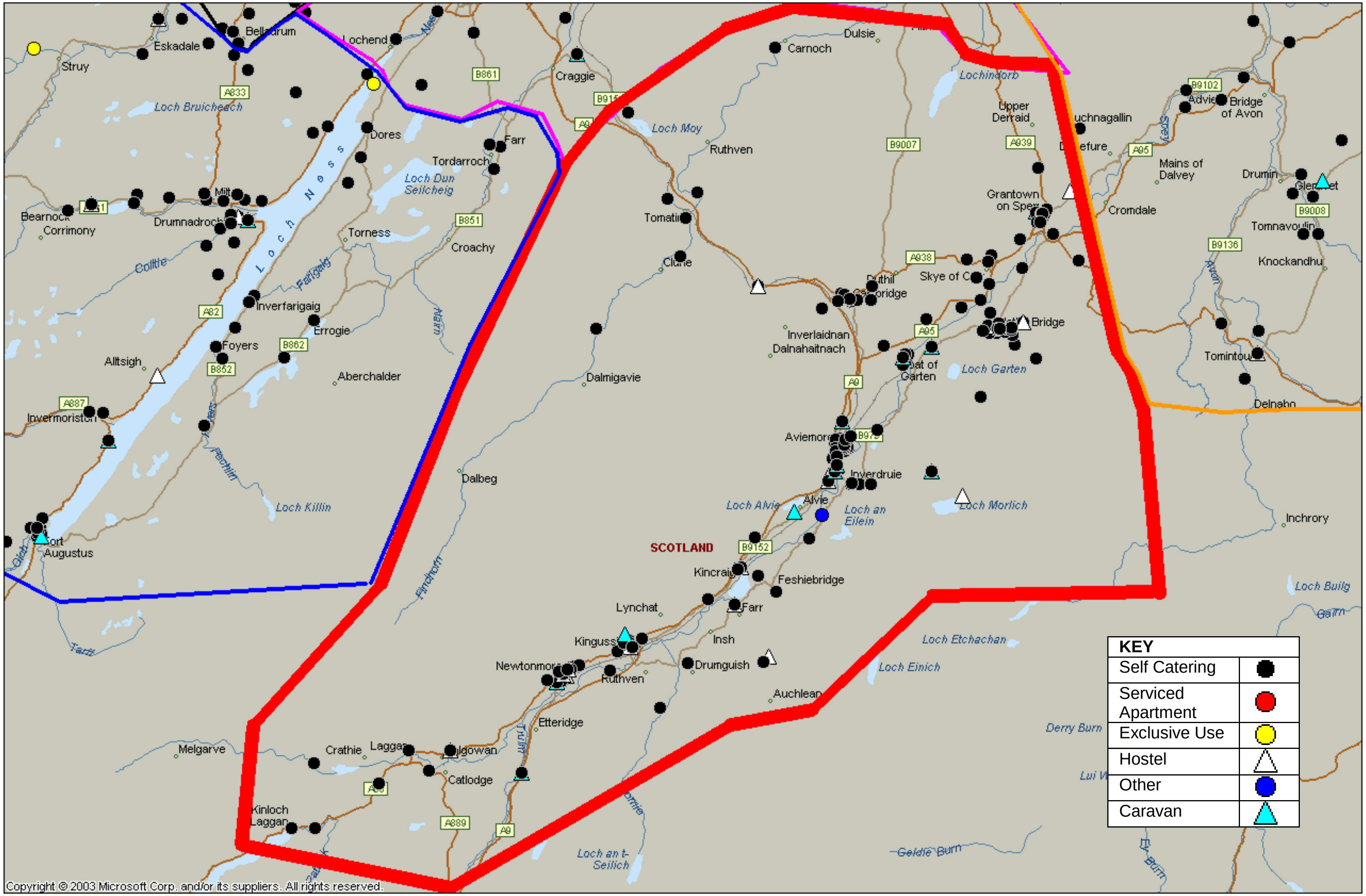
Source: TRC

The maps overleaf highlight the Badenoch and Strathspey zone and the concentration of accommodation establishments across its geography.

BADENOCH AND STRATHSPEY (AVIEMORE) SERVICED ACCOMMODATION – OPERATIONS



BADENOCH AND STRATHSPEY (AVIEMORE) NON-SERVICED ACCOMMODATION – OPERATIONS



Room and Bed Space Capacity

The mix of establishments available provides the following scale of bedroom and bed-space capacity across the zone as displayed in the table below.

BADENOCH AND STRATHSPEY (AVIEMORE) 2011 NUMBER OF ROOMS AND BED SPACE CAPACITY BY ACCOMMODATION CATEGORY						
Accommodation Category	**Number of Rooms**	**% Sector Mix**	**% of Overall Mix**	**Number of Bed Spaces**	**% Sector Mix**	**% of Overall Mix**
Fully Serviced						
Hotel	1,259	65.8%	24.7%	2,705	66.8%	23.4%
Small Hotel	174	9.1%	3.4%	342	8.4%	3.0%
Metro Hotel						
Budget Hotel						
Country House Hotel	10	0.5%	0.2%	20	0.5%	0.2%
Guest House	243	12.7%	4.8%	518	12.8%	4.5%
B&B	179	9.4%	3.5%	370	9.1%	3.2%
Restaurant with Rooms	22	1.2%	0.4%	45	1.1%	0.4%
Inn	26	1.4%	0.5%	49	1.2%	0.4%
Sub Total	**1,913**	**100.0%**	**37.6%**	**4,049**	**100.0%**	**35.0%**
Non-Serviced						
Self-Catering	2,199	94.8%	43.2%	4,589	85.4%	39.7%
Serviced Apartments						
Exclusive Use Venue						
Hostel	118	5.1%	2.3%	779	14.5%	6.7%
Other	2	0.1%	0.0%	4	0.1%	0.0%
Sub Total	**2,319**	**100.0%**	**45.5%**	**5,372**	**100.0%**	**46.4%**
Sub Total of Serviced and Non-Serviced Sectors	**4,232**		**83.1%**	**9,421**		**81.4%**
Holiday / Touring Park	861[(1)]		16.9%	2,153*		18.6%
TOTALS	**5,093**		**100.0%**	**11,574**		**100.0%**

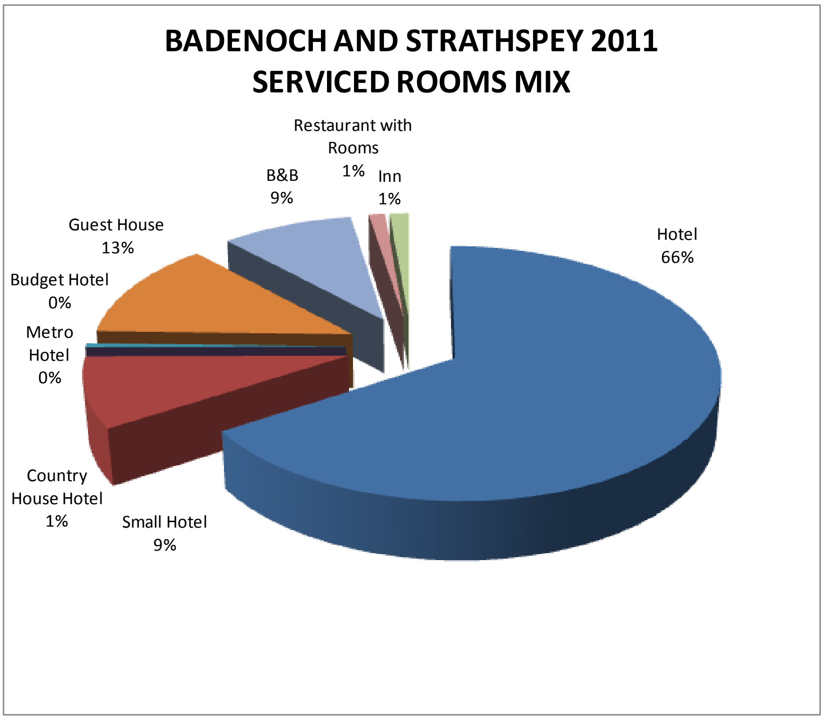
Note: [(1)] Pitches **Source: TRC**

* This is based on previous TRC findings in the sector and assumes 2.5 bed spaces per pitch. This includes stock that is in instances privately owned static vans that are not available to rent help create a notional tourism bed stock figure for this study and could in fact be larger. This stock used by owners, in cases lent to family and friends and on occasions rented out, however the consultants cannot quantify how much is in the commercial rental sector.

The table indicates that whilst the number of operations show a clear bias towards self-catering businesses most of these are single unit operations and when the different sectors are viewed at the rooms and bed space level the position is less pronounced. That said the majority of beds is still available within the non-serviced and holiday park sectors. In the serviced accommodation sector hotels account for around 6% of all businesses but provide nearly 27% of all bed spaces.

Again like other zones in the study Region the notional tourism bed space capacity available within the local economy's holiday parks is considerable providing in excess of 2,000 bed spaces.

The chart below highlights the mix of room types across those available within the serviced sector.



Source: TRC

Quality Gradings – Serviced and Non-Serviced Sectors

The tables overleaf provide a profile of the accommodation within the zone that participates in the VisitScotland QA Scheme. This gives an 'indication' of the quality mix and profile of the area's stock across the serviced and non-serviced sectors, only of those properties that participate. (The consultants make no attempt to grade non-participants).

Within the Badenoch and Strathspey zone, from the consultant's experience, what is apparent is again somewhat higher levels of participation in the Scheme than there is in other parts of Scotland. This is apparent within the serviced and non-serviced sector, where in the former operator participation is at a level of nearly 60% which captures 78% of the available room stock.

The tables indicating that the majority of stock participating achieves gradings of 3 Stars (71%) and nearly 23% at 4 Star level and above, outpacing other zones in the study Region.

BADENOCH AND STRATHSPEY (AVIEMORE) 2011 SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – PROPERTIES / OPERATIONS																		
Accommodation Category	**Total Properties**		**Not Graded**		**Awaiting Inspection / Listed**		**1 Star**		**2 Star**		**3 Star**		**4 Star**		**5 Star**		**Total Properties Graded, Awaiting Inspection / Listed**	
	No	**%**	**No**	**%**	**No**	**%**	**No**	**%**	**No**	**%**	**No**	**%**	**No**	**%**	**No**	**%**	**No**	**%**
Hotel	20	100%	6	30%					1	5%	11	55%	2	10%			14	70%
Small Hotel	16	100%	7	44%							8	50%	1	6%			9	56%
Metro Hotel																		
Budget Hotel																		
Country House Hotel	1	100%	0	0%							1	100%					1	100%
Guest House	44	100%	12	27%							14	32%	16	36%	2	5%	32	73%
B&B	61	100%	36	59%							9	15%	15	25%	1	2%	25	41%
Restaurant w. Rooms	2	100%	1	50%									1	50%			1	50%
Inn	3	100%	1	33%	1	33%					1	33%					2	67%
TOTAL PROPERTIES	**147**	**100%**	63	43%	1	1%			1	1%	44	30%	35	24%	3	2%	84	57%
Percentage of Graded Properties					**1.2%**		**0.0%**		**1.2%**		**52.4%**		**41.7%**		**3.6%**		**100%**	

Source: TRC

BADENOCH AND STRATHSPEY (AVIEMORE) 2011 SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – ROOMS																		
Accommodation Category	**Total Rooms**		**Not Graded**		**Awaiting Inspection / Listed**		**1 Star**		**2 Star**		**3 Star**		**4 Star**		**5 Star**		**Total Rooms Graded, Awaiting Inspection / Listed**	
	No	**%**	**No**	**%**	**No**	**%**	**No**	**%**	**No**	**%**	**No**	**%**	**No**	**%**	**No**	**%**	**No**	**%**
Hotel	1,259	100%	148	12%					85	7%	845	67%	181	14%			1,111	88%
Small Hotel	174	100%	82	47%							86	49%	6	3%			92	53%
Metro Hotel																		
Budget Hotel																		
Country House Hotel	10	100%	0	0%							10	100%					10	100%
Guest House	243	100%	56	23%							83	34%	96	40%	8	3%	187	77%
B&B	179	100%	110	61%							31	17%	35	20%	3	2%	69	39%
Restaurant w. Rooms	22	100%	14	64%									8	36%			8	36%
Inn	26	100%	8	31%	7	27%					11	42%					18	69%
TOTAL ROOMS	1,913	100%	418	22%	7	0%			85	4%	1,066	56%	326	17%	11	1%	1,495	78%
Percentage of Graded Rooms					**0.5%**		**0.0%**		**5.7%**		**71.3%**		**21.8%**		**0.7%**		**100%**	

Source: TRC

In similar fashion the tables overleaf provide a profile of the grading mix achieved by the area's non-serviced operators / rooms that participate in the VisitScotland scheme. Participation levels are better than some zones in the study Region and above many other areas of Scotland. Of note is the fact that of the 'rooms' graded in the non-serviced sector again a sizeable proportion, more than 25% are of 4 Star grading or higher.

BADENOCH AND STRATHSPEY (AVIEMORE) 2011 NON-SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – PROPERTIES / OPERATIONS														
Accommodation Category	**Total Units**	**Not Graded**	**Awaiting Inspection / Listed**	**1 Star**	**2 Star**	**2-3* Star**	**2-4* Star**	**3 Star**	**3-4* Star**	**4 Star**	**4-5* Star**	**5 Star**	**Total Units Graded, Awaiting Inspection / Listed**	
													No.	**%**
Self-Catering	825	329	67	2	5	23	106	139	56	92	3	3	496	60%
Serviced Apartments														
Exclusive Use Venue														
Hostel	18	12						2		4			6	33%
Other	2	2											0	0%
TOTAL PROPERTIES	**845**	**343**	**67**	**2**	**5**	**23**	**106**	**141**	**56**	**96**	**3**	**3**	**502**	**59%**
Percentage of Properties	**100.0%**	**40.6%**	**7.9%**	**0.2%**	**0.6%**	**2.7%**	**12.5%**	**16.7%**	**6.6%**	**11.4%**	**0.4%**	**0.4%**	**59.4%**	
Percentage of Graded Properties			**13.3%**	**0.4%**	**1.0%**	**4.6%**	**21.1%**	**28.1%**	**11.2%**	**19.1%**	**0.6%**	**0.6%**	**100.0%**	

Note:* Captures operators with more than one unit where each reflects different VS grading levels **Source: TRC**

BADENOCH AND STRATHSPEY (AVIEMORE) 2011 NON-SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – ROOMS														
Accommodation Category	**Total Rooms**	**Not Graded**	**Awaiting Inspection / Listed**	**1 Star**	**2 Star**	**2-3* Star**	**2-4* Star**	**3 Star**	**3-4* Star**	**4 Star**	**4-5* Star**	**5 Star**	**Total Rooms Graded, Awaiting Inspection / Listed**	
													No.	**%**
Self-Catering	2199	1006	134	6	14	36	222	380	103	281	5	12	1193	54%
Serviced Apartments														
Exclusive Use Venue														
Hostel	118	76						28		14			42	36%
Other	2	2											0	0%
TOTAL ROOMS	**2319**	**1084**	**134**	**6**	**14**	**36**	**222**	**408**	**103**	**295**	**5**	**12**	**1235**	**53%**
Percentage of Rooms	**100.0%**	**46.7%**	**5.8%**	**0.3%**	**0.6%**	**1.6%**	**9.6%**	**17.6%**	**4.4%**	**12.7%**	**0.2%**	**0.5%**	**53.3%**	
Percentage of Graded Rooms			**10.9%**	**0.5%**	**1.1%**	**2.9%**	**18.0%**	**33.0%**	**8.3%**	**23.9%**	**0.4%**	**1.0%**	**100.0%**	

Note:* Captures operators with more than one unit where each reflects different VS grading levels **Source: TRC**

D3 OVERVIEW OF CURRENT DEMAND FOR ACCOMMODATION

Introduction

Below we provide in quantitative terms the scale and profile of demand for accommodation across the different accommodation sectors in the study zones. These figures are generated from the survey returns completed by operators and supplemented by telephone research amongst others. We also provide a brief overview of the feedback received from interviews with intermediaries and demand generators conducted by the research team. This latter work provides comment on how segments of the market perceive and view the marketplace and accommodation provision. (Included in the Appendices to this full document is a report that provides a summary of this interview work – See Appendix VII).

Occupancy

The table below provides the 'median' and weighted average annual room and unit occupancies achieved by the different serviced and non-serviced operations in the Badenoch and Strathspey (Aviemore) zone.

	ROOM OCCUPANCY PERCENTAGE (MEDIANS) [1]		ROOM OCCUPANCY PERCENTAGE (WEIGHTED AVERAGES)	
	2009	**2010**	**2009**	**2010**
Hotel	61%	55%	63%	60%
Guest House / B&B	62%	65%	58%	59%
Self-Catering (Unit)	40%	53%	47%	51%
Total	**52%**	**55%**	**61%**	**60%**

[1] Medians from survey responses

Source: TRC

The table highlights that room occupancies are somewhat lower than some of the other zones of the wider study Region but are higher than other rural dominated marketplaces in other parts of Scotland. It needs to be remembered the unusual nature of the mainly Aviemore-influenced market in this zone. There is an extremely high level of bed space provision in a rural location that basically sees the majority of demand generated from outside the zone ie there is only modest business-related non-discretionary demand generated from within the zone. Demand for the serviced sector is generated, in the main, by the leisure and at times the discretionary business / conference and incentive sector.

The self-catering occupancies reported are those generated from responses made in the main by operators of single or very small groups of units. If the returns / information provided by the larger self-catering operators with multiple units with leisure facilities etc were to be included then the trading patterns would appear to be much higher. However in a number of instances the occupancy data provided by such operators has not been included in our analysis as it would skew the 'averages' because of the timeshare element and their owners' usage of the self-catering units on these sites. The self-catering occupancies achieved in the Badenoch and Strathspey zone are in keeping with, and marginally above, the Highland average. The occupancies experienced by the larger, higher profile operators of clusters of accommodation with marketing budgets (and as reported in instances some timeshare elements) are significantly higher. In instances near maximum occupancy is achieved at times of peak demand and across a significant part of the year particularly in those properties around the main settlement of Aviemore itself where demand for accommodation is year round given the range of tourism infrastructure and services available. Other parts of the zone exhibit more seasonal variations in demand.

Market Mix (Profile of Demand)

As part of this audit it was incumbent on the research team to establish not just the level / scale of demand currently being hosted / attracted by operators in the zone but also to provide a profile and identification of the mix and sources of that demand. It was deemed important to understand if demand was being generated from: leisure tourists; business-related tourists; or Visiting Friends and Relatives (VFR) or came from other sources. (The many numerous and various classifications used by different operators when recording demand can cause confusion so the number of classifications adopted by this study has been curtailed). Our research in this zone suggests the demand mix is that displayed below, across the different accommodation sectors. (We provide the 'weighted' averages from the findings of the surveys and interviews in each case).

DEMAND MIX [1]			
	Leisure	**Business**	**Other**
Hotel	59.7%	39.1%	1.2%
Guest House / B&B	92.8%	5.7%	1.5%
Self-Catering	98.8%	1.2%	0.0%
Total	**78.9%**	**20.4%**	**0.7%**

Note: (1) Weighted Averages
(These figures only reflect the trading patterns of operators that provided data)

Source: TRC

The table indicates that outside of the hotel stock demand is dominated by the leisure sector. As already discussed the serviced hotel sector plays host to conference related demand / and non-discretionary business demand which sees more of a two-thirds to one-third mix ie leisure : business. Other operators relying on leisure demand to fill capacity.

Achieved Room Rate

A statistic used by the hotel sector in particular as a ‘measurement’ of demand or strength of demand for accommodation is the average achieved room rate or RevPar statistic. In this instance the survey sought to identify Average Achieved Room Rate (ARR) for serviced sector operators in each of the zones. In the Badenoch and Strathspey zone our research suggests that ARRs in the ‘hotel’ sector (including small hotels) ranges from £35 to £61 with the median of £51 currently being achieved. [ARR = Total Rooms Revenue (net of VAT and Breakfast, etc) divided by the Total Number of Rooms Sold in a year].

Qualitative Feedback from Consultations and Research

As indicated a range of intermediaries and local buyers / demand generators for overnight tourism accommodation were interviewed. (More detailed findings are available in Appendix VII).

This is a zone of diverse offering ranging from accommodation in small hamlets like Laggan to the critical mass of Aviemore and the offering of Grantown on Spey. Research suggests a market at times of extremes influenced in the main by leisure holiday patterns and demand associated with events alongside that from group tours and activity operators. The ‘season’ for this zone is year round with high summer demand and significant demand during the winter months influenced by the snow sports sector. The family-oriented demand for many settlements and accommodation providers also affected by school terms and holiday periods influencing demand patterns for accommodation during the midweek / weekend periods and during vacation periods when demand peaks.

Discussion with intermediaries ie self-catering booking agents tends to suggest that the one form of supply that currently comfortably meets demand both in terms of diversity and quality is the extensive self-catering sector spread over a wide geography.

However our research identified proposals by various operators for more development of this form of accommodation particularly within the Aviemore settlement envelope where there is currently limited supply. It also needs to be borne in mind the ability of this form of accommodation to 'create' / attract new demand into an area.

When it comes to the serviced sector feedback from intermediaries etc is not so positive. It is claimed by a number of tour operators interviewed that at times there is a shortfall in supply. Other intermediaries ie the events / conference organisers markets also report a shortfall in bed spaces during larger events. (See seasonal peaks and also the mismatch between bedroom supply and quality ranges when set alongside the demand from conferences / events and the capacity of the main meeting venues within Aviemore itself).

There are also claims of poor quality in terms of product and service standards. (The ability of service staff / hotels to cope and understand the specialist needs of the conference sector highlighted from interviews with conference organisers). Many of these comments targeted more at Aviemore and immediate surrounding area. The more peripheral supply available in Newtonmore and around Grantown sees anecdotal evidence from again tour operators, suggesting that a degree of the supply in these settlements is outdated / old fashioned and in need of investment. Conversely the 'group' tourism market makes fairly extensive use of the area and many hotels are contracted heavily to major national operators. That said it is reported by others that finding accommodation during the summer period for groups can be problematic (at the right price).

Discussions with the VIC network suggest that top priorities sought by markets include en suite facilities and growing demand for disabled facilities and WiFi however in the main it is considered sufficient accommodation is available locally. The shortfall being the availability of rooms for single occupancy. (An operational issue rather than a supply issue ie often operators are unprepared to let rooms out at discounted prices for single use many hold out for twin occupancy at higher rates / yields).

Non-discretionary business-related demand generated within the zone is not significant and we uncovered no evidence of frustrated demand from this sector.

D4 POTENTIAL NEW SUPPLY

Having completed an audit of the current supply and demand dynamics of both the serviced and non-serviced sector, the research team then set out to identify potential, significant, new additions to supply that may come into play in the foreseeable future. These new additions, in turn, affecting the dynamics of the marketplace. In each case we had discussions with local planning officials to establish what projects were in the formal planning process either awaiting a decision or having been granted planning permission. We outline below the more significant proposals associated with this zone. (In Appendix I is a more detailed listing).

In the Badenoch and Strathspey zone the following are some of the more significant development proposals that may affect the supply situation in the future. (In instances we also discuss certain proposals that are either rumoured or are significant aspirations or development targets identified in the relevant economic and tourism strategies associated with this zone).

The zone is an area of major built bed stock and one where formal and informal proposals for change are likely to see a certain redefining of the current offering. We understand from discussions that there is outstanding permission for a ‘budget’ hotel facility within Aviemore itself (53 rooms) and the proposals for a new settlement in An Camas Mor on the outskirts of the town at Rothiemurchus contain proposals for the creation of a new hotel. Within the Aviemore Mountain Resort (AMR) itself we understand from discussions there are a range of proposals being considered by the Macdonald Group, the owners and operators. This suggests the change of at least one of their serviced accommodation hotel units to a non-serviced aparthotel concept alongside proposals to create more self-catering lodges elsewhere on the site.

Other proposals for the zone are smaller scale in nature – see Appendix I. One recent change of note in the area has been the investment in the Grant Arms Hotel in Grantown on Spey. This has seen the operator invest in the property and reposition it away from having a mass market, coach tour focus, to a focus in the ‘activities’ outdoor market segment. It is understood this has had a dramatic positive effect on demand levels and trading patterns.

D5 OBSERVATIONS ON SUPPLY – ISSUES AND POTENTIAL DEVELOPMENT OPPORTUNITIES

One of the planned outcomes of this audit was for the consultants to exercise professional judgement over the research and identify where the market findings suggested there were shortfalls in the accommodation sector's ability to meet the needs of the market and unlock economic advantage. These 'gaps' / potential investment opportunities are presented here as a series of observations for the zone that if enacted upon could help reposition the accommodation sector to optimise its economic potential. The opportunities available across the zones vary.

The developments proposed are not merely a list of what types of accommodation the zone currently doesn't offer. Years of development expertise has been used to analyse the consultation and research findings to confirm potential viable and necessary proposals to balance the accommodation economy of the zone.

The audit profiles the current offering of the area, and the trading patterns experienced by operators – this providing an important 'snapshot' of the current state of play. These findings have then been overlaid with the feedback received from intermediaries and buyers that have given the research team insight into where there is currently market dissatisfaction with the offering.

These findings when considered alongside new projects or investments that will potentially change the supply in the future, in tandem with anticipated changes to the wider economy of the zone, have informed the consultancy team's deliberations over what are the issues that will ultimately affect the future dynamics of the accommodation sector.

The table overleaf profiles what is, in the team's opinion, needed if the zone is to reach a position where it can better meet existing and potential future demand.

Within the accommodation sector of any destination there can on occasion also be opportunities for certain forms of new accommodation not currently available, to 'lead', or in themselves, actually attract new markets and demand into an area. Strategic investment in such properties and in upgrading existing stock can help a destination raise its overall awareness and appeal and support repositioning strategies.

We present our findings and conclusions for the zone as bullet points at this time, presented in no particular order. The consultants have refrained from making specific recommendations or suggesting specific sites for new development as this was not within our remit. On an initial read of the document it may seem to any audience that has read the returns for each zone that there is a degree of repetition across the zones in terms of opportunities / needs. For this the consultancy makes no apology. Our conclusions merely present the facts and our informed analysis of the findings. Across the wider study area many of the issues and opportunities affecting the different marketplaces are indeed generic and in some zones the product gaps and opportunities are similar. The one recurring theme from the consumer research is that of dissatisfaction in certain quarters with the 'quality' of certain offerings and service standards available within some of the accommodation sector.

The potential development opportunities presented have been identified after considerable in-house debate by the research team and are those that it is believed the destination should seek to progress further. The projects identified are those it is considered will fill the gaps that the audit and consumer interviews highlight need to be addressed if 'unsatisfied' and 'dissatisfied' demand is to be eliminated in the zone and economic advantage unlocked.

The initiatives highlighted are those that experience suggests have the potential to be viable, sustainable investments in the short / medium term. Projects include those required to meet both existing demand as well as investments that can become 'attractors' in their own right. Where certain products in the correct locations can pull new markets into an area, and not merely displace or canabilise demand from existing operators, these have been highlighted.

The table is laid out as a Strengths, Weaknesses and Opportunities Analysis for the zone. Highlighted are factors that potentially will 'positively' affect demand for bed spaces in the future set against factors and issues currently curtailing the success of the accommodation sector. Obviously addressing and taking due cognisance of these issues and aligning the accommodation sector with the positives and mitigating the negatives will be to the future benefit of the accommodation / tourism economy of the zone.

It is envisaged that the tables can, to an extent, form the basis of an action plan for a successful accommodation sector in the area. Each initiative supported and progressed through to the next stage in a number of ways. This taking many formats through the planning, design or construction phases of a project; or helping to identifying development sites; through to encouraging developers / investors / operators to step up to the mark and either create the new stock needed or improve / develop / reposition existing stock. At its most basic it may merely be helping investors or operators consider the viability of potential projects. Whatever future actions the sector takes the overall aim is to ensure existing markets get what they want or new products are introduced that have the opportunity to attract new markets and increase economic activity.

BADENOCH AND STRATHSPEY (AVIEMORE)

Future Strengths / Factors Potentially Affecting Accommodation Demand

- Aviemore is a key leisure destination with a high profile offering a wide range of visitor infrastructure;
- Appeal of the zone is its activity focus, a growing sector of the leisure market with a destination that offers year-round provision of activities;
- Family appeal of destination in tandem with the extreme activities on offer sees wider market appeal;
- Scale and mix of existing accommodation provision attractive to a range of markets ongoing;
- New developments and proposals for a new settlement in the area fuelling demographic change;
- The Cairngorm Mountain and National Park brand cementing appeal ongoing; and
- The various settlements in the zone offer, and can continue to offer, differing experiences to a broad sector of the marketplace.

Current Weaknesses / Factors Adversely Affecting Success of Accommodation Sector

- Perceived poor service standards in existing accommodation;
- Quality of certain operations curtailing appeal;
- Seasonality – midweek / weekend out of main holiday periods an issue to be addressed particularly for serviced accommodation providers;
- mismatch between conference / food and beverage capacity when set alongside bed space capacity for the 'events' market; and
- market positioning and mixing of markets sometimes difficult to achieve and will remain an issue going forward. (The needs of conference delegates vs family groups / leisure activity travellers).

Observations – Issues and Potential Investment Opportunities

The team's analysis of all the issues highlighted by the audit lead us to the following observations for the sector. We highlight below issues, if addressed, could help the zone better meet the needs of existing and future markets and unlock further economic advantage.

Given the diversity of destinations and differing appeal across the geography of the zone it is considered that the opportunities apparent in the Aviemore focus are different from those for Badenoch to the South and the Grantown focus to the north. The following are considered worthy of further consideration in relation to the zone's accommodation sector.

Aviemore – (Urban Focus)

- Upgrade quality and service standards of existing stock where required;
- Assess potential for expansion of 'outward bound' driven accommodation models. (See bunk house, hostel and activity-focused, budget accommodation models – see Glenmore Lodge direction);
- Budget hotel / limited service opportunity potentially exists in Aviemore;
- Budget aparthotel operation aimed at a range of price conscious / short stay markets could prove a viable investment opportunity;
- The development of a 4 Star plus resort hotel linked to golf and other sports / spa facilities is a current gap in the market and could be the 'destination' or 'signature' property the leisure / conference sector seeks. (A 'signature' property for the National Park in the zone?);
- Accommodation models aimed at the 'family', youth, activities market potentially setting the theme for the sector – see above hotel, outward bound, bunkhouse, etc.

Newtonmore / Laggan

- Upgrade existing offering to reflect current market requirements and modern accommodation standards; and
- Creation of 'gastro pubs' / traditional inns from existing provision (restaurant / pub with rooms).

Grantown on Spey

- Upgrade to existing properties and potential repositioning where considered appropriate – see recent changes (Grant Arms);
- Improvements to food and beverage within existing provision / potential for boutique destination properties to evolve. (Already some examples exist that need the final push to differentiate to achieve a following);
- See above re boutique / niche offerings in the serviced sector;
- Again similar to the wider zone 'activity-focused' accommodation models to be considered – properties aimed at serving 'niche markets' (Lifelong Learning / Education / and providing links with an activity focus – potentially aimed at an older sector of the market leaving Aviemore to the family / youth activity set); and
- See crossover and potential in the Grantown / Aviemore axis for a 'resort destination hotel' property. (However rail access afforded by Aviemore suggests a development location nearer that settlement).

E SPEY VALLEY (NORTH STRATHSPEY)

E1 INTRODUCTION / OVERVIEW

The focus of this zone are the settlements of the Spey Valley, its whisky industry and rural hinterland. The study zone covers a geography that captures Tomintoul and Cromdale to the South and Keith and Rothes to the North. (See maps overleaf).

As per the introductory sections to the main report a full audit of supply was conducted as well as survey work to establish current scale and profile of demand for accommodation in the zone. A range of consumer intermediaries were also canvassed and the various agencies contacted to understand what potential new supply was in the pipeline. All this work coming together to provide a profile of the accommodation sector in the zone and helping identify opportunities for the future.

E2 OVERVIEW OF CURRENT SUPPLY OF ACCOMMODATION

Establishments / Operations

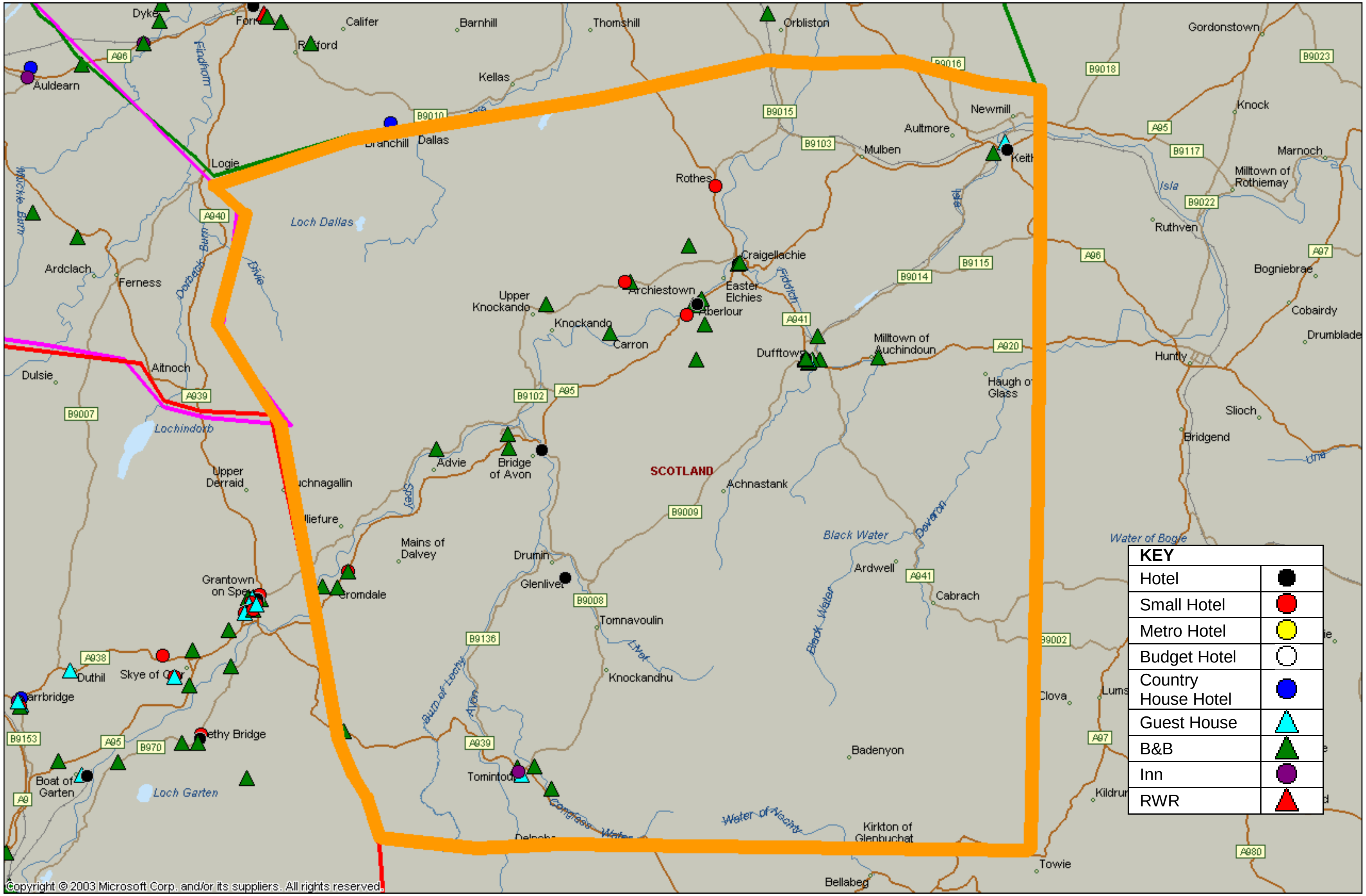
The table overleaf identifies the number of ‘business’ operations / establishments within the zone’s commercial accommodation sector. Even a cursory glance at the figures shows that this zone of the wider study area has a very limited stock of commercial accommodation operators. The majority B&Bs and self-catering operations.

SPEY VALLEY (NORTH STRATHSPEY) 2011 ALL ESTABLISHMENTS BY ACCOMMODATION CATEGORY			
Accommodation Category	**Number of Operations**	**% Sector Mix**	**% of Overall Mix**
Fully Serviced			
Hotel	9	16.4%	6.8%
Small Hotel	4	7.3%	3.0%
Metro Hotel	0	0.0%	0.0%
Budget Hotel	0	0.0%	0.0%
Country House Hotel	0	0.0%	0.0%
Guest House	3	5.5%	2.3%
B&B	37	67.3%	28.0%
Restaurant with Rooms	0	0.0%	0.0%
Inn	2	3.6%	1.5%
Sub Total	**55**	**100.0%**	**41.7%**
Non-Serviced			
Self-Catering	73	98.6%	55.3%
Serviced Apartments	0	0.0%	0.0%
Exclusive Use Venue	0	0.0%	0.0%
Hostel	1	1.4%	0.8%
Other	0	0.0%	0.0%
Sub Total	**74**	**100.0%**	**56.1%**
Sub Total of Serviced and Non-Serviced Sectors	**129**		**97.7%**
Holiday / Touring Park	**3**		2.3%
TOTALS	**132**		**100.0%**

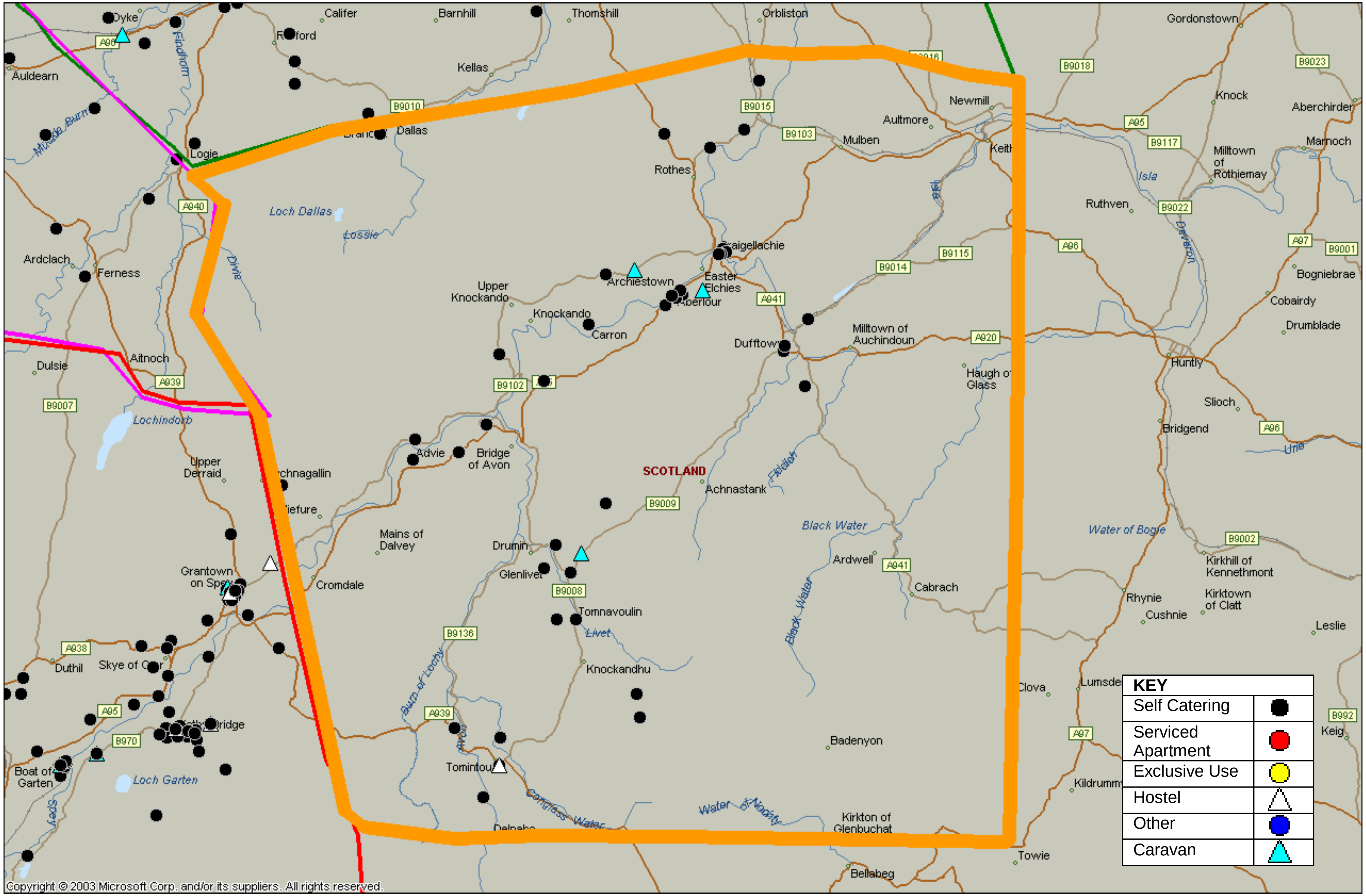
Source: TRC

The maps overleaf highlight the Spey Valley zone and the concentration of accommodation establishments across its geography.

SPEY VALLEY (NORTH STRATHSPEY) SERVICED ACCOMMODATION – OPERATIONS



SPEY VALLEY (NORTH STRATHSPEY) NON-SERVICED ACCOMMODATION – OPERATIONS



Room and Bed Space Capacity

The mix of establishments available provides the following scale of bedroom and bed-space capacity across the zone as displayed in the table below.

SPEY VALLEY (NORTH STRATHSPEY) 2011
NUMBER OF ROOMS AND BED SPACE CAPACITY BY ACCOMMODATION CATEGORY

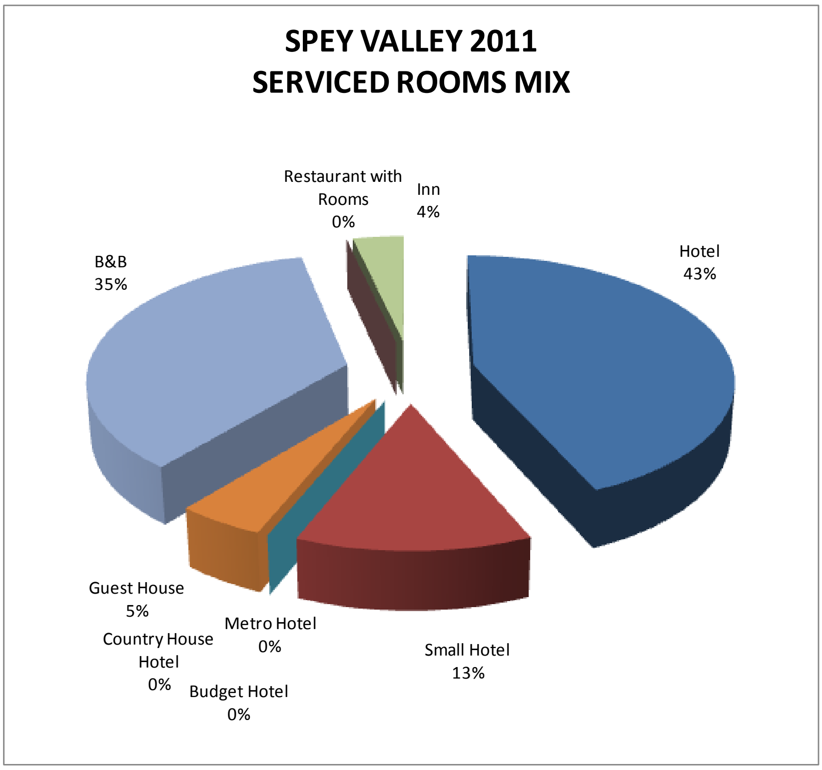
Accommodation Category	Number of Rooms	% Sector Mix	% of Overall Mix	Number of Bed Spaces	% Sector Mix	% of Overall Mix
Fully Serviced						
Hotel	146	43.5%	19.3%	291	42.1%	18.0%
Small Hotel	43	12.8%	5.7%	87	12.6%	5.4%
Metro Hotel						
Budget Hotel						
Country House Hotel						
Guest House	16	4.8%	2.1%	37	5.4%	2.3%
B&B	119	35.4%	15.7%	251	36.3%	15.5%
Restaurant with Rooms						
Inn	12	3.6%	1.6%	25	3.6%	1.5%
Sub Total	**336**	**100.0%**	**44.3%**	**691**	**100.0%**	**42.6%**
Non-Serviced						0.0%
Self-Catering	271	100.0%	35.8%	532	96.4%	32.8%
Serviced Apartments						
Exclusive Use Venue						
Hostel				20	3.6%	1.2%
Other						
Sub Total	**271**	**100.0%**	**35.8%**	**552**	**100.0%**	**34.1%**
Sub Total of Serviced and Non-Serviced Sectors	**607**		**80.1%**	**1,243**		**76.7%**
Holiday / Touring Park	151[1]		19.9%	378*		23.3%
TOTALS	**758**		**100.0%**	**1,621**		**100.0%**

Note: [1] Pitches
* This is based on previous TRC findings in the sector and assumes 2.5 bed spaces per pitch. This includes stock that is in instances privately owned static vans that are not available to rent help create a notional tourism bed stock figure for this study and could in fact be larger. This stock used by owners, in cases lent to family and friends and on occasions rented out, however the consultants cannot quantify how much is in the commercial rental sector.

Source: TRC

The table clearly indicates the very small number of rooms / bed spaces available across the whole accommodation sector. Even the notional tourism bed space capacity within the local economy's holiday park sector is very small when compared to other areas. An area of its size and profile has only just over 1,200 bed spaces in 'built' commercial accommodation. The analysis of stock if interrogated in even more detail indicates that in certain settlements that traditionally offered serviced accommodation the 'stock' has all but disappeared in recent years eg Tomintoul has lost its hotels. Of note is the fact that unlike some other zones of the study area there are several types of accommodation simply not available in the Spey Valley eg hostels, restaurants with rooms; country house hotels etc. The current range of offering being limited.

The chart below highlights the mix of room types across those available within the serviced sector.



Source: TRC

Quality Gradings – Serviced and Non-Serviced Sectors

The tables overleaf provide a profile of the accommodation within the zone that participates in the VisitScotland QA Scheme. This gives an 'indication' of the quality mix and profile of the area's stock across the serviced and non-serviced sectors, only of those properties that participate. (The consultants make no attempt to grade non-participants).

Within the Spey Valley zone, the analysis clearly indicates the very low levels of participation in the Scheme. This is particularly apparent within the small serviced sector where operator participation is at a level of only 36% which captures only 35% of the available serviced room stock.

The tables indicating that the majority of stock participating achieves gradings of 3 Stars and above. The focus at 3 Star level.

SPEY VALLEY (NORTH STRATHSPEY) 2011
SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – PROPERTIES / OPERATIONS

Accommodation Category	Total Properties		Not Graded		Awaiting Inspection / Listed		1 Star		2 Star		3 Star		4 Star		5 Star		Total Properties Graded, Awaiting Inspection / Listed	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Hotel	9	100%	8	89%							1	11%					1	11%
Small Hotel	4	100%	2	50%							2	50%					2	50%
Metro Hotel																		
Budget Hotel																		
Country House Hotel																		
Guest House	3	100%									1	33%	2	67%			3	100%
B&B	37	100%	25	68%	1	3%					6	16%	5	14%			12	32%
Restaurant w. Rooms																		
Inn	2	100%							1	50%	1	50%					2	100%
TOTAL PROPERTIES	**55**	**100%**	**35**	64%	**1**	2%			**1**	2%	**11**	20%	**7**	13%			**20**	36%
Percentage of Graded Properties					**5.0%**		**0.0%**		**5.0%**		**55.0%**		**35.0%**		**0.0%**		**100.0%**	

Source: TRC

SPEY VALLEY (NORTH STRATHSPEY) 2011
SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – ROOMS

Accommodation Category	Total Rooms		Not Graded		Awaiting Inspection / Listed		1 Star		2 Star		3 Star		4 Star		5 Star		Total Rooms Graded, Awaiting Inspection / Listed	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Hotel	146	100%	120	82%							26	18%					26	18%
Small Hotel	43	100%	16	37%							27	63%					27	63%
Metro Hotel																		
Budget Hotel																		
Country House Hotel																		
Guest House	16	100%									6	38%	10	63%			16	100%
B&B	119	100%	81	68%	6	5%					18	15%	14	12%			38	32%
Restaurant w. Rooms	0	100%																
Inn	12	100%							7	58%	5	42%					12	100%
TOTAL ROOMS	**336**	**100%**	**217**	65%	**6**	2%	**0**	0%	**7**	2%	**82**	24%	**24**	7%			**119**	35%
Percentage of Graded Rooms					**5.0%**		**0.0%**		**5.9%**		**68.9%**		**20.2%**		**0.0%**		**100%**	

Source: TRC

In similar fashion the tables overleaf provide a profile of the grading mix achieved by the area's non-serviced operators / rooms. Participation levels are again low but above the zone's serviced sector. Participation again below 50%. However within the non-serviced sector the percentage of properties achieving better gradings is higher with 40% of rooms graded achieving 4/5 Stars. Of note is the fact that of the 'properties' graded in the non-serviced sector more than half are of 4 Star or higher grading which, in terms of rooms, see in excess of 60% of the stock that participates at above 4 Star level.

SPEY VALLEY (NORTH STRATHSPEY) 2011 NON-SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – PROPERTIES / OPERATIONS														
Accommodation Category	Total Units	Not Graded	Awaiting Inspection / Listed	1 Star	2 Star	2-3* Star	2-4* Star	3 Star	3-4* Star	4 Star	4-5* Star	5 Star	Total Units Graded, Awaiting Inspection / Listed	
													No.	%
Self-Catering	93	48			5			20	2	17		1	45	48%
Serviced Apartments														
Exclusive Use Venue														
Hostel	1	1												
Other														
TOTAL PROPERTIES	**94**	**49**			**5**			**20**	**2**	**17**		**1**	**45**	48%
Percentage of Properties	**100.0%**	**52.1%**	**0.0%**	**0.0%**	**5.3%**	**0.0%**	**0.0%**	**21.3%**	**2.1%**	**18.1%**	**0.0%**	**1.1%**	**47.9%**	
Percentage of Graded Properties			**0.0%**	**0.0%**	**11.1%**	**0.0%**	**0.0%**	**44.4%**	**4.4%**	**37.8%**	**0.0%**	**2.2%**	**100.0%**	

Note:* Captures operators with more than one unit where each reflects different VS grading levels **Source: TRC**

SPEY VALLEY (NORTH STRATHSPEY) 2011 NON-SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – ROOMS														
Accommodation Category	Total Rooms	Not Graded	Awaiting Inspection / Listed	1 Star	2 Star	2-3* Star	2-4* Star	3 Star	3-4* Star	4 Star	4-5* Star	5 Star	Total Rooms Graded, Awaiting Inspection / Listed	
													No.	%
Self-Catering	271	162			10			50	5	40		4	109	40%
Serviced Apartments														
Exclusive Use Venue														
Hostel														
Other														
TOTAL ROOMS	**271**	**162**			**10**			**50**	**5**	**40**		**4**	**109**	40%
Percentage of Rooms	**100.0%**	**59.8%**	**0.0%**	**0.0%**	**3.7%**	**0.0%**	**0.0%**	**18.5%**	**1.8%**	**14.8%**	**0.0%**	**1.5%**	**40.2%**	
Percentage of Graded Rooms			**0.0%**	**0.0%**	**9.2%**	**0.0%**	**0.0%**	**45.9%**	**4.6%**	**36.7%**	**0.0%**	**3.7%**	**100.0%**	

Note:* Captures operators with more than one unit where each reflects different VS grading levels **Source: TRC**

E3 OVERVIEW OF CURRENT DEMAND FOR ACCOMMODATION

Introduction

Below we provide in quantitative terms the scale and profile of demand for accommodation across the different accommodation sectors in the study zones. These figures are generated from the survey returns completed by operators and supplemented by telephone research amongst others. We also provide a brief overview of the feedback received from interviews with intermediaries and demand generators conducted by the research team. This latter work provides comment on how segments of the market perceive and view the marketplace and accommodation provision. (Included in the Appendices to this full document is a report that provides a summary of this interview work – See Appendix VII).

Occupancy

The table below provides the 'median' and weighted average annual room and unit occupancies achieved by the different serviced and non-serviced operations in the Spey Valley zone – one of the smaller supply zones in the wider study.

	ROOM OCCUPANCY PERCENTAGE (MEDIANS)[1]		ROOM OCCUPANCY PERCENTAGE (WEIGHTED AVERAGES)	
	2009	**2010**	**2009**	**2010**
Hotel	70%	61%	52%	51%
Guest House / B&B	70%	77%	66%	65%
Self-Catering (Unit)	58%	49%	58%	48%
Total	**61%**	**57%**	**56%**	**54%**

[1] Medians from survey responses **Source: TRC**

The table highlights that of those making responses to the survey, the median room occupancy of the serviced sector suggests some extremes in occupancy performance (caution is required however as the stock is small). This is highlighted by the fact that when the room occupancies are 'weighted', particularly in the hotel division, they reflect and highlight that in reality the number of 'bedrooms' achieving the higher quartiles of demand are smaller. In fact in the last year the 'property' median at 61% fell to around a 'weighted average' of around 50% occupancy per room across the zone similar drops recorded in the guest house and B&B sector. It needs to be remembered that the geography of this area and the level of leisure tourism and economic activity associated with, in the main the agricultural, whisky and food sectors varies significantly across the geography of the zone and throughout the year.

The 'Valley' includes traditional 'whisky distillery economies' with settlements of fair size to vast areas of forest and mountains and smaller settlements that experience much more modest levels of demand for accommodation. As already discussed the area is also currently not used by major group tour operators to satisfy their needs.

The level of demand for self-catering in 2009 hovered around the Highland norm but appears to have fallen away to around 50% in 2010. We cannot comment on this issue and it appears to contradict what has happened in other locations.

Market Mix (Profile of Demand)

As part of this audit it was incumbent on the research team to establish not just the level / scale of demand currently being hosted / attracted by operators in the zone but also to provide a profile and identification of the mix and sources of that demand. It was deemed important to understand if demand was being generated from: leisure tourists; business-related tourists; or Visiting Friends and Relatives (VFR) or came from other sources. (The many numerous and various classifications used by different operators when recording demand can cause confusion so the number of classifications adopted by this study has been curtailed). Our research in this zone suggests the demand mix is that displayed below, across the different accommodation sectors. (We provide the 'weighted' averages from the findings of the surveys and our interviews in each case).

DEMAND MIX [1]			
	Leisure	**Business**	**Other**
Hotel	61.3%	38.7%	0.0%
Guest House / B&B	95.7%	4.3%	0.0%
Self-Catering	100.0%	0.0%	0.0%
Total	**73.6%**	**26.4%**	**0.0%**

Note: [1] Weighted Averages
(These figures only reflect the trading patterns of operators that provided data)
Source: TRC

The table indicate that what serviced accommodation there is in the area, in hotels of various types, plays host to what business related (mainly non-discretionary) demand is generated by activity in the economy. Respondents suggest that nearly 40% of room demand is from the business-related sector which is a significant proportion.

Achieved Room Rate

A statistic used by the hotel sector in particular as a 'measurement' of demand or strength of demand for accommodation is the average achieved room rate or RevPar statistic. In this instance the survey responses provided no insight into the Average Achieved Room Rates (ARR) being achieved in the Spey Valley for serviced sector operators. [ARR = Total Rooms Revenue (net of VAT and Breakfast, etc) divided by the Total Number of Rooms Sold in a year].

Qualitative Feedback from Consultations and Research

As indicated a range of intermediaries and local buyers / demand generators for overnight tourism accommodation were interviewed. (More detailed findings are available in Appendix VII).

The Spey Valley currently has a very limited supply of accommodation and it is used or in demand on only a limited basis by those interviewed as part of the survey work. The exception those local businesses interviewed. The stock appears to service demand / markets that 'find themselves in the area' rather than attracting demand into the area in any great way. Here again a degree of the findings need to be tinged with the reality of the situation in that many of the intermediaries interviewed do not actively have any commercial dealings with this zone as it is not a destination sought by their clients because it either doesn't offer accommodation of the type or scale they might be seeking as they have no desire to visit the destination – in terms of the former to an extent it could be argued that demand is limited purely because there is no provision – chicken and egg!

The above position is particularly pertinent to the larger group / tour operator sector. Here however the issue is not solely lack of sizeable properties that can accommodate groups that is cited as reason for not using the destination but the fact that the overall destination offering is not seen as a 'rich' enough mix to see bus groups seek to base themselves in the area. Anecdotal evidence suggests current operators prefer to use it as a day visit destination or drive through visiting distilleries en route when on a circular day tour from bases elsewhere eg Aviemore / Inverness, etc.

[That said where other areas of Scotland provide sizeable hotels in sparsely populated areas they are often used as touring bases eg Braemar. Braemar boasts two such large hotels but here the economics of relying solely on 'price sensitive' bus groups can play against the ongoing viability of operations. In the Braemar model the hotels in question are or have been owned by tour operators themselves in turn they can dictate pricing policies / management and investment decisions re the hotels themselves. In some instances this can see investment in the quality of the hotel product and services curtailed to the detriment of the offering. In other locations eg Tyndrum etc the bus group hotels are purpose-built and standards upheld by their tour operator owners / management eg Highland Heritage. In reality group tour operators will use accommodation in unusually sparsely populated destinations where accommodation can be provided at the 'right' price for the operator ie consistently over the season at very competitive levels].

It is claimed by some, from anecdotal discussions with the consultancy team, that the Spey Valley area also has no 'boutique' quality destination or 'signature' hotel that in itself can act as a draw for demand and be requested by clients. Current stock appears to service demand visiting the area rather than having any part in 'attracting' and holding demand in the area. The area also has a small population base resulting in little visiting friends and relatives demand.

Interviews with relevant parties suggests that business-related demand is dominated by the area's main economic drivers eg agriculture, and distilling. Interviews with distillery operators suggest fairly strong but erratic demand patterns seeking higher quality provision. (There is a link between demand emanating from distillery sources seeking bed spaces in the Spey Valley and from similar economic activity in and around Elgin itself). Feedback here from local businesses suggests that at times there are insufficient bed spaces to meet demand and the poor quality of current provision is a recurring cry as is the limited supply of good quality food and beverage provision.

E4 POTENTIAL NEW SUPPLY

Having completed an audit of the current supply and demand dynamics of both the serviced and non-serviced sector, the research team then set out to identify potential, significant, new additions to supply that may come into play in the foreseeable future. These new additions, in turn, affecting the dynamics of the marketplace. In each case we had discussions with local planning officials to establish what projects were in the formal planning process either awaiting a decision or having been granted planning permission. We outline briefly overleaf proposals associated with this zone.

The research uncovered few significant proposals for developments in the zone with the exception the proposed development at the Coleburn Distillery site. Should this development proceed it potentially will affect both the Spey Valley and Coastal marketplace (43 bedrooms). This is the only significant proposal locally in the planning process. Other proposals for the area are for, in the main, extensions to existing Holiday Parks with proposed additions to the number of static pitches. Proposals are not significant in scale, the largest suggests 28 new pitches. Nothing else exists in the formal planning process that is ‘live’ although during our work we did uncover rumour of an investor interested in developing a quality, fully serviced hotel in the zone although no specific location is known. As already indicated the zone has only limited bed spaces and this has been exacerbated by the ‘loss’ of some accommodation operators in recent years specifically in locations like Tomintoul which now has very limited capacity.

E5 OBSERVATIONS ON SUPPLY – ISSUES AND POTENTIAL DEVELOPMENT OPPORTUNITIES

One of the planned outcomes of this audit was for the consultants to exercise professional judgement over the research and identify where the market findings suggested there were shortfalls in the accommodation sector’s ability to meet the needs of the market and unlock economic advantage. These ‘gaps’ / potential investment opportunities are presented here as a series of observations for the zone that if enacted upon could help reposition the accommodation sector to optimise its economic potential. The opportunities available across the zones vary.

The developments proposed are not merely a list of what types of accommodation the zone currently doesn't offer. Years of development expertise has been used to analyse the consultation and research findings to confirm potential viable and necessary proposals to balance the accommodation economy of the zone.

The audit profiles the current offering of the area, and the trading patterns experienced by operators – this providing an important 'snapshot' of the current state of play. These findings have then been overlaid with the feedback received from intermediaries and buyers that have given the research team insight into where there is currently market dissatisfaction with the offering.

These findings when considered alongside new projects or investments that will potentially change the supply in the future, in tandem with anticipated changes to the wider economy of the zone, have informed the consultancy team's deliberations over what are the issues that will ultimately affect the future dynamics of the accommodation sector.

The table overleaf profiles what is, in the team's opinion, needed if the zone is to reach a position where it can better meet existing and potential future demand.

Within the accommodation sector of any destination there can on occasion also be opportunities for certain forms of new accommodation not currently available, to 'lead', or in themselves, actually attract new markets and demand into an area. Strategic investment in such properties and in upgrading existing stock can help a destination raise its overall awareness and appeal and support repositioning strategies.

We present our findings and conclusions for the zone as bullet points at this time, presented in no particular order. The consultants have refrained from making specific recommendations or suggesting specific sites for new development as this was not within our remit. On an initial read of the document it may seem to any audience that has read the returns for each zone that there is a degree of repetition across the zones in terms of opportunities / needs. For this the consultancy makes no apology. Our conclusions merely present the facts and our informed analysis of the findings. Across the wider study area many of the issues and opportunities affecting the different marketplaces are indeed generic and in some zones the product gaps and opportunities are similar.

The one recurring theme from the consumer research is that of dissatisfaction in certain quarters with the 'quality' of certain offerings and service standards available within some of the accommodation sector.

The potential development opportunities presented have been identified after considerable in-house debate by the research team and are those that it is believed the destination should seek to progress further. The projects identified are those it is considered will fill the gaps that the audit and consumer interviews highlight need to be addressed if 'unsatisfied' and 'dissatisfied' demand is to be eliminated in the zone and economic advantage unlocked.

The initiatives highlighted are those that experience suggests have the potential to be viable, sustainable investments in the short / medium term. Projects include those required to meet both existing demand as well as investments that can become 'attractors' in their own right. Where certain products in the correct locations can pull new markets into an area, and not merely displace or canabilise demand from existing operators, these have been highlighted.

The table is laid out as a Strengths, Weaknesses and Opportunities Analysis for the zone. Highlighted are factors that potentially will 'positively' affect demand for bed spaces in the future set against factors and issues currently curtailing the success of the accommodation sector. Obviously addressing and taking due cognisance of these issues and aligning the accommodation sector with the positives and mitigating the negatives will be to the future benefit of the accommodation / tourism economy of the zone.

It is envisaged that the tables can, to an extent, form the basis of an action plan for a successful accommodation sector in the area. Each initiative supported and progressed through to the next stage in a number of ways. This taking many formats through the planning, design or construction phases of a project; or helping to identifying development sites; through to encouraging developers / investors / operators to step up to the mark and either create the new stock needed or improve / develop / reposition existing stock. At its most basic it may merely be helping investors or operators consider the viability of potential projects. Whatever future actions the sector takes the overall aim is to ensure existing markets get what they want or new products are introduced that have the opportunity to attract new markets and increase economic activity.

SPEY VALLEY (NORTH STRATHSPEY)

Future Strengths / Factors Potentially Affecting Accommodation Demand	Current Weaknesses / Factors Adversely Affecting Success of Accommodation Sector / The Tourism Economy
– The zone's manufacturing / processing capacity viz food, drink and mill products give it considerable profile and will continue to provide spin-off demand for accommodation. Using this profile to advantage in the leisure tourism sector could potentially produce future benefits; – The name (Spey Valley) has a high profile and awareness but unfortunately this does not translate to the area's leisure tourism profile in the 'stayover' markets; and – The growing demands for increased whisky production. As the world market and interest in the product grows this could generate increased business-related demand from the sector and the raised profile and appeal in emerging markets translate into future leisure demand for accommodation.	– The area has a perceived shortage / availability of accommodation in certain locations and of certain quality points – potentially seeing demand displaced elsewhere; – The scale of leisure demand for bed spaces is currently low; – There are no properties of scale that can host groups; – It is reported that during the winter ski season in the Cairngorms / Lecht areas there is insufficient supply or product of the right type to service demand which is being displaced to the detriment of the accommodation economy; – Quality of existing provision is considered poor in places; – Research suggests demand for bed spaces in the zone are being displaced to Elgin and further afield due to a lack of bed spaces of the quality demanded; – The zone currently exhibits limited appeal as a 'stop over' for individuals and group tours. It is seen as a day visit / 'drive through' for tourists experiencing the Whisky Trail, not dissimilar to those 'checking out' the Loch Ness hotspot as a must see. This situation is exacerbated by the fact the zone has no 'sizeable' core settlement with a strong awareness and mix of visitor services that acts as an attractor and focus for the zone.

Observations – Issues and Potential Investment Opportunities

The team's analysis of all the issues highlighted by the audit lead us to the following observations for the sector. We highlight below issues, if addressed, could help the zone better meet the needs of existing and future markets and unlock further economic advantage.

- The existing market / demand levels are fragile and discussion suggests this makes current operations financially a challenge. However it is reported demand is displaced and given there are few destination, signature or quality products available then provision of such offering might be the catalyst for change in the future. If products better aligned to the markets are provided these can hold demand and potentially themselves attract new markets into Speyside;
- Quality improvements to some of the existing stock are suggested;
- Locations like Tomintoul would benefit from the re-opening of lost stock;
- The creation of quality country inns / gastro pubs with rooms from existing smaller operations could provide potentially new attractants / serviced properties to increase the very modest scale of existing provision and hold markets encouraging stopovers in the rural economy;
- Provision of a quality boutique hotel operation in the area would help repositioning and service lost demand; and
- Linked with the Elgin marketplace to the north potential may exist for development of a larger quality hotel that can better service the needs of business visitors to the area and potentially provide sufficient rooms to host specialist, quality groups / tourism markets. Actual location needs to be confirmed. (Scale, location and viability of such a property would require careful consideration but such a product would go some way to filling existing gaps).

F MORAYSHIRE COAST

F1 INTRODUCTION / OVERVIEW

The focus of this zone is the A96 trunk road corridor that links the main settlements of the Morayshire Coast. The zone covers, a geography that captures Forres to the west and Fochabers to the East and is bounded by the Moray Firth to the north and the hinterland south to Dallas. (See maps overleaf).

As per the introductory sections to the main report a full audit of supply was conducted as well as survey work to establish current scale and profile of demand for accommodation in the zone. A range of consumer intermediaries were also canvassed and the various agencies contacted to understand what potential new supply was in the pipeline. All this work coming together to provide a profile of the accommodation sector in the zone and helping identify opportunities for the future.

F2 OVERVIEW OF CURRENT SUPPLY OF ACCOMMODATION

Establishments / Operations

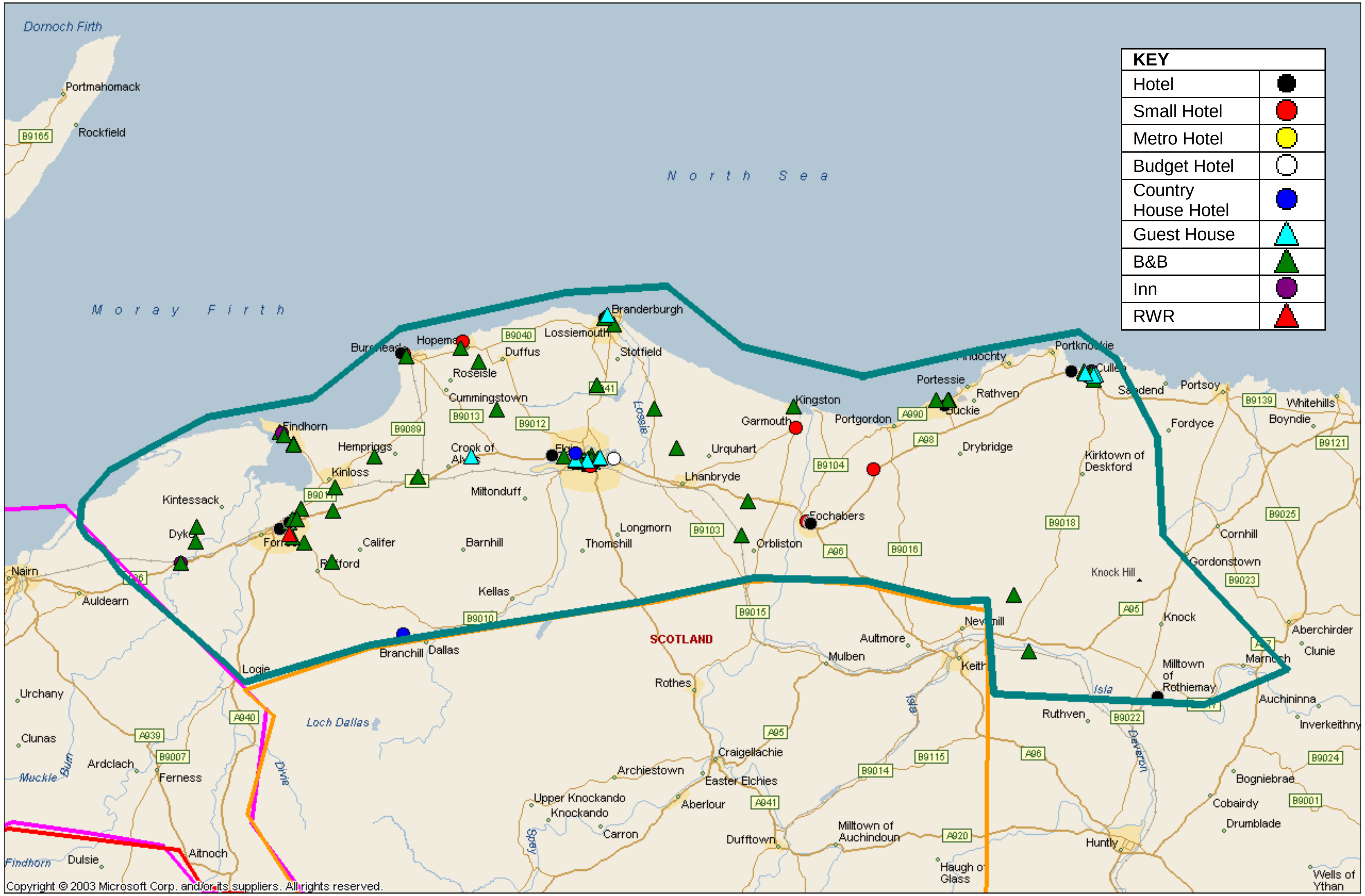
The table overleaf identifies the number of ‘business’ operations / establishments within the zone’s commercial accommodation sector. Unlike many other zones there is not such a significantly marked difference in the number of operations in the serviced and non-serviced sectors. However here again the table indicates a very small number of hotels are available overall. The majority of supply focused on the main settlement / town of Elgin. More than 50% of serviced operations are B&B operations and the next biggest group single unit self-catering operations.

MORAYSHIRE COAST 2011 ALL ESTABLISHMENTS BY ACCOMMODATION CATEGORY			
Accommodation Category	**Number of Operations**	**% Sector Mix**	**% of Overall Mix**
Fully Serviced			
Hotel	14	13.7%	5.3%
Small Hotel	8	7.8%	3.0%
Metro Hotel	0	0.0%	0.0%
Budget Hotel	1	1.0%	0.4%
Country House Hotel	2	2.0%	0.8%
Guest House	14	13.7%	5.3%
B&B	57	55.9%	21.7%
Restaurant with Rooms	1	1.0%	0.4%
Inn	5	4.9%	1.9%
Sub Total	**102**	**100.0%**	**38.8%**
Non-Serviced			
Self-Catering	140	98.6%	53.2%
Serviced Apartments	0	0.0%	0.0%
Exclusive Use Venue	0	0.0%	0.0%
Hostel	2	1.4%	0.8%
Other	0	0.0%	0.0%
Sub Total	**142**	**100.0%**	**54.0%**
Sub Total of Serviced and Non-Serviced Sectors	**244**		**7.2%**
Holiday / Touring Park	**19**		7.2%
TOTALS	**263**		**100.0%**

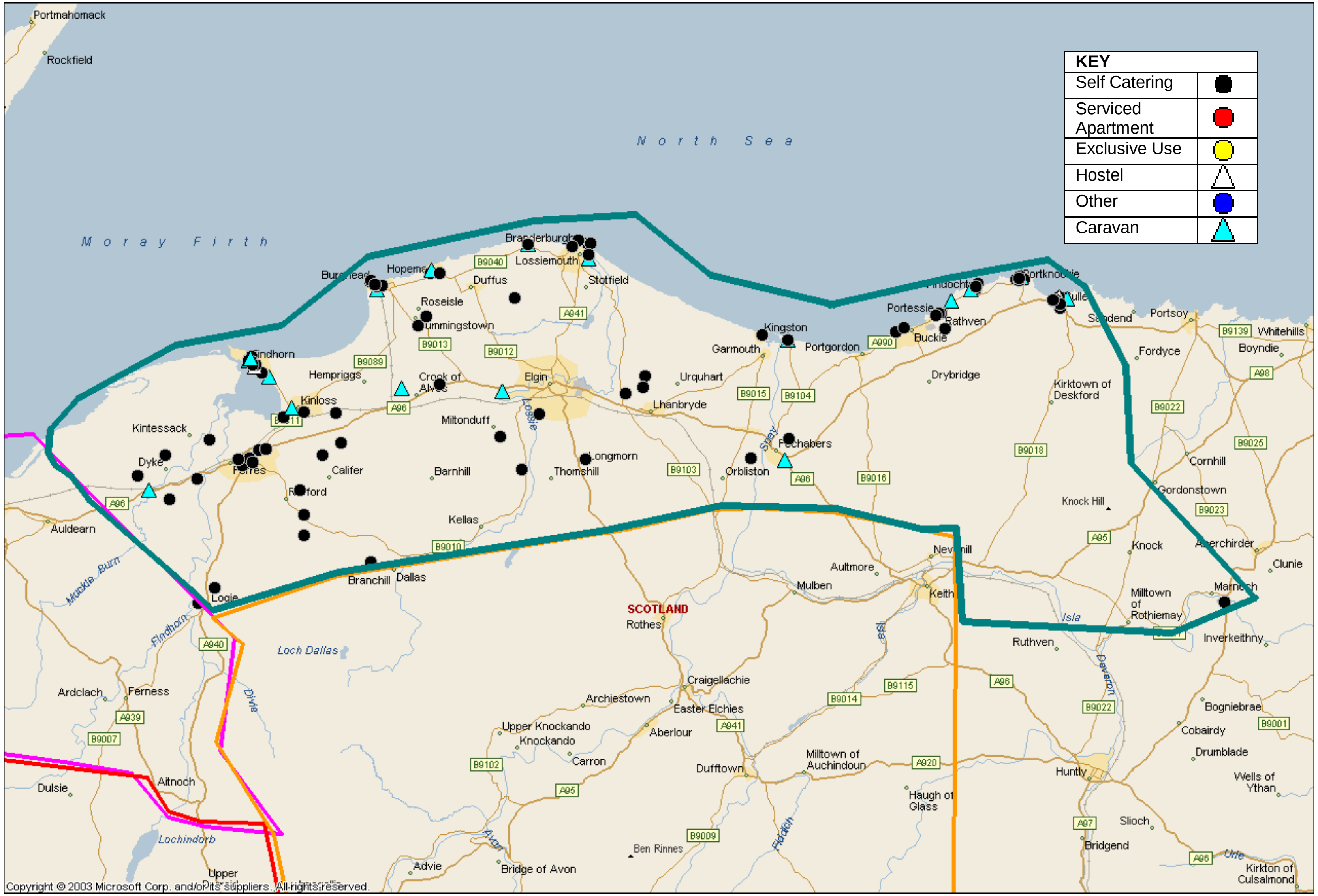
Source: TRC

The maps overleaf highlight the Morayshire Coast zone and the concentration of accommodation establishments across its geography.

MORAYSHIRE COAST SERVICED ACCOMMODATION – OPERATIONS



MORAYSHIRE COAST NON-SERVICED ACCOMMODATION – OPERATIONS



Room and Bed Space Capacity

The mix of establishments available provides the following scale of bedroom and bed-space capacity across the zone as displayed in the table below.

MORAYSHIRE COAST 2011
NUMBER OF ROOMS AND BED SPACE CAPACITY BY ACCOMMODATION CATEGORY

Accommodation Category	Number of Rooms	% Sector Mix	% of Overall Mix	Number of Bed Spaces	% Sector Mix	% of Overall Mix
Fully Serviced						
Hotel	300	37.7%	10.0%	587	37.4%	8.0%
Small Hotel	92	11.6%	3.1%	181	11.5%	2.5%
Metro Hotel	0	0.0%	0.0%	0	0.0%	0.0%
Budget Hotel	62	7.8%	2.1%	120	7.6%	1.6%
Country House Hotel	26	3.3%	0.9%	51	3.2%	0.7%
Guest House	86	10.8%	2.9%	181	11.5%	2.5%
B&B	167	21.0%	5.6%	329	20.9%	4.5%
Restaurant with Rooms	9	1.1%	0.3%	18	1.1%	0.2%
Inn	53	6.7%	1.8%	104	6.6%	1.4%
Sub Total	**795**	**100.0%**	**26.6%**	**1,571**	**100.0%**	**21.4%**
Non-Serviced						
Self-Catering	502	98.6%	16.8%	1,021	96.4%	13.9%
Serviced Apartments	0	0.0%	0.0%	0	0.0%	0.0%
Exclusive Use Venue	0	0.0%	0.0%	0	0.0%	0.0%
Hostel	7	1.4%	0.2%	38	3.6%	0.5%
Other	0	0.0%	0.0%	0	0.0%	0.0%
Sub Total	**509**	**100.0%**	**17.0%**	**1,059**	**100.0%**	**14.4%**
Sub Total of Serviced and Non-Serviced Sectors	**1,304**		**43.7%**	**2,630**		**35.9%**
Holiday / Touring Park	**1,682**		**56.3%**	**4,700**		**64.1%**
TOTALS	**2,986**		**100.0%**	**7,330**		**100.0%**

Note: (1) Pitches

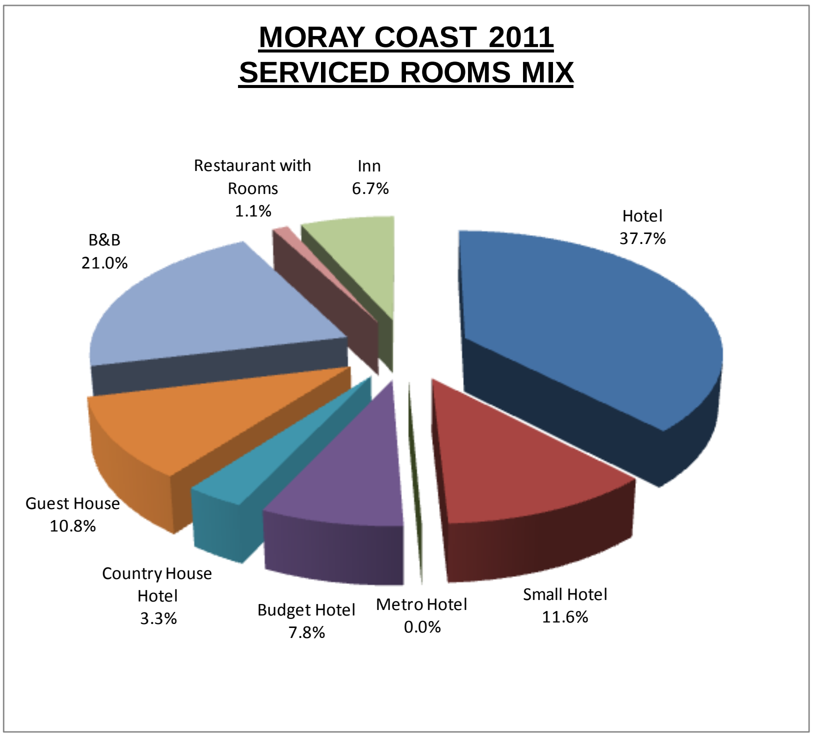
Source: TRC

* This is based on previous TRC findings in the sector and assumes 2.5 bed spaces per pitch. This includes stock that is in instances privately owned static vans that are not available to rent help create a notional tourism bed stock figure for this study and could in fact be larger. This stock used by owners, in cases lent to family and friends and on occasions rented out, however the consultants cannot quantify how much is in the commercial rental sector.

The table clearly indicates that, excluding the notional bed spaces available within the holiday park sector there are 50% more rooms available in the serviced sector when compared to the non-serviced (excluding Holiday Parks). However, that said, of note are the modest levels of bed stock available in the hotel sector (1,000 bed spaces) for such a large geographic area and divergent economy. When this stock is added to that of the Spey Valley / North Strathspey itself, it clearly indicates that the whole of Moray has a modest level of bed spaces in the hotel sector when compared to other parts of Scotland.

However similar to other areas nationally, particularly those with attractive coastlines, the scale of the notional tourism bed space capacity available within the holiday park sector of the local tourism economy is much stronger at 4,700 bed spaces. This is nearly twice the scale of all the area's stock of serviced and 'built' non-serviced capacity at just over 2,600 bed spaces.

The chart below highlights the mix of room types across those available within the serviced sector.



Source: TRC

Quality Gradings – Serviced and Non-Serviced Sectors

The tables overleaf provide a profile of the accommodation within the zone that participates in the VisitScotland QA Scheme. This gives an 'indication' of the quality mix and profile of the area's stock across the serviced and non-serviced sectors, only of those properties that participate. (The consultants make no attempt to grade non-participants).

Within the Moray Coast zone, the levels of participation by serviced operators in the Scheme tends to mirror that of other parts of Scotland. However participation by those in the non-serviced sector is much lower, below many other parts of Scotland and lower than that in other zones in the study area.

Other more notable leisure tourism hotspots eg Inverness and Badenoch and Strathspey (Aviemore) have much higher levels of participation in QA. [Generally debate abounds about why there is fluctuation in QA participation. One argument is put forward that this discrepancy could be attributed to the fact that areas that rely more on shorter, non-repeat visits by leisure tourists forces operators to have a higher profile and show their colours more over their neighbours. Conversely in locations like Elgin / Moray Coast where considerable levels of demand are achieved from business tourists and repeat visits by contractors who have less 'choice' of where to locate themselves can see local operators servicing demand that comes to the door without the same need to promote the offering and differentiate over the limited competition by going for 'stars' / classification. (Some suggest it is this very aspect that is affecting the Coastal zone with serviced operator complacency over standards an issue in certain locations where demand is fairly constant and supply limited). The debate and reasons for differing participation levels in QA sees the 'jury out' – this is a discussion that takes place across Scotland]. The serviced sector in the coastal area sees operator participation at a level of 52% which captures 62% of the available room stock or circa 500 rooms.

The tables overleaf indicating that the majority of stock participating achieves gradings of 3 Stars and above. The focus at 3 Star level.

MORAYSHIRE COAST 2011
SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – PROPERTIES / OPERATIONS

Accommodation Category	Total Properties		Not Graded		Awaiting Inspection / Listed		1 Star		2 Star		3 Star		4 Star		5 Star		Total Properties Graded, Awaiting Inspection / Listed	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Hotel	14	100%	9	64%	0	0%	0	0%	0	0%	3	21%	2	14%	0	0%	5	36%
Small Hotel	8	100%	5	63%	0	0%	0	0%	0	0%	3	38%	0	0%	0	0%	3	38%
Metro Hotel	0	100%	0		0		0		0		0		0				0	
Budget Hotel	1	100%	0	0%	1	100%	0	0%	0	0%	0	0%	0	0%	0	0%	1	100%
Country House Hotel	2	100%	1	50%	0	0%	0	0%	0	0%	1	50%	0	0%	0	0%	1	50%
Guest House	14	100%	3	21%	1	7%	0	0%	0	0%	4	29%	6	43%	0	0%	11	79%
B&B	57	100%	29	51%	1	2%	0	0%	0	0%	11	19%	16	28%	0	0%	28	49%
Restaurant w. Rooms	1	100%	0	0%	0	0%	0	0%	0	0%	0	0%	1	100%	0	0%	1	100%
Inn	5	100%	2	40%	0	0%	0	0%	0	0%	2	40%	1	20%	0	0%	3	60%
TOTAL PROPERTIES	**102**	**100%**	**49**	**48%**	**3**	**3%**	**0**	**0%**	**0**	**0%**	**24**	**24%**	**26**	**25%**	**0**	**0%**	**53**	**52%**
Percentage of Graded Properties					**5.7%**		**0.0%**		**0.0%**		**45.3%**		**49.1%**		**0.0%**		**100%**	

Source: TRC

MORAYSHIRE COAST 2011
SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – ROOMS

Accommodation Category	Total Rooms		Not Graded		Awaiting Inspection / Listed		1 Star		2 Star		3 Star		4 Star		5 Star		Total Rooms Graded, Awaiting Inspection / Listed	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Hotel	300	100%	138	46%	0	0%	0	0%	0	0%	109	36%	53	18%	0	0%	162	54%
Small Hotel	92	100%	39	42%	0	0%	0	0%	0	0%	53	58%	0	0%	0	0%	53	58%
Metro Hotel	0	100%	0				0		0		0		0		0		0	
Budget Hotel	62	100%	0	0%	62	100%	0	0%	0	0%	0	0%	0	0%	0	0%	62	100%
Country House Hotel	26	100%	3	12%	0	0%	0	0%	0	0%	23	88%	0	0%	0	0%	23	88%
Guest House	86	100%	14	16%	5	6%	0	0%	0	0%	34	40%	33	38%	0	0%	72	84%
B&B	167	100%	83	50%	3	2%	0	0%	0	0%	33	20%	48	29%	0	0%	84	50%
Restaurant w. Rooms	9	100%	0	0%	0	0%	0	0%	0	0%	0	0%	9	100%	0	0%	9	100%
Inn	53	100%	26	49%	0	0%	0	0%	0	0%	12	23%	15	28%	0	0%	27	51%
TOTAL ROOMS	**795**	**100%**	**303**	**38%**	**70**	**9%**	**0**	**0%**	**0**	**0%**	**264**	**33%**	**158**	**20%**	**0**	**0%**	**492**	**62%**
Percentage of Graded Rooms					**14.2%**		**0.0%**		**0.0%**		**53.7%**		**32.1%**		**0.0%**		**100%**	

Source: TRC

In similar fashion the tables overleaf provide a profile of the grading mix achieved by the area's non-serviced operators / rooms that participate in the VisitScotland scheme. As already indicated participation levels are much lower than in the serviced sector with 29% of operations involved but capturing only 26% of rooms. Of note is the fact that of the 'properties' graded in the serviced sector a much higher level are of higher gradings with 49% achieving 4 Star grading.

MORAYSHIRE COAST 2011 NON-SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – PROPERTIES / OPERATIONS														
Accommodation Category	**Total Units**	**Not Graded**	**Awaiting Inspection / Listed**	**1 Star**	**2 Star**	**2-3* Star**	**2-4* Star**	**3 Star**	**3-4* Star**	**4 Star**	**4-5* Star**	**5 Star**	**Total Units Graded, Awaiting Inspection / Listed**	
													No.	**%**
Self-Catering	182	128	0	0	0	0	0	20	20	14	0	0	54	30%
Serviced Apartments	0	0	0	0	0	0	0	0	0	0	0	0	0	
Exclusive Use Venue	0	0	0	0	0	0	0	0	0	0	0	0	0	
Hostel	2	2	0	0	0	0	0	0	0	0	0	0	0	0%
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL PROPERTIES	**184**	**130**	**0**	**0**	**0**	**0**	**0**	**20**	**20**	**14**	**0**	**0**	54	29%
Percentage of Properties	**100.0%**	**70.7%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**10.9%**	**10.9%**	**7.6%**	**0.0%**	**0.0%**	**29.3%**	
Percentage of Graded Properties			**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**37.0%**	**37.0%**	**25.9%**	**0.0%**	**0.0%**	**100.0%**	

Note:* Captures operators with more than one unit where each reflects different VS grading levels **Source: TRC**

MORAYSHIRE COAST 2011 NON-SERVICED ACCOMMODATION CATEGORIES GRADING ANALYSIS – ROOMS														
Accommodation Category	**Total Rooms**	**Not Graded**	**Awaiting Inspection / Listed**	**1 Star**	**2 Star**	**2-3* Star**	**2-4* Star**	**3 Star**	**3-4* Star**	**4 Star**	**4-5* Star**	**5 Star**	**Total Rooms Graded, Awaiting Inspection / Listed**	
													No.	**%**
Self-Catering	502	369	0	0	0	0	0	49	42	42	0	0	133	26%
Serviced Apartments	0	0	0	0	0	0	0	0	0	0	0	0	0	
Exclusive Use Venue	0	0	0	0	0	0	0	0	0	0	0	0	0	
Hostel	7	7	0	0	0	0	0	0	0	0	0	0	0	0%
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL ROOMS	**509**	**376**	**0**	**0**	**0**	**0**	**0**	**49**	**42**	**42**	**0**	**0**	**133**	26%
Percentage of Rooms	**100.0%**	**73.9%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**9.6%**	**8.3%**	**8.3%**	**0.0%**	**0.0%**	**26.1%**	
Percentage of Graded Rooms			**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**36.8%**	**31.6%**	**31.6%**	**0.0%**	**0.0%**	**100.0%**	

Note:* Captures operators with more than one unit where each reflects different VS grading levels **Source: TRC**

F3 OVERVIEW OF CURRENT DEMAND FOR ACCOMMODATION

Introduction

Below we provide in quantitative terms the scale and profile of demand for accommodation across the different accommodation sectors in the study zone. These figures are generated from the survey returns completed by operators and supplemented by telephone research amongst others. We also provide a brief overview of the feedback received from interviews with intermediaries and demand generators conducted by the research team. This latter work provides comment on how segments of the market perceive and view the marketplace and accommodation provision. (Included in the Appendices to this full document is a report that provides a summary of this interview work – See Appendix VII).

Occupancy

The table below provides the 'median' and weighted average annual room and unit occupancies achieved by the different serviced and non-serviced operations in the Morayshire Coastal zone.

	ROOM OCCUPANCY PERCENTAGE (MEDIANS) (1)		ROOM OCCUPANCY PERCENTAGE (WEIGHTED AVERAGES)	
	2009	**2010**	**2009**	**2010**
Hotel	60%	64%	67%	67%
Guest House / B&B	81%	86%	74%	76%
Self-Catering (Unit)	52%	60%	60%	68%
Total	**62%**	**66%**	**67%**	**68%**

(1) Medians from survey responses

Source: TRC

The table highlights occupancy levels achieved are fairly robust and higher than the Highland averages and above many other zones in the study Region – driven by business-related demand (see below), however that in contrast to other areas the Guest House / B&B sector appears to perform better than the serviced hotels sector. This could be a result of the procurement practices of the MOD sources in the area that suggests good / preferred use is made of these types of facilities. (See intermediary interviews). Self-Catering occupancies achieved are also higher than other areas and again this may be because of use of the sector by contractors and those on assignment in the area pushing up demand levels and taking slightly longer lets. In the hotel sector occupancy levels achieved by those making returns are better than other areas in the Highlands and whilst not as high as those achieved in Inverness for example they are good and discussions suggest that at times demand outstrips supply.

This is a position that a review of the demand mix (below) would tend to confirm ie in the hotel sector 75% of annual demand appears to come from business-related sectors which tends to peak during the Monday to Thursday midweek period and anecdotal and interview evidence suggests that it does not take much re any unusual activity at the likes of the MOD Lossiemouth Base or elsewhere in the economy to see demand from business midweek related sources to outstrip supply. This focus on business-related demand in hotels is also a factor likely to be affecting annual occupancy levels with only 25% of demand leisure-related (tending to be weekend and holiday periods and the data suggesting is not as buoyant as in other zones in the study Region).

Market Mix (Profile of Demand)

See comments above re links between occupancy levels achieved and market mix. In general as part of this audit it was incumbent on the research team to establish not just the level / scale of demand currently being hosted / attracted by operators in the zone but also to provide a profile and identification of the mix and sources of that demand. It was deemed important to understand if demand was being generated from: leisure tourists; business-related tourists; or Visiting Friends and Relatives (VFR) or came from other sources. (The many numerous and various classifications used by different operators when recording demand can cause confusion so the number of classifications adopted by this study has been curtailed). Our research in this zone suggests the demand mix is that displayed below, across the different accommodation sectors. (We provide the 'weighted' averages from the findings of the surveys in each case). (See earlier comments under occupancy about the impact of this demand mix particularly in the hotel sector. The table below again producing surprises not seen in other areas viz demand in the guest house / B&B sector is 35% business related in this location again see comments about MOD and contractor / business demand. Unsurprisingly self-catering has a high dependence on leisure demand but again slightly higher business related demand than that recorded in some other zones.

DEMAND MIX [1]

	Leisure	Business	Other
Hotel	25.5%	74.5%	0.0%
Guest House / B&B	60.0%	34.0%	5.9%
Self-Catering	94.7%	5.3%	0.0%
Total	**39.8%**	**59.6%**	**0.7%**

Note: [1] Weighted Averages
(These figures only reflect the trading patterns of operators that provided data)

Source: TRC

Achieved Room Rate

A statistic often used by the hotel sector in particular, as a 'measurement' of demand or strength of demand for accommodation, is the average achieved room rate or RevPar statistic. In this instance unfortunately the survey produced insufficient returns for comment to be made by the consultants on Achieved Room Rate. [ARR = Total Rooms Revenue (net of VAT and Breakfast, etc) divided by the Total Number of Rooms Sold in a year].

Qualitative Feedback from Consultations and Research

As indicated a range of intermediaries and local buyers / demand generators for overnight tourism accommodation were interviewed. (More detailed findings are available in Appendix VII).

The Moray coastal area has a fairly diverse economy that includes a number of world-famous 'names' in the food, drink and clothing sector. These when linked to the extensive MOD activity and the natural and historic assets of the area sees the area exhibit a complex mix of demand for accommodation from wide-ranging sources. Interviews indicate that business-related demand (which is mainly non-discretionary) is at times frustrated ie there is a shortfall in bed space capacity and certainly it is claimed by many a shortfall exists in the 'quality' of the bed spaces and in related food and beverage provision. (This highlighted by a number of the 'international' business names based in the locale).

Discussions with event / conference organisers of larger scale events suggest little inherent demand for the location and within the tour group sector the area is seen as a day visit destination when linked with the Whisky Trail down the Spey Valley. From this leisure sector our interviews suggest there is currently little knowledge or demand for the zone as there are few if any properties capable of playing host to larger groups. This sees tour operators make use of hotels in neighbouring zones / settlements ie Aviemore, Inverness and Nairn bringing people into the area for distillery visits, etc. Interviews indicate that the golf sector and others do make use of the coastal courses in the wider study area but again tend to use neighbouring destinations for overnight stays.

At times of peak demand eg events at RAF Lossiemouth, or other factors causing peaks in economic activity eg new contracts starting etc then interviews with local generators indicate demand can be dispersed over a much wider area. Some claiming that drives of 20 miles or more to find suitable accommodation are not unusual.

Elgin in particular is often mentioned as having a shortfall of bed space and the quality of a proportion of what is on offer not providing the service or product sought by the business community in particular. Given the profile of a number of businesses operating in the area and the profile / professional level of those often visiting / meeting with local operators sees many claim the existing provision falls well short of expectations / needs.

F4 POTENTIAL NEW SUPPLY

Having completed an audit of the current supply and demand dynamics of both the serviced and non-serviced sector, the research team then set out to identify potential, significant, new additions to supply that may come into play in the foreseeable future. These new additions, in turn, potentially affecting the dynamics of the marketplace. In each case we had discussions with local planning officials to establish what projects were in the formal planning process either awaiting a decision or having been granted planning permission. We outline below the more significant proposals discussions and review of strategic documents suggest could be associated with this zone in the future.

Similar to other parts of the ‘County’ the coastal Morayshire area has currently only a very modest stock of built bed spaces however a considerable degree of further space is included in the ‘notional offering’ of bed spaces within the holiday parks. This is where there are a number of outstanding planning applications for additions to the stock of ‘static‘ pitches although here again most are only modest proportions ie under 20 new pitches. In terms of formal applications for new serviced bed stock the only current proposals with permission are those at Coleburn Distillery for a 43 bedroom hotel.

However there is a general recognition that there is a shortfall in serviced provision and the Moray Economic Strategy and Elgin City for the Future Strategy clearly identifies and confirms the desire to foster the creation of new and improved accommodation across the zone with a particular emphasis on supporting the creation of new hotels in the Elgin area itself. Aspirations for a new town centre hotel are promoted in these strategies as is the desire to improve the existing stock and provide wider additions to supply.

See Appendices for other information on new developments across all six zones.

F5 OBSERVATIONS ON SUPPLY – ISSUES AND POTENTIAL DEVELOPMENT OPPORTUNITIES

One of the planned outcomes of this audit was for the consultants to exercise professional judgement over the research and identify where the market findings suggested there were shortfalls in the accommodation sector's ability to meet the needs of the market and unlock economic advantage. These 'gaps' / potential investment opportunities are presented here as a series of observations for the zone that if enacted upon could help reposition the accommodation sector to optimise its economic potential. The opportunities available across the zones vary.

The developments proposed are not merely a list of what types of accommodation the zone currently doesn't offer. Years of development expertise has been used to analyse the consultation and research findings to confirm potential viable and necessary proposals to balance the accommodation economy of the zone.

The audit profiles the current offering of the area, and the trading patterns experienced by operators – this providing an important 'snapshot' of the current state of play. These findings have then been overlaid with the feedback received from intermediaries and buyers that have given the research team insight into where there is currently market dissatisfaction with the offering.

These findings when considered alongside new projects or investments that will potentially change the supply in the future, in tandem with anticipated changes to the wider economy of the zone, have informed the consultancy team's deliberations over what are the issues that will ultimately affect the future dynamics of the accommodation sector.

The table overleaf profiles what is, in the team's opinion, needed if the zone is to reach a position where it can better meet existing and potential future demand.

Within the accommodation sector of any destination there can on occasion also be opportunities for certain forms of new accommodation not currently available, to 'lead', or in themselves, actually attract new markets and demand into an area. Strategic investment in such properties and in upgrading existing stock can help a destination raise its overall awareness and appeal and support repositioning strategies.

We present our findings and conclusions for the zone as bullet points at this time, presented in no particular order. The consultants have refrained from making specific recommendations or suggesting specific sites for new development as this was not within our remit. On an initial read of the document it may seem to any audience that has read the returns for each zone that there is a degree of repetition across the zones in terms of opportunities / needs. For this the consultancy makes no apology. Our conclusions merely present the facts and our informed analysis of the findings. Across the wider study area many of the issues and opportunities affecting the different marketplaces are indeed generic and in some zones the product gaps and opportunities are similar. The one recurring theme from the consumer research is that of dissatisfaction in certain quarters with the 'quality' of certain offerings and service standards available within some of the accommodation sector.

The potential development opportunities presented have been identified after considerable in-house debate by the research team and are those that it is believed the destination should seek to progress further. The projects identified are those it is considered will fill the gaps that the audit and consumer interviews highlight need to be addressed if 'unsatisfied' and 'dissatisfied' demand is to be eliminated in the zone and economic advantage unlocked.

The initiatives highlighted are those that experience suggests have the potential to be viable, sustainable investments in the short / medium term. Projects include those required to meet both existing demand as well as investments that can become ‘attractors’ in their own right. Where certain products in the correct locations can pull new markets into an area, and not merely displace or canabilise demand from existing operators, these have been highlighted.

The table is laid out as a Strengths, Weaknesses and Opportunities Analysis for the zone. Highlighted are factors that potentially will ‘positively’ affect demand for bed spaces in the future set against factors and issues currently curtailing the success of the accommodation sector. Obviously addressing and taking due cognisance of these issues and aligning the accommodation sector with the positives and mitigating the negatives will be to the future benefit of the accommodation / tourism economy of the zone.

It is envisaged that the tables can, to an extent, form the basis of an action plan for a successful accommodation sector in the area. Each initiative supported and progressed through to the next stage in a number of ways. This taking many formats through the planning, design or construction phases of a project; or helping to identifying development sites; through to encouraging developers / investors / operators to step up to the mark and either create the new stock needed or improve / develop / reposition existing stock. At its most basic it may merely be helping investors or operators consider the viability of potential projects. Whatever future actions the sector takes the overall aim is to ensure existing markets get what they want or new products are introduced that have the opportunity to attract new markets and increase economic activity.

MORAYSHIRE COAST

<table>
<tr><th>Future Strengths / Factors Potentially Affecting Accommodation Demand</th><th>Current Weaknesses / Factors Adversely Affecting Success of Accommodation Sector / The Tourism Economy</th></tr>
<tr><td>
– High profile and potentially guaranteed ongoing activity associated with MOD / Whisky and food manufacturing sectors (Baxters, Diageo, etc);
– Elgin, the focus of the zone is the ‘capital’ of the county and is the fulcrum of the area’s economy (commercial and social) eg Diageo NHS, Education, etc;
– The Moray Firth has further potential in the ‘marine economy’ eg wildlife tourism and the offshore renewable energy sector; and
– Aspirational development and growth of the zone and Elgin in particular sees policies and projects evolving for the area in future potentially providing benefits and encouraging increased demand for the accommodation sector.
</td><td>
– Road network / links currently see a degree of remoteness being the general perception of the area;
– Zone has little leisure tourism profile / awareness;
– Existing provision is in many instance poor and perceived, and known, to be limited in supply;
– The zone has little formal visitor provision / attractions;
– The zone has poor food and beverage provision and other visitor infrastructure; and
– Shortage of accommodation at times causing displacement over a wide area.
</td></tr>
</table>

Observations – Issues and Potential Investment Opportunities

The team’s analysis of all the issues highlighted by the audit lead us to the following observations for the sector. We highlight below issues, if addressed, could help the zone better meet the needs of existing and future markets and unlock further economic advantage.

Assessment of current issues suggests the following issues and proposals would benefit from further consideration.

- The area could benefit from the creation of a fully serviced 3/4 Star hotel of quality with supporting food and beverage and conference / meeting room provision. A property large enough to accommodate groups / coaches potentially a benefit to the wider area – see links / a geographic position that can benefit the supply / demand equation in both the Elgin focused coastal area and the Spey Valley marketplace;
- In Elgin itself a national budget operator (limited service hotel either existing type of offer or new ‘pod’ / mini room product eg Yotel). This may provide a product that will help satisfy MOD demand and displaced demand during high points in activity and from the midweek construction, business-related sector. A product of this nature providing ‘formal’ bed space at lower cost to fully serviced hotels and providing bed spaces for leisure visitors at other times. This in turn could help attract new leisure demand and price sensitive tour operators seeking hotel bed spaces to use destination as a base for touring. (Attracting new markets that traditionally would not use B&Bs or other forms of stock);
- The food and beverage offering associated with existing accommodation operations would benefit from attention and the evolution of some local hostelries into gastro pubs / with rooms ie traditional inns would enhance the leisure and business offering. (More use of local produce with its provenance a marketing / promotional tool);
- As in other zones attention to quality of existing stock and service standards is also a requirement if demand is to be satisfied in future.

APPENDICES

APPENDIX I

Projects in the Planning Process

SUMMARY OF TOURISM ACCOMMODATION RELATED PLANNING APPLICATIONS		
Proposal	**Address**	**Status**
GREATER INVERNESS (Those shaded in grey signify larger-scale projects)		
Education campus and related mixed use development comprising non-residential institutions, business, residential, assembly, leisure, residential and associated landscaping, open space, infrastructure and services	Land At Beechwood Farm, Inverness	Permission Granted
Erect hotel	Huntly Street, Inverness, IV3 5PR	Permission Granted
Erection of 4 villas, 2 chalets and 8 flats	Garage Site, Cauldeen Road, Inverness	Permission Granted
Erection of 56 Bedroomed Hotel and Associated Site Works	Gollanfield, Inverness, IV2 7QT	Permission Granted
Extension to existing hotel to provide new conservatory, 17 bedrooms and day conference suite, 8 new holiday apartments and 5 cottages within hotel grounds	Dunain Park Hotel, Inverness, IV3 6JN	Permission Granted
Hotel development	Land At Glebe Street,Inverness	Permission Granted
New camping site, access road, wash house, shed with bbq and social area, the site will house 38 motorhomes with an additional 5 bay creating space to house 5 American motorhomes and 20-25 tents	Land East Of Farmhouse,Easter Muckovie, Westhill, IV2 5BN	Permission Granted
New town comprising town centre, housing and commercial development	Land At Stratton And East Seafield, Inverness	Permission Granted
New Town Comprising up to 4,960 houses, Community Facilities, Retail. Business, General Industry, Storage and Distribution, Hotels, Residential Institution, Leisure, Petrol Stations and associated Landscaping, Open Space, Infrastructure and Services	Land North East Of Tornagrain, Dalcross, Inverness	Pending Consideration
Nine holiday units (Amendment to previous application)	Site 350m South West Of Aldourie Farm Cottages, Aldourie, Inverness	Permission Granted
Proposed walkers bothy consisting of conversion of barn to communal facilities and erection of 6 bedrooms	Land At Caiplich Farm, Abriachan, Inverness	Permission Granted
Re-building of 3 bedrooms to rear of hotel with 3 additional new bedrooms built above	Golf View Hotel, Seabank Road, Nairn, IV12 4HD	Permission Granted
Redevelopment and erect new hotel (as amended)	Loch Ness House Hotel, Glenurquhart Road, Inverness, IV3 8JL	Permission Granted
Alterations & extension to existing house & outbuildings to form, two letting cottages, double garage & new oil tank	Gask House, Inverness	Permission Granted
Alterations, extension and part change of use from house to holiday accommodation	Chester Cottage, 35 Glenurquhart Road, Inverness, IV3 5NZ	Permission Granted
Change of use from offices to guest house	Albyn House, 37A Union Street, Inverness, IV1 1QA	Permission Granted
Change of use from offices to hostel	68A Church Street, Inverness, IV1 1EN	Permission Granted
Change of use from residential to holiday accommodation	Dundreggan Lodge, Glenmoriston, Inverness	Permission Granted
Change of use of offices to suites (Both holiday rental 5 star and short term weekly or monthly rentals)	32 Church Street, Inverness, IV1 1EH	Permission Granted
Change of use to Class 7 (Hotels and Hostels) Use	Langdale, Merryton Crescent, Nairn, IV125AQ	Permission Granted
Change of use, alterations and extension of estate worker's house to holiday accommodation	The Weir, Ness Castle, Inverness, IV2 6DH	Permission Granted
Conversion of redundant steading to form 3no. residential holiday units	Wester Feabuie, Culloden Moor, Inverness, IV2 5EQ	Permission Granted
Demolish hotel and outbuildings	Lion Hotel, Auldearn, Nairn, IV12 5TH	Permission Granted
Demolition of houses and outbuildings: erection of two houses and two holiday letting units	Assich Croft, Cawdor, Nairn, IV12 5XU	Permission Granted
Development of 4 holiday homes/lodges	Mains Of Faillie, Daviot, Inverness, IV2 6WG	Permission Granted
Erect 2 holiday houses	Pinewood, Nairnside, Inverness, IV2 5EX	Permission Granted
Erect guesthouse/bunkhouse	Land At West Tomachoin, Inverness	Permission Granted
Erect holiday house	Land 40m South West Of Pinewood, Nairnside, Inverness	Permission Granted
Erect house with holiday accommodation	Woodlands Land 185m North West Of Larchfield, Daviot, Inverness	Permission Granted
Erection of 3 holiday letting bedroom suites in two linked outbuildings	Sandown House, Nairn, IV125NE	Permission Granted
Erection of chalet	Mac Lodge, Upper Faillie, Daviot, Inverness, IV2 6WG	Permission Granted

SUMMARY OF TOURISM ACCOMMODATION RELATED PLANNING APPLICATIONS		
Proposal	**Address**	**Status**
GREATER INVERNESS (Con't)		
Erection of holiday home	Lairgmore Croft, Lochend, Inverness, IV3 8LA	Permission Granted
Erection of holiday home and replace garage and store	Pinewood, Nairnside, Inverness, IV2 5EX	Permission Granted
Erection of holiday home to replace barn	Lairgmore Croft, Lochend, Inverness, IV3 8LA	Permission Granted
Extension and refurbishment of existing cottage and conversion & extension of adjoining steading to form 2 holiday cottages	Fisherton Croft, Westerton, Dalcross	Permission Granted
Formation of 2 no golf courses/hotel/healthclub/timeshare units/farm and conversions to offices/dwelling and associated facilities, services and infrastructure	Golf Course Sites, Auld Petty, Dalcross, Inverness	Permission Granted
Proposed extension to rear of the guesthouse "Heathcote" 59 Glenurquhart Road, Inverness.	59 Glenurquhart Road, Inverness	Permission Granted
Replacement windows at front elevation of Ardross Guest House & internal alterations to Glencairn Guest House	Glencairn Guest House, 19 Ardross Street, Inverness, IV3 5NS	Permission Granted
Reposition holiday house	Land 40m South West Of Pinewood, Nairnside, Inverness	Permission Granted
LOCH NESS (Those shaded in grey signify larger-scale projects)		
14 self catering holiday lodges	Land West Of Clunebeg House, Lewiston, Drumnadrochit	Permission Granted
22 Lodges and Managers house including servicing and leisure facilities	Land To South West Of Polmaily Farm, Drumnadrochit	Permission Granted
Erect 12 guest chalets as amended to 10 chalets.	Land North East Of Polmaily House Hotel, Drumnadrochit, Inverness	Permission Granted
Erect 5no. mobile log homes	The Slaters Arms, Cannich	Permission Granted
Erect 6 chalets and 1 Managers House	Corrich Chalet Park, Glaickbea, Kiltarlity, Beauly, IV4 7HR	Permission Granted
Removal of 11 static caravans and associated decking and hardstanding and demolition of toilet block/workshop. Provision of 19 new mobile homes with associated decking, parking, services, landscaping and internal access roads	Loch Ness Caravan Park, Invermoriston, Inverness, IV63 7YE	Permission Granted
Amendment to planning permission 07/1181/FULIN - 2 Chalets at one house	Applecroft, Auchteraw, Fort Augustus, PH32 4BT	Permission Granted
Application for Holiday house/annexe	Milton Croft, Milton, Drumnadrochit, Inverness, IV63 6UA	Permission Granted
Change of use from dayroom to Bed and Breakfast	The Jennings, Drumnadrochit, Inverness, IV63 6XT	Permission Granted
Change of use from house (Class9) to bunkhouse (Class 7)	Duart Lodge, Drumnadrochit, Inverness, IV63 6XP	Permission Granted
Change of use of field to camp site for tents	Norwood, Invermoriston, Inverness, IV63 7YE	Permission Granted
Change of use of garage to self contained holiday accommodation	Uibhist, Milton, Drumnadrochit, Inverness, IV63 6XS	Permission Granted
Conversion of bar/lounge into holiday accommodation	Glenmoriston Arms Hotel, Invermoriston,	Permission Granted
Demolish 2no existing 4 person chalets and replace with 1no 6 person holiday chalet	7 And 8, Achmony Chalets, Drumnadrochit	Permission Granted
Demolition of existing derelict house and erect replacement building (to be used as holiday letting unit) and garage	Land South Of Culnabrae, Culnakirk, Drumnadrochit	Permission Granted
Erect 2 semi-detached holiday homes and replacement store	Land North Of Lower Balmacaan, Drumnadrochit	Permission Granted
Erect bothy	Culachy Estate, Fort Augustus, PH32 4BY	Permission Granted
Erect bunkhouse, laundry and staff accommodation	Lewiston Arms Hotel, Lewiston, Drumnadrochit, IV63 6UW	Permission Granted
Erect chalet	Torran View, Upper Drumbuie, Drumnadrochit, Inverness, IV63 6UX	Permission Granted
Erect holiday house	Land 250m North West Of Culmill Farm, Culmill, Kiltarlity	Permission Granted
Erect holiday house	Site 0.9KM East Of Ardachy, Upper Lennie, Drumnadrochit, Inverness	Permission Granted

SUMMARY OF TOURISM ACCOMMODATION RELATED PLANNING APPLICATIONS		
Proposal	**Address**	**Status**
LOCH NESS (Con't)		
Erect holiday house	Plot 1 0.2km South East Of Gaick, Farr, Inverness	Permission Granted
Erect house for holiday accommodation	Tramps, Balmacaan Road, Drumnadrochit	Permission Granted
Erection of 2 holiday cottages - amended location	Site South West Of Pine Tops, Balnain, Drumnadrochit	Permission Granted
Erection of 2 Timber Holiday Chalets	Milton Of Farr, Farr, Inverness	Permission Granted
Erection of 2 timber lodges	Land 250m South West Of The Weir Fishing Lodge, Ness Castle, Inverness	Permission Granted
Erection of 3 houses for holiday letting - approval of conditions 1-8	Land To South East Of Achmony Farm, Drumnadrochit	Permission Granted
Erection of chalet	Land 50M South Of Bearnock Lodge, Glenurquhart, Drumnadrochit	Permission Granted
Erection of holiday accommodation	Land 100M North West Of Mains Of Gask Farmhouse, Farr, Inverness	Permission Granted
Erection of house - holiday accommodation	Land 180m North Of Ar Dachaidh, Culnakirk, Drumnadrochit	Permission Granted
Erection of house for holiday let	Land 100M North West Of Mains Of Gask Farmhouse, Farr, Inverness	Permission Granted
Erection of two holiday cottages	Land 300m North Of Culnabrae, Culnakirk, Drumnadrochit	Permission Granted
Extension to hostel.	Coiltie Farm, East Lewiston, Drumnadrochit	Permission Granted
Formation of camping ground including erection of toilet/shower/utility building	Sports Ground To The West Of Stravaigers Lodge, Abbey Gardens, Fort Augustus	Permission Granted
Remove holiday accommodation use from decision 09/50/OUTIN	Land 180m North Of Ar Dachaidh, Culnakirk, Drumnadrochit	Permission Granted
Change of use from residential to provide Bed and Breakfast	Scots Kitchen, Fort Augustus, PH32 4DD	Permission Granted
BLACK ISLE / CROMARTY FIRTH (Those shaded in grey signify larger-scale projects)		
Conversion of church to five holiday letting flats (Planning Permission) and siting of workshop/storage building	Chapellhill Church, Chapelhill, IV20 1XJ	Permission Granted
Erection of two semi-detached houses for holiday let and conversion to form house for holiday let (Outline)	The Steading, Dingwall, IV15 9TT	Permission Granted
Erect 12 holiday cabins, reception, managers house and micro hydro	Land At Tighchuig, Strathglass, IV4 7LE	Permission Granted
Erection of "Travel Rest" Hotel (50 Bedroom)	Land At 17 Docharty Road, Dingwall	Pending Consideration
Formation of 129 house sites, golf course, club house, hotel, holiday lodges and associated roads, services, landscaping, parks and play areas plus conversion of listed building	Land At Bellfield And Lettoch Farms, North Kessock	Permission Granted
Siting of Twenty Residential Mobile Homes to Replace Existing Twenty Caravans	Northwilds Caravan Park, Fendom, Tain, IV19 1PE	Permission Granted
Alterations to form holiday letting unit	Willowcroft, Knockbain, Inverness, IV5 7PL	Permission Granted
Application requesting removal of conditions 2 and alteration to wording of conditions 5 6 of planning consent 07/00043/REMIN (as amended)	Land To South West Of Dunsmore Lodge, Beauly	Permission Granted
Change of use from hotel to two holiday self-catering units	Waterside Lodge, Coulmore, North Kessock, IV1 3SB	Permission Granted
Change of use of double garage to holiday letting unit	Strathyre, Killen, Avoch, IV9 8RQ	Permission Granted
Change of use of garages to hotel accommodation	National Hotel, High Street, Dingwall, IV15 9HA	Permission Granted
Change of use of hotel restaurant to form three self-contained units	Achilty Hotel, Achilty, Strathpeffer, IV14 9EG	Permission Granted
Change of use to holiday let accommodation	Corntown House, Conon Bridge, Dingwall, IV7 8HR	Permission Granted
Conversion of Barn to House for Use as Holiday Accommodation (Detail)	Plot 2, Henrietta Park, Balblair	Permission Granted
Conversion of house to house and holiday letting unit(Planning Permission)	Ferry House, Balblair, IV7 8LG	Permission Granted
Conversion of steading to three holiday letting units (Outline)	Steading North Of Locheye Cottage, Fearn, Tain	Permission Granted
Convert and extend steading to form house for the purpose of a holiday house	Steading, Rheindown, Beauly	Permission Granted

SUMMARY OF TOURISM ACCOMMODATION RELATED PLANNING APPLICATIONS		
Proposal	**Address**	**Status**
BLACK ISLE / CROMARTY FIRTH (Con't)		
Convert barn to two holiday cottages	Carnoch Farm, Strathglass, Beauly, IV4 7LE	Permission Granted
Erect two holiday chalets	Land 50M West Of Viewfield, Rheindown, Beauly	Permission Granted
Erect wooden holiday cabin	Land To South Of An Daraich, Wester Lovat, Beauly	Permission Granted
Erection of commercial stables and feed store, erection of log cabin for holiday let and associated roads and services	Land To North Of, Lochside, Duncanston	Permission Granted
Erection of 2no. holiday-let chalets and associated septic tank/soakaway drainage and oil tank provision.	Torbeg, Knockbain, Inverness, IV5 7PL	Permission Granted
Erection of chalet (Detail)	Ord View, Drumsmittal, North Kessock, IV1 3XF	Permission Granted
Erection of conservatory at existing house and change of use of office building to holiday accommodation	Ornum, 6 Broallan, Beauly, IV4 7AH	Permission Granted
Erection of garage with holiday accommodation above	Torgormack House, 10 Torgormack, Beauly, IV4 7AQ	Permission Granted
Erection of holiday cottage	Land North East Of Hillcroft, Clashandorran, Beauly	Permission Granted
Erection of holiday letting house (Detail)	Land South Of Eight Acres, Smithfield, Culbokie	Pending Consideration
Erection of holiday letting unit (Detail)	Land 50m West Of Glenburn, Heights Of Inchvannie, Strathpeffer	Permission Granted
Erection of house (Amended design) with self-contained studio accommodation and garage (Detail)	Land To East Of Craigdarroch Lodge Hotel, Contin	Permission Granted
Erection of house for holiday accommodation (Detail)	Grounds Of The Hutt, Muir Of Ord, Highland	Permission Granted
Erection of one holiday house	Land South West Of Balchraggan Quarry, Cabrich, Kirkhill	Permission Granted
Erection of porch extension to holiday letting chalet	Ord View, Drumsmittal, North Kessock, IV1 3XF	Permission Granted
Erection of three holiday houses (Detail)	Land East Of Braes Of Coulmore, North Kessock	Permission Granted
Erection of three holiday letting houses (ARM)	Land 180m North East Of Steading, Wester Toberchurn, Culbokie	Pending Consideration
Erection of two holiday letting lodges	Land 80M North Of Birchlea, Heights Of Achterneed, Strathpeffer	Permission Granted
Erection of Two Holiday Letting Units (Detail)	Land To North West Of St Martin's Cottages, Culbokie	Pending Consideration
Erection of two semi-detached houses for holiday let and improvements to existing access road (ARM)	The Steading, Mountgerald, Dingwall, IV15 9TT	Permission Granted
BADENOCH AND STRATHSPEY (Those shaded in grey signify larger-scale projects)		
Change of use of a residential property and bothy to a hostel (Capacity of 33 people)	Grantown-On-Spey, PH26 3NT	Permission Granted
Demolition of existing admin building; construction of mixed use development comprising residential, retail, office, community, leisure, environmental improvements, roads, additional lodges and hotel extension.	The Aviemore Centre, Grampian Road, Aviemore	Cairngorms National Park
Development of new community (1500 houses; associated business, community facilities and provision of infrastructure).	An Camas Mor, Inverdruie, Aviemore	Cairngorms National Park
Erection of 51 bedroom extension to Highlands Hotel (amended design)	Aviemore Highlands Hotel, Aviemore, PH22 1PJ	Pending Consideration
Erection of 8 flats; conversion of part of hotel to house; alterations and extensions to hotel (re-submission)	Strathspey Hotel, High Street, Grantown-On-Spey, PH26 3EL	Cairngorms National Park
Refurbishment of existing site and siting of 40 additional holiday lodges.	Glenmore Camping And Caravan Site, Rothiemurchus, Aviemore	Cairngorms National Park
Temporary use of ground for siting pre-fabricated 10 timber wigwam tents, (revised application)	Badaguish Outdoor Centre, Glenmore, Aviemore, PH22 1QU	Cairngorms National Park
To erect a new fifty two bedroom "Travelodge" type hotel with associated siteworks and landscaping. Please visit http://www.cairngorms.co.uk/planning/planningapplications/	Cairngorm Service Station, Grampian Road, Aviemore, PH22 1PT	Cairngorms National Park
Use of land for siting of 10 timber wigwam tents	Speyside Trust Badaguish Outdoor Centre, Glenmore, Aviemore, PH22 1QU	Cairngorms National Park

SUMMARY OF TOURISM ACCOMMODATION RELATED PLANNING APPLICATIONS		
Proposal	**Address**	**Status**
BADENOCH AND STRATHSPEY (Con't)		
a. Re-development of existing hotel and erection of new extension. b. Conversion of part of existing hotel to dwelling house. c. Erection of eight flats.(Phasing proposals to support variation of condition 13 of 08/0147/CP (08/102/FULBS)	Strathspey Hotel, Grantown-On-Spey, PH26 3EL	Cairngorms National Park
Alterations and conversion of former school to four holiday homes	Workshop At Former School, Carrbridge, PH23 3NA	Permission Granted
Application under Section 42 to vary condition 1 of planning ref: BS/1976/96; retrospective siting of 34 static caravans	Boat Of Garten Caravan Site, Boat Of Garten, PH24 3BN	Cairngorms National Park
Change of Use and Alterations & Extension to out-building to form Holiday-let cottage	Birchfield, Nethy Bridge, PH25 3DD	Permission Granted
Change of use of 3 bedrooms for Bed and Breakfast purposes	Creag Meagaidh, Newtonmore, PH20 1DP	Permission Granted
Change of use of part of hotel accommodation to 3 self-contained/holiday units	Ossian Hotel, Kingussie, PH21 1QD	Permission Granted
Demolish existing extension. Alter and extend residential accommodation and guest house.	Dunallan Guest House, Grantown On Spey, PH26 3JN	Permission Granted
Demolition of existing holiday homes and erection of 6 holiday homes	Keepers House, Kingussie, PH21 1NF	Cairngorms National Park
Erection of 3 No. self catering units within garden ground together with associated parking and paths.	The Old Minister's House, Aviemore, PH22 1QH	Cairngorms National Park
Erection of bunkhouse	Nethybridge Station Yard, Nethy Bridge	Permission Granted
Erection of four accommodation lodges	Badaguish Outdoor Centre, Aviemore, PH22 1QU	Cairngorms National Park
Erection of holiday accommodation for groups	House Plot In Garden Ground To South of Inverdruie, Aviemore	Permission Granted
Erection of house for self catering holiday let (outline)	Land 100m South Of Balliefurth Farmhouse, Grantown-On-Spey	Permission Granted
Erection of single storey extension from the existing building gable wall in order to retain hotel bar floor area lost by demolition of 1960's flat roof extension.	Strathspey Hotel, Grantown-On-Spey, PH26 3EL	Cairngorms National Park
Erection of two holiday letting houses (Detail)	Land At Balmungie, Rosemarkie	Permission Granted
New timber framed extension, alterations and change of use of pottery workshop to kitchens and dining area ancillary to existing bunkhouse and coffee shop	Caoldair Pottery, Newtonmore, PH20 1BT	Permission Granted
Proposed Erection of House for Self Catering Holiday Lets	Balliefurth Farmhouse, Grantown-On-Spey, PH26 3NH	Permission Granted
Redevelopment of site to provide craft shop, tearoom, museum, toilets, tourist information and self catering cottages	Old Filling Station, Kinloch Laggan	Cairngorms National Park
Re-location of canvas camping area; phased development of timber wigwam tents; mountain bike free-ride skills area with hillside adventure trail	Speyside Trust Badaguish Outdoor Centre, Aviemore, PH22 1QU	Pending Consideration
Replacement of caravan with chalets	Pine Bank Chalets, Dalfaber Road, Aviemore, PH22 1PX	Permission Granted
Replacement of flat roof to incorporate hotel kitchen, office, store and maisonette flat	Ossian Hotel, The Brae, Kincraig	Permission Granted
SPEY VALLEY (Those shaded in grey signify larger-scale projects)		
Construction and development of caravan site (20 pitches);	Parkmore Farm,	Permission Granted
New holiday park (28 units);	Tommore Mill, Ballindalloch	Permission Granted
MORAYSHIRE COAST (Those shaded in grey signify larger-scale projects)		
12 static caravans and 8 touring caravans	Seaview Caravan Park, Kinloss	Permission Granted
11 additional static caravans	Burghead Caravan Park, Burghhead	Permission Granted
16 static caravans	Findhorn Sands Caravan Park	Permission Granted

APPENDIX II

Properties Apparently Ceased Trading in Recent Years

PROPERTIES APPARENTLY CEASED TRADING IN RECENT YEARS							
Property Name	**City**	**Post Code**	**Type**	**Zone**	**No of Units**	**No of Rooms**	**Sleeper Total**
Glen B&B, The	Drumnadrochit	IV63 6TX	B&B	Loch Ness	1	0	0
Ness View Cottage	Inverness	IV2 6XR	B&B	Loch Ness	1	1	2
Woodlands Guest House	Drumnadrochit	IV63 6UJ	B&B	Loch Ness	1	3	6
Glen Urquhart - Cub Chalets	Drumnadrochit	IV63 6TN	S-Catering	Loch Ness	1	1	2
Glenurquhart Lodges	Drumnadrochit	IV63 6TJ	S-Catering	Loch Ness	5	15	30
Riverside B&B	Fort Augustus	PH32 4	B&B	Loch Ness	1	0	0
Dunmhor Guest House	Kingussie	PH21 1HX	B&B	Badenoch & Strathspey	1	5	9
Firhall Guest House	Grantown on Spey	PH26 3LD	B&B	Badenoch & Strathspey	1	2	4
Rowan (Closed)	Kingussie	PH21 1	B&B	Badenoch & Strathspey	1	0	0
St Helens	Kingussie	PH21 1JX	B&B	Badenoch & Strathspey	1	1	4
Speyside Leisure Park	Aviemore	PH22 1PX	Caravan	Badenoch & Strathspey	70	0	0
Abernethy Bunkhouses - Nethy House	Nethy Bridge	PH25 3DN	Exclusive Use Venue	Badenoch & Strathspey	1	0	67
Alder Lodge	Newtonmore	PH20 1EA	Guest House	Badenoch & Strathspey	1	0	0
10 Corbett Place	Aviemore	PH22 1NZ	S-Catering	Badenoch & Strathspey	1	2	4
Avielochan Farm Cottages - Lochside	Aviemore	PH22 1QD	S-Catering	Badenoch & Strathspey	1	2	4
Balgowan House (Kilburnie Lettings)	Newtonmore	PH20 1BS	S-Catering	Badenoch & Strathspey	1	5	10
Balliefurth Wood Cottage	Grantown-on-Spey	PH26 3NH	S-Catering	Badenoch & Strathspey	1	3	6
Ben Cottage	Nethy Bridge	PH25 3DS	S-Catering	Badenoch & Strathspey	1	1	2
Broomieknowe Cottage	Grantown-on-Spey	PH26 3PA	S-Catering	Badenoch & Strathspey	1	1	2
Derraid Holiday Cottage	Nethy Bridge	PH25 3EJ	S-Catering	Badenoch & Strathspey	1	3	5
Failte & Kangie	Grantown on Spey	PH26 3EN	S-Catering	Badenoch & Strathspey	2	4	9
Juniper Cottage	Nethy Bridge	PH25 3DE	S-Catering	Badenoch & Strathspey	1	0	0
Loch A'an	Aviemore	PH22 1TA	S-Catering	Badenoch & Strathspey	1	2	4
West Gorton Cottage	Grantown-on-Spey	PH26 3NT	S-Catering	Badenoch & Strathspey	1	2	4
Cnoc Uaine	Dingwall	IV7 8GY	B&B	Black Isle / Cromarty Firth	1	0	0
Dun Eistein Country Cottage	Dingwall	IV7 8HS	B&B	Black Isle / Cromarty Firth	1	0	0
Fiveways B&B	Muir of Ord	IV6 7RY	B&B	Black Isle / Cromarty Firth	1	0	0
Pitcalzean House	Tain	IV19 1QT	B&B	Black Isle / Cromarty Firth	2	13	32
Targemaker B&B	Inverness	IV1 3XN	B&B	Black Isle / Cromarty Firth	1	0	0

PROPERTIES APPARENTLY CEASED TRADING IN RECENT YEARS							
Property Name	**City**	**Post Code**	**Type**	**Zone**	**No of Units**	**No of Rooms**	**Sleeper Total**
Pavillion, The	Evanton	IV16 9UX	S-Catering	Black Isle / Cromarty Firth	1	0	0
Tigh Romch	Beauly	IV4 7BA	S-Catering	Black Isle / Cromarty Firth	1	1	4
Dallaschyle	Nairn	IV12 5XS	B&B	Greater Inverness	1	0	0
Rhuallan Sheling	Nairn	IV12 5ED	Caravan	Greater Inverness			
Connel Court Apartment	Inverness	IV2 3EY	S-Catering	Greater Inverness	1	2	4
Cuchullin Lodge	Inverness	IV2 4HQ	Small Hotel	Greater Inverness	1	0	0
Schiehallion	Fort Augustus	PH32 4DA	B&B	Loch Ness	1	0	0
Cumberland's Campsite	Fort Augustus	PH32 4BG	Caravan	Loch Ness	50	0	0
Rhuba Bhan Caravan Site	Drumnadrochit	IV63	Caravan	Loch Ness			
Crianlarich Cottage	Fort Augustus	PH32 4DG	S-Catering	Loch Ness	1	3	6
Maes Howe	Drumnadrochit	IV63 6UP	S-Catering	Loch Ness	1	0	0
Meiklie Lodge	Drumnadrochit	IV63 6TJ	S-Catering	Loch Ness	1	4	7
Torcroft Lodges	Drumnadrochit	IV63 6TJ	S-Catering	Loch Ness	4	6	12
Marcassie Cottage (West Wing)	Forres	IV36 2RH	B&B	Moray Coast	1	1	2
Old Mills Garden	Elgin	IV30 1QE	B&B	Moray Coast	1	2	4
Burghead Beach Caravan Park	Elgin	IV30 5UN	Caravan	Moray Coast	20	0	0
Portknockie Caravan Park	Buckie	AB56 4NA	Caravan	Moray Coast			
Gordon Arms Hotel	Fochabers	IV32 7DH	Hotel	Moray Coast	1	17	30
Gamekeepers Cottage	Elgin	IV30 5YB	S-Catering	Moray Coast	1	0	0
Old Net Store, The	Buckie	AB56 4	S-Catering	Moray Coast	1	2	4
Old Post Office, The	Buckie	AB56 4	S-Catering	Moray Coast	1	2	4
Knockomie Hotel	Forres	IV36 0SG	Small Hotel	Moray Coast	1	15	30
Craighead Bed & Breakfast	Ballindalloch	AB37 9DR	B&B	Spey Valley	1	0	0

APPENDIX III

Web Directories Reviewed

MAIN WEBSITES REVIEWED	
www.a1tourism.com	www.milford.co.uk
www.a1touristguide.com	www.nethybridge.com/html/wheretostay/index.php
www.aboutscotland.com	www.newtonmore.com/places-to-stay.html
www.accommodation.uk.net	www.nts.org.uk
www.alness.com/where-to-stay-in-Alness	www.organicholidays.co.uk
www.ample-cottages.co.uk	www.places2stay.co,uk
www.assc.co.uk	www.preferedplaces.co.uk
www.bed and breakfast-directory.co.uk	www.premiertravelinn.com
www.black-isle.info/cats.asp	www.receptionbell.com
www.boatofgarten.com/accom/	www.roomfinderscotland.co.uk
www.britinfo.net	www.sawdays.co.uk
www.budgetstayuk.com	www.scotfarmhols.co.uk
www.carrbridge.com/Accommodation.htm	www.scotia-sc.com
www.celticcastles.com	www.lodging-world.com
www.city-visitor.com	www.mackays-self-catering.co.uk
www.cottages-and-castles.co.uk	www.melville-properties.co.uk
www.countrycottagesonline.co.uk	www.milford.co.uk
www.discoverscotland.net	www.nethybridge.com/html/wheretostay/
www.elginaccommodation.co.uk/	www.newtonmore.com/places-to-stay.html
www.elginscotland.org/aboutelgin/	www.nts.org.uk
www.expedia.co.uk	www.organicholidays.co.uk
www.farmhouseaccommodation.co.uk	www.scotland2000.com
www.farmstayuk.co.uk	www.scotlandholidayhomes.com
www.forresweb.net	www.scotlandsbestbandbs.co.uk
www.forresweb.net/accommodation.html	www.scottishaccommodationindex.com
www.fortaugustus.net/accommodation.html	www.scottishcountrycottages.co.uk
www.fortaugustus.org	www.scottishholidays.net
www.grantown.co.uk/tostay.htm	www.seasidecottages.co.uk
www.guest-houses-scotland.com	www.selfcatering-directory.co.uk
www.highlandaccommodation.com/	www.sleepinn.com
www.holidayapartments.co.uk	www.smoothhound.com
www.holidayelite.co.uk	www.sportinglets.co.uk
www.holidaylets.net	www.statelyholidayhomes.co.uk
www.holidays-scotland.co.uk	www.theaa.com
www.hoseasons.co.uk	www.travelocity.com
www.hotels.uk.com	www.travelodge.com
www.ichotels.com	www.undiscoveredscotland.co.uk
www.invernessguesthouseassociation.co.uk	www.visit-alness.co.uk/Accommodation/
www.johansens.com	www.visitbeauly.com/accommodation.php
www.landmarktrust.org.uk	www.visitblackisle.co.uk/
www.lastminute.com	www.visitdrumnadrochit.com/
www.laterooms.com	www.visitgrantown.co.uk/
www.lhhscotland.com	www.visitlochness.com
www.littleholidayhouses.com	www.visitscotland.com
www.lodging-world.com	www.vivat.org.uk
www.mackays-self-catering.co.uk	www.wildernesscottages.co.uk
www.melville-properties.co.uk	www.wolseylodges.com

APPENDIX IV

Operator Survey Questionnaire Example

INVERNESS AND MORAY ACCOMMODATION AUDIT 2011

Tourism Resources Company have been commissioned by Highlands and Islands to undertake an area-wide audit of tourism accommodation in the Inverness and Moray area. The following questionnaire is being used to help us profile the sector and provide data to inform future development and promotion of the area. We appreciate that this is a particularly busy time of the year but we would be grateful if you could take the short time needed to complete this questionnaire.

As with all TRC audits, all individual information and responses will remain fully confidential. The findings of the survey will be aggregated to provide average data. [TRC complies fully with the Data Protection Act (1998)].
Should you have any questions or would prefer to discuss your input by telephone, please do not hesitate to contact Iain Macfarlane of TRC on 0141 353 1143. Thanks for your help.

HIE
Highlands and Islands Enterprise
Iomairt na Gaidhealtachd 's nan Eilean

TOURISM RESOURCES COMPANY
Management Consultancy and Research Services

1. **Please indicate the type of establishment you operate?**

- O *Hotel / Small Hotel / Country House Hotel*
- O *Guest House / Bed & Breakfast*
- O *Inn / Lodge / Restaurant with Rooms*
- O *Other*

If Other, please specify

2. **Please enter:**

Name of your establishment, location and postcode.

Name and position of person completing survey.

3. **Please indicate the total number of letting bedrooms you currently offer.**

4. **Please indicate the total number of letting bed spaces you currently offer.**

5. **Which months / periods, if any, do you normally close / are not open for business?**

6. **What is your tariff for room and breakfast inc VAT for a ......?**

Double Room in High Season	£	
Double Room in Low Season	£	
Single Room in High Season	£	
Single Room in Low Season	£	

7. **What ROOM occupancy levels did you achieve (%) in...**

2010	%	
2009	%	

8. **What BED occupancy levels did you achieve (%) in...**

2010	%	
2009	%	

9. **What proportion of your twin / double rooms are sold to two people to share (as opposed to being let for single occupancy)? (%)**

10. **Please indicate your market demand mix in 2010 (sources of demand for rooms sold) - in percentage form. Please ensure the total is 100%.**

Leisure Demand	%	
Business Related Demand (Business People / Conference Related)	%	
Other Demand	%	
If other, please specify.		

11. **Where do your guests come from? Please provide an estimate of percentage mix.**

Scotland	%	
Other UK	%	
Europe	%	
North America	%	
Other	%	
If other, please specify.		

12. **What is the average length of stay (in nights) of the following...**

Leisure Tourists	
Business Tourists	

13. a) In the past three years the demand for accommodation that you have experienced has seen...

- ○ *Demand for accommodation increase*
- ○ *Demand for accommodation remain much the same*
- ○ *Demand for accommodation decrease*

b) What in your opinion has caused this change?

14. **a) In the last three years has there been any change in the market demand mix for your accommodation facilities?**

- ○ *Yes*
- ○ *No*

b) What has changed? eg more leisure tourists, conference or business-related demand?

15. **In the past two years have you ever had to decline bookings?**

- ○ *Yes*
- ○ *No*

If yes, during which months / periods does this occur?

What causes these spikes in demand?

16. **If possible please indicate your average achieved annual room rate? ie. Total rooms revenue (less cost of breakfast and VAT) divided by the total number of rooms <u>sold</u> per year.**

2010 £

2009 £

<u>**OR**</u> **If possible please indicate your average achieved annual room rate? ie. Total rooms revenue (less cost of breakfast and VAT) divided by the total number of rooms sold per year.**

2010 £

2009 £

17. **How do you view business prospects over the next three years?**

- ○ *Very optimistic*
- ○ *Fairly optimistic*
- ○ *Not very optimistic*
- ○ *Not at all optimistic*

What changes do you anticipate and in what markets?

18. What do you think would help your business achieve greater success and achieve more demand for your accommodation facilities, over the next few years?

19. What do you think would help the Inverness / Moray area, achieve greater success and encourage more demand for accommodation in the area, over the next few years?

20. GENERAL COMMENTS - If you have any further feedback or issues you wish to raise please feel free to use the space below.

To complete the survey please press the submit button below.

Thank you for your time and again apologies for requesting this information during the high season.

TOURISM RESOURCES COMPANY
Management Consultancy and Research Services

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APPENDIX V

Highlands Occupancy Data (VisitScotland & TNS Survey)

OCCUPANCIES FOR HIGHLANDS

HOTEL ROOM OCCUPANCY					
Month	Room Occupancy Percentage				
	2007	2008	2009	2010	2011
January	42	49	35	27	34
February	47	50	44	44	42
March	46	50	42	42	42
April	54	55	57	52	57
May	68	64	68	67	67
June	74	68	72	77	76
July	78	74	80	81	82
August	84	79	86	87	86
September	74	69	72	76	
October	60	59	54	60	
November	47	46	41	44	
December	39	36	37	28	
Annual Average	**60**	**59**	**58**	**58**	
Scottish Annual Average	**65**	**64**	**64**	**63**	

Sample: 2009/10 between 23 and 36 respondents **Source:** VisitScotland

GUEST HOUSE / B&B ROOM OCCUPANCY					
Month	Room Occupancy Percentage				
	2007	2008	2009	2010	2011
January	14	19	27	22	17
February	19	22	28	35	23
March	19	28	26	25	18
April	36	31	45	37	42
May	56	60	65	61	60
June	60	75	69	72	69
July	67	71	74	74	74
August	78	77	81	80	80
September	59	63	61	60	
October	38	46	40	38	
November	22	27	24	30	
December	20	33	26	23	
Annual Average	**39**	**37**	**50**	**50**	
Scottish Annual Average	**47**	**46**	**48**	**46**	

Sample: 2009/10 between 32 and 47 respondents **Source:** VisitScotland

HOSTEL / BOTHY BED OCCUPANCY					
Month	**Bed Occupancy Percentage**				
	2007	**2008**	**2009**	**2010**	**2011**
January	9	12	12	11	13
February	18	18	21	20	21
March	23	35	20	22	21
April	38	34	46	39	50
May	53	53	61	52	46
June	53	56	53	49	55
July	63	61	62	61	52
August	67	68	69	63	59
September	46	43	46	43	
October	30	29	33	29	
November	16	12	12	11	
December	17	15	17	13	
Annual Average	**37**	**37**	**39**	**35**	
Scottish Annual Average	**44**	**45**	**45**	**42**	

Note: Hostel / bothy occupancy is reported by VisitScotland as either Highland versus Lowland areas or urban versus other. The consultants consider 'Highland' to best reflect this area's performance.

Source: VisitScotland

SELF-CATERING UNIT OCCUPANCY					
Month	**Unit Occupancy Percentage**				
	2007	**2008**	**2009**	**2010**	**2011**
January	27	30	24	28	31
February	38	38	39	40	35
March	41	44	37	38	33
April	61	57	63	61	56
May	72	70	77	72	58
June	76	71	77	78	56
July	85	80	86	82	76
August	87	85	88	81	70
September	80	70	76	72	
October	68	61	62	57	
November	35	29	40	31	
December	34	36	37	31	
Annual Average	**60**	**56**	**59**	**57**	
Scottish Annual Average	**54**	**52**	**52**	**51**	

Source: VisitScotland

HOLIDAY / TOURING PARK PITCH OCCUPANCY					
Month	**'All Pitch' Occupancies – Highland and Islands**				
	2007	**2008**	**2009**	**2010**	**2011**
April	18	17	28	24	29
May	43	43	45	48	49
June	46	46	47	57	54
July	61	61	60	56	57
August	60	55	64	57	51
September	43	37	33	41	
October	17	18	18	18	
Season's Average	**41**	**41**	**43**	**43**	
Scottish Seasonal Average	**45**	**45**	**45**	**47**	

Source: VisitScotland

APPENDIX VI

Intermediary Consultees

CONSUMER RESEARCH / INTERMEDIARIES

INTERMEDIARIES 'CONTACTED' AS PART OF THE RESEARCH PROGRAMME			
Local Businesses	**Hotel Booking Agents**	**Conference & Event Organisers**	**Conference & Event Organisers (cont)**
Albyn Housing Association	Angel Fish	1st events	The finishing touch
Archial Architects	Chardon Sales & Marketing	20-20 Productions Europe Ltd	Travel Scot World Limited
Atmos Consulting	Classic Britain	88 Events Company	Utopia Scotland
AWS Ocean Energy	Concorde (Congrex)	ABC Events	View Marketing
BBM Solicitors	Connoisseurs Scotland	Acorn Events	Zibrant
Be Personnel Ltd	Easy Breaks	Andrew Burnet & Company	**Tour Operators**
Blue Arrow	Easyways	Angela Stewart Creative	3D Golf
Brewin Dolphin	Expotel	Audrey fenton Events	A W Eastons Coaches Ltd
British Waterways	Henderson Travel	Big Bright Star	Abbey Tours
Brook Street	Funkeydoos	Blue Apple Events	Adventures in Golf
BT	Hamilton Scott	BlueSky Experiences	Angela Holidays
Chillwind	Hotel Beds	Cashel Travel Scotland	Anglo American Travel
Clydesdale Bank	Hotel Connexions	Catalyst Event Production	Bakers Dolphin
CRGP Ltd	Hotelink (UK)	Conference Care UK	Best of Scotland Holidays
Development Partners Ltd	Just One Hotel	Crescent Events	Bowen Travel Ltd.
Diageo	Key Reservations	CTC	Bruce's Highland Tours
Falck Renewables	Meeting Makers	Etes Scotland Ltd	Cooks Coaches
Food Certification International	Online Booking Ltd	EuroWelcome Scotland	Crusader Holidays
G&H Johnston	Room Centre	Event Consultants Scotland	David Urquhart Travel
Gordon and McPhail	The Circle	Eventcore Scotland Ltd	Diamond Holidays
Global Energy Group	Unique Cottages	Events in Partnership	Elcock Reisen
Highland Eventz	Self Catering Agencies	ExecSpace Ltd.	Epsom Coaches
Highland Opportunities	Dickins	Experience Scotland Conference & Incentives	Fitzcharles Coaches
Highlands and Islands Airports Ltd	Cottages & Castles	Extratime Event Management	FruitSalad Events Ltd
HSBC	Mackays Self-Catering	Executive Golf and Leisure	Discovery Travel
Inverness College	NTS	First City Events	Your Golf Travel
Johnston's of Elgin	Hoseasons	FruitSalad Events	Haggis Adventures
Keltic Seafare	Wilderness Cottages	Fusion Group UK	Real Scottish Journeys
Keppie Design	Unique Cottages	George Walker Event Management	Hello Scotland Ltd
Lifescan	Scottish Farm Holidays	Hello Scotland	Hemmings Coaches
Millard Consulting	Celtic Castles	Helmsbriscoe	Highland Experience Tours
Moray Firth Training Group	Great North Lodges	Henri Forman Event management	Highland Explorer Tours
Morrison Construction	Inverness and District B&B Association	Highland Wedding Belles	Highland Heritage
PDG Helicopters	Inverness Guest House Association	Highland Country Weddings	Highlandtours.com
Port Service Engineering	Sykes Cottages	Highland Functions	Hookways Holidays
Press and Journal		Hilltop Events	K V & K L Slack Limited
RAF Lossiemouth		i2detail events	Laver Holidays
RJ McLeod		In Conference Ltd	Lochs & Glens
Royal Bank of Scotland		Intelligent Events	Memory Lane Holidays & Travel
Ryden's		K&N Travel Associates	North British Tours
Solution X		Kenes UK (formerly Confab)	Osprey Coaches
SRS		Kyles on Scotland	PerryGolf
Synergy Scotland		Lean & Green Event Experts	Rabbies
UHI		Maximillion	Scotline Tours
William Gray Construction		MCI Glasgow	Shaws Coaches
		No Fuss Events	Sherwood Travel
		Panorama	Sightseeing Direct
		Prime Events	Simpson's Coaches
		Roselle Events	Skills Holidays
		Sally Mayell Event Mgt	Skinners of Oxted
		Scotland Tours & 1st Events	Strathmore Travel
		Spectra in Scotland	Timberbush.com
		Starkevents	Ulsterbus
		TFI Meeting Point	Whytes Coaches

APPENDIX VII

Intermediary Research Findings

VIC / TIC CONSULTATIONS

Completed Consultations

5 VICs were contacted, 5 surveys were completed.

Does your company / organisation book overnight accommodation in the area? Is involved in similar fields?

All VICs are involved in booking overnight accommodation. Although the focus is on the local area the VICs can book anywhere in Scotland.

Which hotels / type of accommodation does your company tend to use?

Generally, all those that are quality assured with VisitScotland but mainly bed and breakfast, guest houses, self-catering, hotels and Hostels.

The Aviemore VIC does not book as many hotels and has a focus on self-catering lets.

The Fort Augustus TIC focuses mainly on bed and breakfast, guest houses, self-catering, hotels and hostels.

Do you make regular use of particular properties?

All providers registered with VisitScotland are used according to availability, price and customer requirements. Local staff has local knowledge to match customers requirements to provision.

What quality / facilities are sought?

Most common are en-suite, 3-4 Star, breakfast included and a TV in room. More people are starting to look for (free) WiFi or Broadband. Aviemore VIC noted that en-suite rooms are one of the top priorities as well as disabled facilities and WiFi. Fort Augustus and Inverness noted en-suite rooms and general 3 Star requests. Moray also noted the importance of pet friendly accommodation provision.

What are your opinions on existing provision of accommodation (hotels, etc)?

The national contact centre noted that all VisitScotland properties are quality graded and do tend to remain competitive. They also noted there is adequate provision of varying types and quality in this area at the moment.

Aviemore VIC noted there does not seem to be many lower priced hotels that are with VisitScotland and single rooms are also in short supply. Finding accommodation for a family room for two adults and three children can also be a problem as most of them cater for four. There is also a lack of dog friendly properties in Aviemore but more choice in surrounding villages.

In the Fort Augustus area there is a shortage of registered accommodation. All registered accommodation is quality assured so is of a reasonable quality. Costs are fairly reasonable and most have good locations near or in the village. Strengths are that they can be assured of a reasonable volume of bookings from the VIC network and they have a wealth of experience to call upon from the staff and business relations managers in VisitScotland. This should give them an edge over non-registered accommodation. Weaknesses are that they are in a highly competitive market which can fluctuate dramatically throughout the year. This makes their businesses very vulnerable.

In terms of Inverness it was felt that throughout most of the year there appears to be adequate provision, however with the seasonal nature of the business there are times when this is not the case.

Moray noted that accommodation can be in short supply during the peak season. Providers do not always update their availability on the booking system, therefore a number of phone calls can be made before finding one that can accommodate our visitors. There could be more hostel accommodation and budget price B&B providers to cater for active holidaymakers who do not want extras just good clean basic accommodation.

At what time of the year do you book accommodation?

All year but tourism noted as seasonal.

Have you ever experienced any difficulties in booking accommodation in the area - if so, when (time of year)?

Generally peak seasons and weekends are difficult. Towards the end of July and the first weeks of August the VICs find great difficulty in obtaining accommodation to meet the needs of customers. New Year is also a particular busy time in Aviemore. Also when there are major events being held such as Rockness or the Scottish Open golf.

How much, if any, of your business goes elsewhere because the area does not have suitable facilities or availability of rooms?

All VICs usually manage to get customers where they want, in Inverness at peak season they may have to settle for something a mile or two from the City centre rather than directly in the City centre, or escalate their budget to get City centre location.

Aviemore noted that if accommodation cannot be sourced in the area and visitors have to go outside the town but this can also be difficult to find in the height of the summer.

Fort Augustus noted a large volume of business is lost as the small volume of local registered accommodations fill up very quickly and visitors have no choice other than to look for non-registered accommodation although the VIC does get some who would rather book registered properties in other areas than go to the non-registered ones.

How much do you usually pay / or anticipate paying for bedroom accommodation for visitors in the area? (B&B, Other)

The prices vary hugely depending on accommodation type, location, facilities, breakfast or dinner included and obviously time of year.

In Aviemore this depends on the time of the year, not many are below £30 per person B&B, in August it can go up to around £45 per person.

In Fort Augustus generally visitors pay between £25 and £35 per person per night for B&B, an average of £30 sounds reasonable although there are some who get nearer the £40 mark.

Inverness VIC noted £30 for a 3 star B&B which can rise during peak times and Moray noted the majority of visitors are looking to pay between £30 to £40 per person per night.

CONFERENCE AND EVENT ORGANISER CONSULTATIONS

Completed Consultations

59 companies were contacted, 13 telephone surveys were completed.

Current Usage

The majority of events and conference centres around Inverness City and Aviemore, and to a lesser extent the Moray coast. The types of events vary from one-off conference and awards to incentive schemes and corporate team building activities. There was also reference to golf-related tourism driven by the attraction of Dornoch, Nairn and more recently Castle Stuart. Wedding planners were also consulted but these tended to focus on small country house hotels or exclusive country retreats.

In many cases the business conferences and events are being marketed to firms which generally use other city destinations such as Edinburgh and London. However, a few organisers noted that Inverness, and the Highlands is becoming a popular venue for conferences and corporate events. Much of this demand is being encouraged by public bodies [such as VisitScotland's Business Tourism Unit (BTU)] and the organising firms themselves.

A number of businesses noted they had been on trips and events with the BTU to help promote the location as a convention destination. The majority of accommodation was listed as 4 Star and 5 Star with a number of requirements for country houses and exclusive use properties.

Rating

The vast majority of respondents did not have any issues with the availability of appropriate facilities, largely because the events / conferences have a long lead in time and therefore deals can be struck early with accommodation providers. One consistent issue across almost all respondents was the lack of 4 Star and 5 Star accommodation in and around Inverness, and the lack of resorts and leisure facilities.

In terms of golf tours, it was noted that there was currently good accommodation provision in terms of the Kingsmills, Culloden House Hotel and Glenmorriston but the area was in need of a resort. The international golf tourist is becoming increasingly aware of the Highland courses – notably Nairn, Dornoch and Castle Stuart.

Golf tours are now more than just an overnight stay in the Highlands but increasing to 2 and 3 days. Most other golfing areas (Fife, Perthshire, Ayrshire, East Lothian) have large resort facilities but Inverness and the Highlands has yet to attract a major resort. There is no 5 Star to meet the needs of international visitors, other than Skibo Castle which is a members only hotel.

Aviemore was noted as having the opportunity to be a successful large event / conference destination but a number of businesses have been let down by poor quality and a lack of experience of dealing with conference requirements – ie the resort can accommodate 800 delegates but cannot sleep that many, plus logistics are poor and quality / service can be disappointing.

Moray and the Whisky Trail was noted as a possible area of growth but lacked a reasonably sized 4 or 5 Star hotel. A number of major PLCs have a presence in the area but tend to stick to the two or three main 4 Star hotels in Inverness, or smaller country house hotels. There is no genuine 5 Star hotel.

It was recognised that new higher quality products were coming on-stream such as the Rockpool, Glenmorrison and the new Drumossie. However, it was noted that continued investment was required to ensure the location remains competitive. The area competes with easier to reach locations in the central belt and it can be hard to encourage businesses to the area because of journey times and costs.

Availability

This was not seen to be a major problem although it was noted that the high peak season can play problems if clients do not provide enough lead in time.

Changing Behaviour

Generally, more businesses are looking for incentives and value for money. European businesses are looking for considerable discounts and North American are looking for value for money in terms of the overall package such as concierge service, free transport to golf, events and generally a good knowledge of the local area.

Businesses are seeking discounts especially considering the challenge in getting to the area. Although it is recognised that the natural beauty and the ability to undertake a range of outdoor activities is an increasing factor in selecting Inverness and the Highlands as a business destination.

The large conferences are mainly driven by businesses which have a stake / office / factory in the area. There are smaller group and incentive events but very little evidence that the location is attracting one-off major conventions.

Golf trips are increasing as a result of Castle Stuart; golfers are also looking for evening entertainment in the form of traditional pubs and bars. Catering for more golfers requires more high quality accommodation provision and a varied selection of bars and restaurants.

Shortcomings

Other than the resort in Aviemore, the Eden Court was noted as the key conference venue in the area, and it could be marketed better. There was a need for better ‘dining experiences’, ie art galleries and distilleries as venues etc. The Whisky Trail was noted as a potential key corporate event activity but this does not seem to be targeted to corporate but focused on leisure visits.

The location and access is a major deterrent to the growth of the corporate market. Many firms stick with St Andrews, Gleneagles, St Andrew’s and Edinburgh. More incentives and marketing is required to support Inverness – this is being targeted and organisers are starting to see demand shift north.

More air routes into Inverness and Aberdeen is helping – and these are seen by many as business 'lifeline' routes – especially those to major gateway airports. Businesses are increasingly looking at longer and split-stay trips and therefore there is scope to have 2 days in Edinburgh and 2 days in Inverness and the Highlands. To ensure this continues there is a need to have higher grade and larger hotels / resorts, plus a range of 'experiences' and 'activities'/'events'. There was reference to poor service from poorly trained staff.

Wedding organisers noted that demand is strong and bookings have been resilient over the past two years. Venues are in ample supply but standards were noted as being poor and more could be done by VisitScotland to market the area and supply information to intermediaries.

The Future

The area has a significant 'pull' and certain firms noted that 'the Highlands' is requested by a large number of potential business and tour groups. However, the draw of the natural beauty / history is tempered by the lack of higher quality and larger venues and resorts. There needs to be leisure facilities and better access, including air routes to this location. The Whisky Trail offers a real opportunity but this is focused on leisure markets. Golf tourism is increasing, stay and spend continue to increase and a genuine 5 Star is needed.

Smaller conference and corporate events (notably incentive schemes) seem to be popular and the organisers expect these to continue but the scope for larger events is limited due to (1) location and (2) lack of appropriate accommodation.

The public sector were recognised as being proactive and supportive in terms of marketing the area and more could be done to encourage the development of higher quality accommodation. It was noted that the market has been very difficult with 2010 being the worst for many years but 2011 and 2012 are showing signs of growth.

HOTEL BOOKING AGENTS CONSULTATION

Completed Consultations

21 companies were contacted, 7 telephone surveys were completed.

Current Usage

Although there were a number of companies who have an active interest in the Inverness / Moray location, there were also a number of agents who did not have any involvement in this location. The focus for many hotel booking agents was on the City of Inverness. In terms of the rural hinterland there was no reference of the Black Isle and the Moray Coast but consultees did note an involvement with Loch Ness, Aviemore and Spey Valley.

The demand generator at Inverness was noted as business tourism, including Government Department demand, largely due to its location as the ‘capital’ and administrative centre of the Highlands and Islands.

In terms of ‘hotels’, the consultation uncovered that leisure tourists also focus on hotel provision in Inverness, it was noted that there may be cases when hotels are booked outside Inverness but this was mainly due to the shortage of availability in Inverness during peak periods (July and August plus when there are national events being hosted locally).

Rating

Inverness was not regarded as a major city break destination, although certain agents market the City alongside Glasgow and Edinburgh in their promotions. The City suffers from acute seasonality, where in a number of cases it was mentioned that the year-round business demand is ‘crowded out’ in peak summer periods.

Generally most respondents noted that availability was not a problem other than June, August and September. The effect of high seasonal demand was noted as a concern in driving up prices, especially for business tourist who visit the area all year round. Prices were noted as being inconsistent and varied significantly according to seasonal demand.

A number of agents noted the detrimental effect that the major tour / coach operators were having on rural hotels. Agents noted that tour operators were known to ‘block book’ rooms, and in some cases purchase hotels. This enabled them to increase their margin through charging a premium to customers but not passing this onto the accommodation provider. It was noted that this then resulted in a low (poor) standard of service and provision, thereby devaluing the overall tourism offer.

It was also felt that the area had not modernised during the growth years, especially compared to other cities. Respondents felt the quality was still relatively low and service could also be a problematic issue, notably in regard to overseas / Eastern European staff issues driven by low wages and poor training. A concern raised was the low level of quality stock, it was noted that this may have worsened as a result of the weak economic climate – standards were noted to be dropping by one agent.

Availability

On the whole, the City hotel focus was seen as adequate but suffers from severe peak demand issues which then resulted in inconsistent service and price – this is a recognised issue for the busy corporate market. Accommodation can be found in peak periods but is usually available (1) outside the City and / or (2) in lower quality or higher price bands.

Changing Behaviour

The key finding was that clients were now booking much later and looking for more deals and discounts. Deals are welcomed and remain very popular with clients. Cabin and Lodges are becoming popular in Spey Valley and Loch Ness as is event based tourism (notably the forthcoming Loch Ness Marathon and the recent Scottish Open golf tournament). Leisure tourists are increasingly selecting their destination based on the nearby facilities on offer, many related to outdoor activities such as cycling, walking, skiing and golfing.

Shortcomings

There was a clear leaning towards Inverness as the City and Highland's capital – plus other locations are easily accessible from the City. Inverness is seen as a useful base for those working and visiting the general Highlands region. There was a very low level of demand and knowledge of the other sub-areas / destinations. There is a shortage of a 'proper' 4 Star city hotel(s) and there is recognised shortage of hotels which have leisure facilities, notably spas.

It was recognised that high value / quality country house hotels do exist and can be found but the general 4 Star stock is limited in the City and not of an appropriate standard considering the peak rates.

The area suffers as it is isolated from major population centres, coupled with cost of fuel, journey times and perceptions about the weather. Generally, hotel agents felt the potential growth of the area was limited to the current market demand.

The Future

There needs to be more marketing of the area, quality needs to improve – both to the built fabric but importantly the service standards. Service standards have been adversely affected by the cut-throat tour operators and the focus on cheap foreign labour – who are lowly paid and poorly trained.

The wider Inverness City Region 'destination' was not being marketed well enough and is relying on a standard market demographic which is largely tour operator related and peak period focused. More needs to be done to attract new market opportunities, and this will require better quality rooms, facilities and service. Supporting year round business demand was also noted as being critical to the area's economic future.

Many agents noted demand has been low this year and confidence remains subdued but this is consistent across many locations. Events, such as the Scottish Open / Rockness / Marathon etc, were seen as successful initiatives and encouraged accommodation providers to invest in marketing and their facilities.

TOUR OPERATOR CONSULTATIONS

Completed Consultations

47 companies were contacted, 14 telephone surveys were completed.

Type / Size

All the tour operators consulted had operated tours in the Highlands and specifically in and around the Inverness and Moray area. The tours varied by type, frequency, duration and location. Many non-respondents were local companies which focused on running tours south out of Inverness. A number of the tour operators had historic views or perceptions of the accommodation as they had not operated a tour for a number of years or only operated infrequently in the area.

No tour operator had organised a specific tour of Inverness and Moray, many of the tours either went through the area with an overnight stop or visited the area but did not include an overnight stay. Although a popular location it was part of a wider route taking in other key stops including the National Park, Loch Ness, Spey Valley and the west coast.

In summary, the tour companies were split between the small bespoke or niche tour operators, group operators focused on backpackers through to coach holidays focused on the retirement market. In terms of tour size, this was generally governed by the type and capacity of transport used, in many cases this was noted as around 40-50, ie a coach load – or around 12-15, or a minibus load. There was also smaller specialised tours for 2-6 people using cars.

Frequency

The majority of tours generally occurred in the Easter – October period, with a preference for summer months. The coach tour firms noted they would operate one or two visits to the Highlands per year, whereas the smaller Scottish (Edinburgh / Central Belt) based operators ran tours on a more frequent or weekly basis. The bespoke tours, generally tours of up to six people, were dependent on demand and the requirements of overseas clients.

In terms of geographic focus, there was a focus on the City and Loch Ness as destinations although there was also reference to Strathpeffer, Kingussie / Newtonmore and the Moray coast.

Accommodation Used

The coach market tends to book larger low grade (2-3 Star) hotels in Inverness and en route to Inverness, ie Kingussie and Newtonmore. Specific hotels included the Palace, Thistle and Alexandra hotels in Inverness. The coach companies tended to focus on hotels which they had used in the past and provided a standard service, estimated by one operator to be around £45 dinner bed and breakfast. The main reason for use was consistency and value, plus the ability to source discounts due to the size of the tour.

The bespoke market focusing on smaller special interest groups tended to focus on high end country houses and local hotels – such as Bunchrew Hotel, Craigellachie and the Boat of Garten hotels. It was noted that many of the bespoke tours were for discerning tourists who have high disposable incomes and are looking for a higher quality standard throughout their tour, from transport, hotel, food and tour guide. The main factor driving their decision to tour the area was its rich natural heritage and scenic beauty but also a focus on quality facilities and service.

The tours tailored for younger groups and backpackers focused on B&Bs, bunkhouses and hostels, such as MacBackpacker and the Highland Hostel. Economy, budget and fun were noted as the main reason for booking certain accommodation types.

Accommodation Requirements

Generally the coach tours were looking for mid-range large hotels which were well served in terms of connections, parking and of reasonable value. In terms of size the coaches tend to look for 20-22 double rooms and a small number of single rooms. Dinner and bed and breakfast is required and discounting is a key factor in selecting a hotel.

The bespoke tours tend to be well organised and have long lead times and therefore focus on high quality standard hotels which are traditional and offer an insight to the local history and knowledge of the area. Usually only a small number of large bedrooms are required.
Backpackers and younger tour groups tend to focus on the City centre hostels and B&Bs which are extremely busy in the summer months but the tour companies have a good relationship with local provision and provide a high level of bookings throughout the year.

Accommodation Views

The vast majority of tour operators have a good working knowledge of the accommodation stock and therefore highlighted that there were no specific issues of availability and the standards suited their clientele. Although one coach operator did note that standards were slipping, not in terms of the operation, but in terms of the fabric of the hotels. He noted that Ireland went through a re-investment period and they now have far better hotels than in the Highlands. It was also noted that there is a wide range of quality and inconsistent standards throughout the Region, and more investment is required.

Companies recognised that Inverness and the surrounding area remain very popular, and considering the volume of traffic and turnaround times the quality is of a decent standard and tours continue to be popular year on year.

Accommodation Shortcomings

The lack of single rooms was noted by coach companies and smaller tour operators. Twin rooms are also in demand but in short supply. There seems to be a glut of double rooms but very view single / twin rooms. The demand for single rooms is increasing yet supply is not there.

Niche operators commented that there was a lack of choice of top end (5 Star) accommodation for discerning tourists.

Inverness and Strathspey were noted as being extremely busy in August and particularly busy when significant events are being hosted locally (Party conferences, music and golf events). It was also noted that high quality 3 stars would help the backpackers / group market.

The Future

Coach tours have been resilient to the recession as they cater for the retirement market that tend to follow similar routes, stay in the same locations and expect the same standard (average) accommodation. There is a focus on budget and the ability to visit and area and move on. There doesn't tend to be any issues with the current accommodation stock supplying this market and it seems the focus on budget is resulting in poor margins for accommodation owners and therefore low investment in buildings and people.

Overall, the coach companies are looking for clean and welcoming hotels at a price which allows the firm to make a decent mark-up and profit. The focus on the older coach market who is accustomed to the coach travel market suggests they are generally happy with the standard of accommodation being used. The market does not seem to be growing or shrinking and continues to attract a consistent level of demand throughout the summer season and as noted by one coach firm 'the Highlands will always be popular'.

The bespoke tours are extremely busy, 'busiest year yet', completely unaffected by the recession and turning back demand. This is a 1-2-1 service and focuses on quality and provenance which people are willing to pay for – it was noted that demand was largely international in nature and focused on longer stays in individual and exclusive locations.

The younger group travel is substantial throughout the year, largely made up of internationals, including backpackers, the main issue and concern for these companies is the lack of single and twin rooms and also good quality 3 Star hotels.

SELF CATERING BOOKING AGENT CONSULTATIONS

Completed Consultations

13 companies were contacted, 5 telephone surveys were completed.

Current Usage

The self catering booking agents were generally split by national agents covering the whole of Scotland and thematic agents who focused on particular types of accommodation, ie cottages or castles. All agents had a good level of knowledge of Inverness and Moray and certain agents had a particular knowledge of (1) Loch Ness-side and (2) Aviemore.

The type of stock generally varied from 2 bed 'Butt n bens' to castles sleeping up to 32 people. Certain agents focused on the VisitScotland grading system, generally focusing on accommodation graded between 3 and 5 stars. Not all agents sought a star rating but each agent noted they had a focus on quality. Agents had a quality threshold and would not market properties which fell below that threshold. Weekly prices ranged from £200 through to £2,000 – with average summer weekly rents in the region of £1,200-£1,500.

Agents were generally not willing to estimate rental yields or seasonal occupancies, most highlighting that this was a very difficult question to answer as it varies from 13 to 25 and in some cases 52 weeks depending on accommodation and locations. One agent noted that certain properties were let out all year-round, with another noting that the company average annual occupancy was 80%.

Perceptions

Unlike hotel booking agents, the self catering agents generally noted that there was adequate supply, in some cases and locations agents felt there was a surplus supply, in particular in Aviemore and Loch Ness Side. Although the self catering agents noted peak demand in school holiday periods, notably July / August, Easter / October and New Year, it was recorded that the glut of quality supply meant availability was not a major local concern.

Although the demand was largely made up of families and a desire to holiday in the countryside it was noted that city break demand was increasing amongst younger professionals and groups. Self catering agents noted that there was more stock now available in the City and an increase in budget hotels.

All agents noted that quality and standards were good as they vetted their properties on a regular basis and would not market accommodation which was not of high quality. Modern accommodation was on the increase, with more 'buy to rent' properties on the market, many being homogenous in style and content – catering for the average group.

Agents noted the attractiveness of traditional and unique accommodation, properties which did not have the standard mod-cons were also popular amongst certain client groups. A couple of agents noted general staffing standards were poor, much related to the fact that tourism jobs were seen as low paid and therefore unattractive and unskilled to local young people.

Price was not seen to be a major concern as there was a wide variety of different accommodation and price points. Demand is robust and at certain periods, notably New Year in Aviemore, pricing does not seem to be a major consideration in attracting visits.

Other general perceptions included a slowdown in the investment of larger properties, especially properties owned by groups or larger businesses. Individual properties were generally seen to be in a better condition but certain larger and historic buildings have been affected by the economic slowdown. It was also noted that the building regulations (ie listed status) associated with historic buildings was a major deterrent to investment and modernisation.

Generally, agents noted that high value tourism was still extremely buoyant, and high end lodges / Castles were becoming increasingly popular, one agent noted the US demand was strong in 2011.

Availability

On the whole, self catering agents did not mention any major concerns regarding a lack of quality self catering provision in and around Inverness. Although there were recognised peak periods where there was a tightening of supply, agents noted that the self catering accommodation stock was generally available. The agents consulted had many properties and recorded that when specific requests could not be secured, then the volume of related stock / neighbouring location would enable transactions to be completed.

Changing Behaviour

Unlike hotel booking agents the self catering agents did not raise late booking and discounts as a major change in consumer behaviour. It was noted that in general consumers were now looking for 'value' properties in scenic locations – in the past high-end properties with 'mod-cons' were extremely popular. It was noted that customers were still looking at self catering as a holiday option. High-end properties are performing very well, notably ones with hot-tubs etc.

There seems to be a two-tier self catering market – at one end a focus on standard, quality and clean properties and at the other end 'aspirational' properties. Both types remain popular but general customers are now moving away from 'aspirational' properties to standard, although attractive, properties.

Certain agents did note that consumers were booking later and deals and discounts were being sought, but these were only being offered on properties which were available within 14 days. There was also a shift to part-week lets, where in the past agents only offered full weeks.

Agents felt the market eroded in 2009, and the packages on offer are still of a high quality but the booking regimes have had to change to be more flexible. There was a hint that there was increasing competition amongst agents, much driven by the increase in the number of new self catering properties, including bespoke buy to let properties.

Shortcomings

It was noted that much of the stock was situated in known 'honey-pots' – traditionally Scotland has been sold on routes and therefore the accommodation is centred on stops and key locations. Whereas changes in consumer behaviour and a focus on outdoor activities mean certain areas are in demand but do not have volume or value of accommodation stock, this included more remote rural highland locations which were 'off the beaten track'.

It was noted that there has been a significant shift to standard self catering units, many homogenous in nature but offering good yields. However, certain agents noted the need and desire for traditional and exclusive properties. However, it was noted certain historic properties were in a poor condition and required substantial investment. Linked to the desire for traditional and historic locations and properties was the desire to experience all things Scottish – including Scottish people! Some agents felt service standards were poor and commonly raised as an issue by overseas tourists.

It was noted that some locations were not being marketed or promoted well enough – such as Loch Ness. One agent noted that there has been a shift away from Loch Ness to the west coast as it was perceived that there was little to 'see and do' in and around the Loch Ness area. It is now seen as a day trip destination as there are limited activities on and around the Loch. Aviemore on the other hand was seen to be extremely popular and offered a wide variety of day and evening activities.

The Future

Agents noted the importance of niche products and micro-niches at the high end of the market. Discerning tourists continue to seek high quality packages, high standards and a detailed knowledge and experience of an area. It was noted that service standards need to match the natural and built heritage / scenic beauty of this location. Properties must remain of a high quality, but service needs to improve – businesses and proprietors need to go the 'extra mile' to encourage repeat custom and benefit from word of mouth.

Many of the agents noted that they continue to turn customers away – partly due to seasonal demand but also due to the lack of appropriate accommodation in certain locations. The 'honey pots' are well catered for but there was a feeling that remote rural and historic locations, as well as locations which offered outdoor activities, were in short supply. Traditional accommodation is becoming increasing popular but the supply tends to be modern and fitted out in a standard fashion.

Inverness has witnessed an increase in self catering units and is seen as a great base to explore the wider Highlands as well as get a city experience / evening economy at the same time.

Again, service seems to be main the deterrent to sustainable growth – low paid jobs, foreign workers and poor service is seen as the major factor governing the development of a modern tourism infrastructure in the Inverness City Region.

Although there is a desire for traditional accommodation and a Scottish experience agents did also note the importance of modern gadgets such as Wifi and satellite television.

LOCAL BUSINESS CONSULTATION

Completed Consultations

More than 150 companies were contacted, 45 surveys were completed. The majority of businesses were located in or around Inverness, although local businesses from Invergordon, Dingwall and Elgin were also consulted.

Does your company / organisation book overnight accommodation in the area? Is involved in similar fields?

All responding companies did book overnight accommodation. The majority of businesses were based in Inverness, largely due to its location as the administrative business centre of the Highlands and Islands. A small number of businesses were located in the Black Isle and Elgin.

The vast majority of responses focussed on the City's accommodation stock. In the main the overnight bookings were for staff visiting the area but to a lesser extent included accommodation for visiting customers and clients. It was noted that due to budget constraints people visiting Inverness for business were increasingly making it a day trip from the central belt and not book an overnight stay.

Which hotels / type of accommodation does your company tend to use?

On the whole this tended to focus on hotel provision but also included bed and breakfast and guest house provision. The decision on the type of accommodation used would often depend on who was visiting the area, ie management, staff, customers, VIPs etc. On some occasions it was basic B&B for construction-related staff and others it was luxury hotels for Directors or visiting clients.

Do you make regular use of particular properties?

Many respondents noted they utilise the new budget hotel provision in Inverness [Travelodge, Premier Inn, Holiday Inn Express HIEX)]. Certain companies noted they had agreements with hotel chains such as the Thistle and Ramada. The most quoted hotels for business travellers was (1) the Kingsmills, (2) the Drumossie and (3) the Glenmoriston. The Kingsmill was by far the most quoted hotel, followed by the Drumossie.

Other quoted Inverness properties included Kincraig Castle Hotel, Glenmore Hotel, Waterside, Chieftain, Kinkell House, Beauforth, Maplecourt, Palace, Columba, Culloden House Hotel, Loch Ness Country House and the Redcliff. Other hotels outside Inverness included the Premier Inn, Mansion House, The Royal Hotel, the Eight Acres Hotel and the Mansefield in Elgin.

Although respondents utilised B&Bs, no firm was able to name a particular property. It is worth noting that it is a MOD rule to book B&Bs for service personnel unable to secure accommodation on their bases and therefore the RAF base at Lossiemouth is a frequent user of B&Bs in Lossiemouth and Elgin. Diageo, which owns a number of distilleries in the area, noted that they have their own accommodation in the area – Drummuir Castle, which they use to entertain business customers.

Many respondents noted that they continue to use particular properties as they are happy with the quality offer and price. For example, the MOD had never received bad feedback about the local accommodation provided to house personnel unable to secure accommodation onsite at RAF Lossiemouth.

Certain firms noted that they had a range of hotels which they use – these tended to be the larger PLCs and major employers who required a selection of options throughout the year. Some of the larger firms also booked their accommodation through booking agents such as Portman Travel, other sourced hotels through their Inverness administration functions. There were also a number of firms who noted the accommodation booking habits were a responsibility of individual employees. Public sector organisations noted that they have agreed rates and arrangements with some of the larger chain hotels in the area.

What quality / facilities are sought?

Again this varied according to type of company and type of traveller. Overall it focused on either good quality and budget 3 Star accommodation or high quality 4, but preferably 5 Star. It was noted that the standard of accommodation and service was dependent on the type of person visiting, ie in an Elgin context, visiting staff would tend to stay at the Royal, Sunninghill or Laichmoray hotels whereas visiting customers would tend towards the Mansefield, Mansion House or even go out of town to the Knockomie or Boat House in order to experience traditional country and less corporate hotels.

Many respondents noted the importance of good quality food – notably an evening meal and breakfast. Clean and good service was also noted. Not many firms required leisure or spa facilities. However, some of the larger firms noted the lack of a genuine 5 Star hotel in the area. Larger firms who do business and entertain international clients noted the importance of 5 Star service as witnessed in other city centres – including concierge service, 24 hour check-in, links to flight times, airport transfers and spa facilities.

Generally for the local and smaller businesses the requirements included clean, good food, friendly staff and value for money.

Location was important for many hotels – this included being near the station if visitors were arriving via train or alternatively being near the road network and having free parking for visitors travelling by car. Easily accessible was a commonly quoted feature.

What are your opinions on existing provision of accommodation (hotels, etc)?

Certain hotels operate an approved list and therefore they are happy with the quality of existing provision. Many respondents noted that there is a wide variety of choice from 3 Star through to 4 Star, although the lack of a sizeable 5 Star hotel(s) was a commonly quoted response.

The majority of firms recognised the problems caused by peak demand, notably in July and August where it can be very difficult to source suitable accommodation. However, in almost all cases accommodation is found but this is usually out of town or of a different quality level than required.

The lack of supply in peak periods is known to drive up prices, resulting in firms being priced out of the market and therefore having to revise their booking requirements. A number of firms noted that at higher prices the hotels do not offer value for money as they are not good enough – 'the standard does not reflect the price'.

Some firms continue to frequent the same hotels – notably the Kingsmills, Drumossie and the Glenmorriston as they have never been let down. These large hotels also have the required meeting facilities for events and meetings.

There is a decent variety of hotel stock in Inverness, especially with the introduction of three budget brands to the City. Coupled with the traditional 3 and 4 Star hotels most firms are generally happy with the current hotel stock. However, not many firms highly commend the accommodation stock; it is largely seen as 'good' or 'not bad' and with 'a lot of variety' but can be 'busy'.

It was felt that there was only limited availability in Elgin, especially when the neighbour airbases were holding special air exercises. Diageo and Johnstons of Elgin noted that it could be difficult to accommodate UK staff in Elgin and on a number of occasions visiting staff had to travel to Fochabers, Forres and Craigellachie for overnight accommodation.

Some respondents noted that there are a number of poor hotels which present a bad image of Inverness, these can be out of date and in need of repair. Also, some hotels claim to be 4 Star but compared to other city hotels they are equivalent to a 3 Star.

A common quote from the major employers which entertain clients or book accommodation for investors and board members is the obvious lack to top quality provision. Kingsmills and Drumossie are good but are not good enough for dignitaries and VIPs . Although there are exclusive properties outside Inverness, the City itself requires more luxurious and boutique hotels – the Heathmount Hotel was noted as a step in the right direction. The evening economy could also be improved in terms of higher quality restaurants and bars. This was also noted in an Elgin context where there are a number of firms which bring overseas visitors to the area, and it was noted that there is a shortage of quality restaurants and hotels were not tailored to cater for visitors arriving off a late flight from London or a European destination.

One specific geographic issue was the lack of hotel provision in the Invergordon / Alness / Tain area where demand is generated from oil and gas and renewable activities in the Inner Moray Firth. A number of local hotels have closed as their bar operations were adversely affected by the smoking ban, resulting in too few local hotel spaces for the number of workers on contract work, in many cases workers have to travel into Inverness. Contract work in this area is significant and now includes renewable fabrication as well as oil and gas installations. This work is expected to increase as a result of new offshore wind, wave and tidal technologies.

At what time of the year do you book accommodation?

No businesses noted any seasonal variation to their demand patterns. A number of firms noted Christmas for staff parties and also Chamber of Commerce and industry award ceremonies. A couple of companies noted that they do not tend to book overnight accommodation in the summer – notably Inverness College and University of the Highland and Islands (UHI), therefore they are not as affected by the peak summer period which other year round business visitors encounter in Inverness.

Have you ever experienced any difficulties in booking accommodation in the area - if so, when (time of year)?

Almost all respondents noted the difficulties in sourcing affordable and available accommodation in the summer period, including July but notably August. Large events can exacerbate the problem including Party Political Conferences, sporting and music events. B&Bs as well as hotels suffer from peak demand. It was noted by a couple of major employers in the Elgin area that NATO exercises at RAF Lossiemouth can have an impact on the availability of accommodation in the Elgin area, this is due to the number of visiting international units and their support personnel.

How much, if any, of your business goes elsewhere because the area does not have suitable facilities or availability of rooms?

Certainly during peak periods businesses are not able to secure their optimal accommodation requirements, on some instances they have to go outside of the City on others they have to alter their requirements in terms of quality and price. This is not a major concern for most firms, and is only an issue in July and August. In terms of the Moray coast, and in particular Elgin, it was noted that on numerous occasions visiting staff and customers may have to travel up to 20 miles outside the town to secure suitable accommodation.

How much do you usually pay / or anticipate paying for bedroom accommodation for visitors in the area? (B&B, Other)?

This varied widely, but generally around £30 - £50 for a BB, around £65 - £70 for a 3 Star hotel and around £80 to £100+ for a 4 Star hotel. As noted a key concern was the inconsistency in prices and this is seen as more of an issue in Inverness than in other cities. Some of the larger and growing firms would be willing to pay more for higher quality hotels with more services and facilities.

APPENDIX VIII

Visitscotland Accommodation Categories

VISITSCOTLAND ACCOMMODATION CATEGORIES

1 Hotel

A hotel will normally have a minimum of 20 letting bedrooms, of which the majority will have ensuite or private facilities. A hotel will normally have a drinks licence (may be a restricted licence) and will serve breakfast, dinner and normally lunch.

2 Small Hotel

A small hotel will normally have a maximum of 20 letting bedrooms and a minimum of six. The majority of the bedrooms will have ensuite or private facilities. A small hotel will have a drinks licence (may be a restricted licence) and will serve breakfast, dinner and normally lunch. It will usually be run by the owner(s) and will reflect their style and personal input.

3 Country House Hotel

A country house hotel with ample grounds or gardens, in a rural or semi-rural situation with an emphasis on peace and quiet.

4 Town House Hotel

High quality town/city centre properties of individual and distinctive style with a maximum of 50 rooms and a high staff-to-guest ratio. Public areas may be limited. Possibly no dinner served but room service available instead.

5 Metro Hotel

A town/city hotel providing full hotel services with the exception of dinner. Within easy walking distance of a range of places to eat.

6 Guest House

A guest house is usually a commercial business and will normally have a minimum of four letting bedrooms, of which some will have ensuite or private facilities. Breakfast will be available and evening meals may be provided.

7 Bed and Breakfast (B&B)

Accommodation offering bed and breakfast (B&B) is usually in a private house. A B&B will normally accommodate no more than six guests and may or may not serve an evening meal.

8 Inn

Bed and breakfast accommodation provided within a traditional inn or pub environment. A restaurant and bar will be open to non-residents and will provide restaurant or bar food at lunchtime and in the evening.

9 Lodge

Primarily purpose-built overnight accommodation often situated close to a major road or in a City Centre. Reception hours may be restricted and payment may be required on check in. There may be associated restaurant facilities.

10 Budget Hotel

Budget Hotels are always part of a large 'branded' hotel group and offer clean and comfortable en-suite facilities, 24-hour reservations and a consistent level of facilities.

11 Restaurant with Rooms

In a Restaurant with Rooms, the restaurant is the most significant part of the business. It is usually open to non-residents. Accommodation is available and breakfast is usually provided.

12 Campus

Campus accommodation is provided by Colleges and Universities for their students and is made available – with meals – for individuals, families or groups at certain times of the year. These typically include the main summer holiday period as well as Easter and Christmas.

13 Self-Catering

A house, cottage, apartment, chalet or similar accommodation, which is let normally on a weekly basis, though shorter stays, may be available where facilities are provided to cater for yourselves.

14 Serviced Apartments

Essentially self-catering apartments where services such as cleaning are available. Meals and drinks may also be available, either to each apartment or in a restaurant and / or bar on site.

15 Hostel

Backpackers style accommodation provided by a private operator or non-profit making membership organisation. Normally let on a self-catering nightly basis where accommodation will often, but not exclusively, be in shared rooms. Larger hostels may also provide full catering or other extended services and facilities.

16 Holiday Park

A park which offers holiday homes and most likely touring and camping pitches.

17 Touring Park

A park which offers touring pitches and may offer camping pitches.

18 Exclusive Use Venue

Recently introduced category for venues of 4 and 5 Star quality where full service is offered on an exclusive use basis.

Also in use:

Backpackers

Very similar in style to a hostel, but may be run on less formal lines, such as 24-hour access. They are often more appropriate for longer term independent travellers and the younger end of the market and they tend not to take family groups.

Group Accommodation

Star-rated accommodation often in shared rooms with bunk beds. Predominantly group bookings only accepted. May be fully serviced or self catering.

Activity Accommodation

Star-rated accommodation normally provided on a group basis. The establishment will also offer fully certified or licensed activities.

Bunkhouse

Rural accommodation which can be booked by groups or individuals. Services and facilities may be limited but will include a self-catering facility. Bunkhouses are not star rated but will meet or exceed minimum standards for cleanliness, maintenance and quality.

Bods, Bothies and Camping Barns

Simple, overnight accommodation, usually in remote or rural locations where facilities and services may be limited.

Caravan Holiday Homes

Individual caravan holiday homes are not star rated but will meet or exceed minimum standards for cleanliness, maintenance and facilities.

Thistle Caravan Holiday Homes

The Thistle award (see above) recognises a high standard of caravan holiday home based on a 4 Star or 5 Star park.