

# Executive Summary

## Swansea Hotel Study

Funded by UK Government  Wedi ei ariannu gan Llywodraeth y DU

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### Swansea Hotel Study

- Colliers was commissioned by Swansea Council to undertake a hotel demand study for Swansea. The study comprised understanding changing influences on demand, analysis of supply and performance, and modelling of the future supply and demand balance. It also compared Swansea to other locations and considered supply gaps in hotel provision in Swansea and opportunities to address these.
- The study focus area was the city and area towards the M4 to the north and east.

### Swansea background context

- There are strong leisure and business demand generators in Swansea and extensive regeneration activity is underway and enhancing these. Activity is already well-advanced and the opening of the Arena in 2022 flags this is not just progression but transformation.
- The wider context is positive and further destination development activities are also planned, with some under construction and others having received funding commitments.

### Current supply

- The current hotel supply in the study area comprises 15 properties that are of 40 rooms and over, representing 92% of total room stock, with two thirds of them branded. There are also 10 small properties.
- The mix across market positionings is fair and comparative to other similar cities. Rooms per head of population shows as comparatively low however.
- Analysis suggests that supply has not kept pace with a growing demand and the market is currently undersupplied. The latest opening of a major hotel was in 2010. Pipeline supply is generally limited although a hotel next to the Arena is proposed.

### Current performance

- Hotels are performing well in Swansea with 2022 submarket occupancy at 77.3%, ADR at £67 and RevPAR at £52 according to CoStar Group data. RevPAR was £60 for upscale & upper midscale hotels.
- As for many destinations, ADR grew significantly in 2022. This growth on 2019 represented more than inflation. Overall market performance and supply is similar to that of Dundee and Hull but occupancy is higher.
- Seasonality is present but relatively modest and has lessened over time. Occupancy is high annually and in most months. There is more unfulfilled demand in the market than would be expected.

### Forecast future demand and supply balance

- By identifying and applying market demand growth rates we identify a requirement for an additional 285–355 rooms in the market for 2026. This suggests potentially 3 hotels of significant inventory.
- With the current proposed pipeline taken into account, our modelling suggests 200-270 additional rooms required by 2026 and a greater number going forward to the medium term (2032).

### Conclusions and recommendations

- We identify a requirement for more hotel rooms in Swansea by 2026. This is in response to a need for supply to keep up with demand whilst maintaining a healthy market for existing hotels, and potentially rate growth across the market.
- We see opportunity at the upper tier of limited service (midscale), at focused service (upper midscale, upscale) and at the upscale element of full service.
- We have discussed sites and opportunities with the council and developers and recommended approaches to help realise the opportunity.