NOMAD CITY

The Future of Hotels?

Rockwell

AXIOM ARCHITECTS


FLEXIBILITY
CONNEC


CTIVITY
TRANSIENCE

>80% OCCUPATION

sets London & Dublin as the leaders in the world

41% OF GLOBAL HOTEL BOOKINGS ARE BUSINESS TRIPS

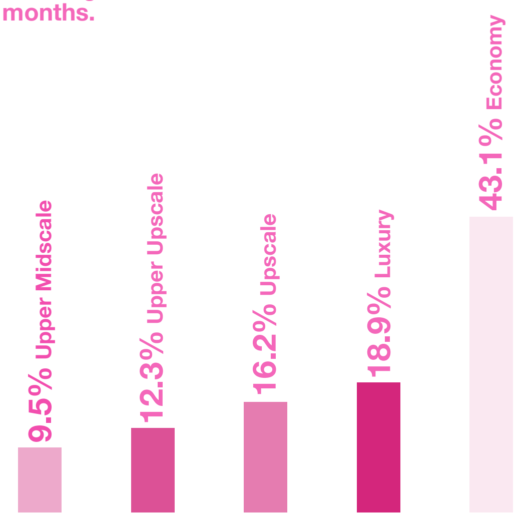
c.11,600 new hotel rooms are expected in London by 2020

SERVICED APARTMENTS have been gaining popularity in London

609 *further serviced apartments have been built across 9 new properties. The largest opening so far is the Marlin Apartments with 236 rooms in Waterloo*

1/3 + of Londons expected pipeline for 2020 is expected in the upscale segment

Londons Upper Midscale segment has also seen a substantial increase in new openings, with nine properties (1,516 rooms) entering the London market in the last 18 months.



NEW HOTEL CONVERSIONS BY CLASS

Source: London Hotel Development Monitor 2018
The Investment Hotspot, JLL, London & Partners

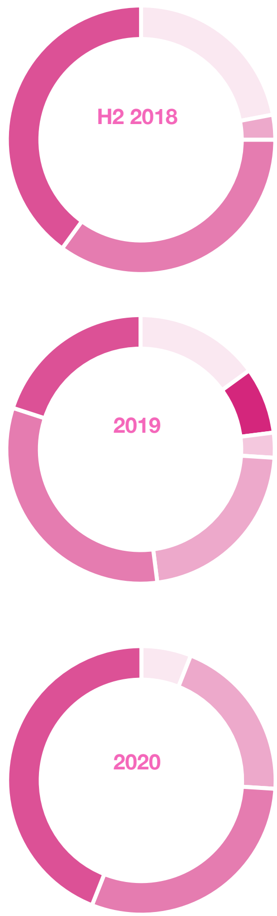
TOP 10 VISITOR ATTRACTIONS

In ALVA membership membership

1	THE BRITISH MUSEUM	5.91m
2	TATE	5.66m
3	THE NATIONAL GALLERY	5.23m
4	NATURAL HISTORY MUSEUM	4.43m
5	V&A	3.79m
6	SCIENCE MUSEUM	3.25m
7	SOUTHBANK CENTRE	3.23m
8	SOMERSET HOUSE	3.22m
9	Tower of London	2.84m
10	ROYAL MUSEUMS GREENWICH	2.61m

Source: ALVA

LONDON HOTEL PIPELINE



Source: STR

ANNUAL VISITS TO LONDON FROM CHINA ARE PROJECTED TO REACH **334,000** TRIPS BY 2025

The expansion of ***economy*** *class hotels continues to be strong,* ***taking up 26% of total future supply,*** *followed by upper upscale hotels (22%).*

Foreword

“The hotel and hospitality sector has changed significantly in recent years and the pace of change is growing ever quicker. Demand for overnight stays is at an all-time high and this seems set to continue. Many of the challenges and opportunities faced have not been communicated to those involved in delivering and managing our built environment. If we’re to ensure that we can meet the future head-on, to plan appropriately for what is required and to anticipate the implications for all, it’s time that changed. I’m delighted to welcome this paper and the important, much-needed discussion which it begins. I hope this will herald a turning-point in the way that we come to think about the future of visitor accommodation.”

Hugh Taylor, OBE.

Hugh Taylor is Chief Executive of Michels & Taylor. Previous roles include Chairman of the Hotel Marketing Association, Chairman of Visit England and Director of Visit Britain.

Introduction

Nomad: Pronunciation, nəmad. Noun. A person who does not stay long in the same place.

Much of human history is an unremarkable and uneventful story of struggle for survival, of nomadic people with physiology to suit. The Agricultural Revolution 12,000 years ago changed everything. It gave rise to settlements and began a process which, catalysed by the Scientific Revolution in 1500 BC, heralded a steady march towards modernity. Since then, whilst our bodies haven't changed, our society has. Turbo-charged by the Industrial Revolution 250 years ago, our lifestyles have been profoundly reshaped, and the pace of change is now faster and more global than ever before.

Few people today live truly nomadic lives, but the movement and transience of individuals and communities remains an important part of our experience. We move from place to place for work, to study and for recreation. Each is increasingly redefined by the pace of technological advancement and an instant, worldwide connectivity. What it means to be a modern nomad is not a static concept, but one which is shifting daily and that must be fully understood if towns and cities are to meet our needs.

Until now, the real estate and built environment professions have been largely reacting to changes in the hotels and hospitality sector. It's time we began to proactively anticipate what may be required and facilitate these needs. As our lives are changing, new ways of co-living and co-working are already apparent, with brands such as *The Collective* and *WeWork* seeking to redefine what we can and should expect from our homes and offices. Yet relatively little light has been shone on the visitor accommodation sector, despite the significant changes afoot as evidenced by the rise in micro-hotels and serviced apartments.

Nomad City draws together and highlights some key themes to begin a much-needed discussion about the future of the hotel and visitor accommodation amongst those who will design and deliver it.


UNDERGROUND
35
SMOLLENSKY'S

Who is the Modern Nomad?

Numerous and global, modern nomads do not stay long in any one place. The United Nations World Tourism Organisation estimates a 5200% increase in global tourism between 1950 and 2018, from 25 million trips per year to 1.32 billion. Europe received 671 million overseas visitors in 2018, with the Office for National Statistics recording that the UK attracted 37.9 million of these. This is in addition to those domestic visitors travelling within a country at any one time. Yet despite the significant number of people who are "nomadic" at any point, these transient members of our communities are frequently overlooked. They stay for work, study and tourism before heading on to pastures new, but often lack a voice on local issues.

The most obvious contribution which visitor accommodation makes is an economic one. Not only is it a major direct employment provider, its benefits also filter through into the wider economy in terms of goods, supplies and services (most of which are sourced locally). Likewise, guests also spend locally. Greater London Authority data suggests that visitors to the capital spend on average £113.40 per night.[1] Research by UK Hospitality has shown the sector to be the 3rd largest employer in the UK with 6 million employees, generating £156 billion (GVA) for the national economy (8.7% of the country's total economic output).[2]

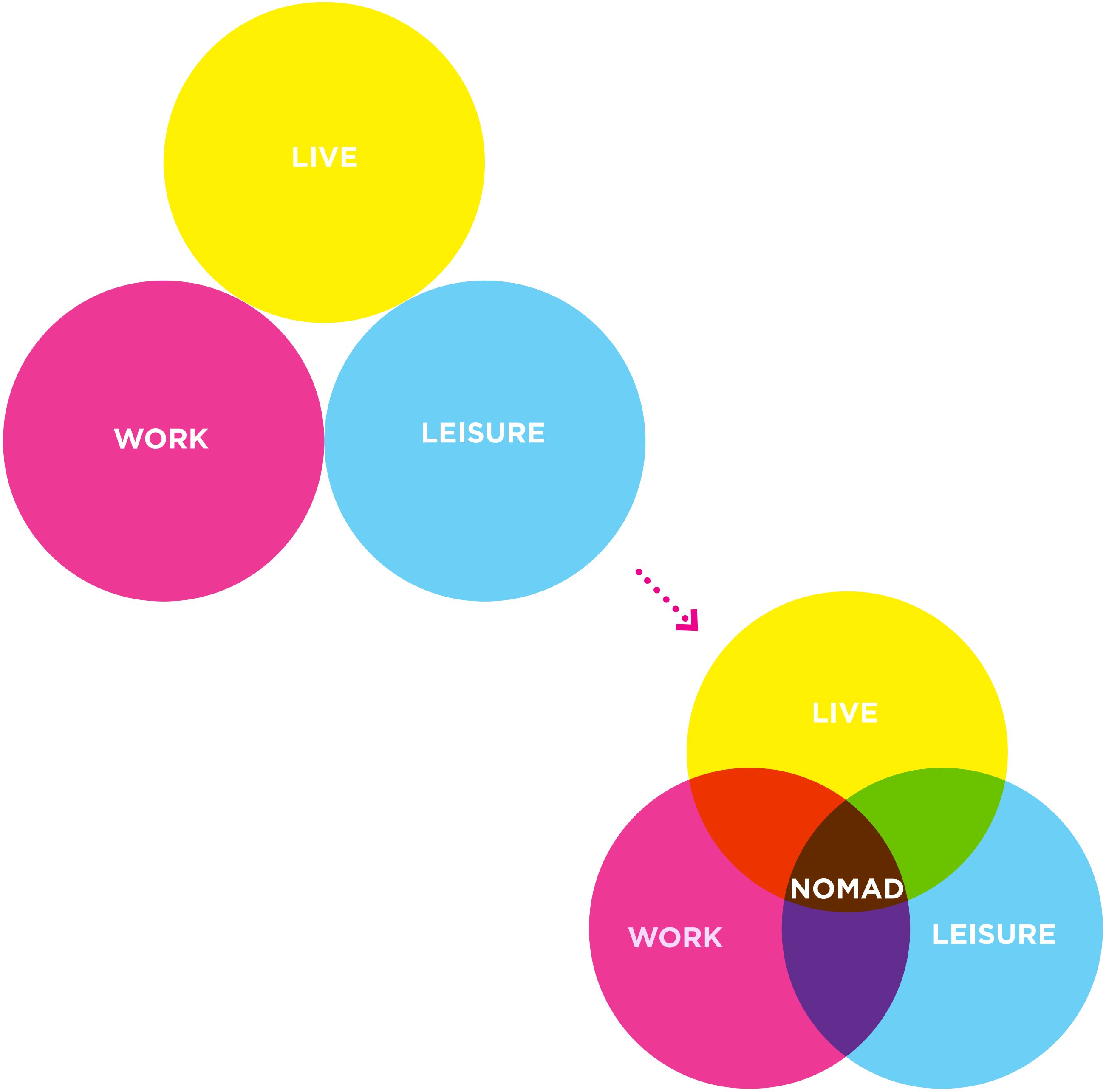
Visitor accommodation also provides an important social function. At a time when the retail sector is struggling and the casual dining sector is shrinking, hotels can contribute to a vibrant, active and human-scale use on otherwise quiet high streets. They also support us all in going about our daily lives. Hotel rooms accommodate visiting friends and family, and with the closure of public buildings such as libraries and public houses, hotel bars and cafes also provide an important additional and semi-public space in which to rest, work or meet other people.

The economic and social importance of hotel and visitor accommodation is only becoming greater. Research by the Greater London Authority has revealed that the capital requires 58,140 additional rooms by 2041 to meet an anticipated demand of 196.4 million nights. Their analysis demonstrates a steady increase in overnight visitors which far outstrips supply, reaching 31.5 million by 2015, of which 18.6 million were from overseas and 12.9 million from within the UK. The result is that London has the highest occupancy rate of all major European cities (research by business advisory firm BDO reveals London occupancy levels are now at a record-high of 83.6%. [3]), fourth highest prices for hotel rooms and has seen a substantial rise in non-traditional provision such as short-lets from student housing providers and platforms like *Airbnb*.[4]

"London continues to be a global hub for tourism both in business and in leisure and our future forecasts indicate we will need to continue to grow our current hotel bedstock to meet increasing demands"

Tracy Halliwell MBE, Director of Tourism, Conventions & Major Events, London & Partners.

1 Greater London Authority, *Number of International Visitors to London*, GLA:2019
2 Ignite Economics, *The Economic Contribution of the UK Hospitality Industry (2018)*, UKHospitality:2018
3 BDO, *Hotel Britain 2019*, BDO:2019
4 GLA Enonomics, *Working Paper 88:Projections of Demand and Supply for Visitor Accommodation in London to 2050*, Greater London Authority:2017


LIVE
WORK
LEISURE
LIVE
NOMAD
WORK
LEISURE

What is the Nomadic Lifestyle?

In order to ensure that the accommodation we deliver is suitable for future guest expectations, it's important to recognise that the modern nomad acts in a fundamentally different way to those who have come and gone before. Attracting and retaining visitors, which is becoming so vital to the functioning of our social spaces and economy, means understanding the environment in which we now live. In particular it means that to design and deliver the hotels of the future we must first recognise the seismic shifts which have occurred, most notably since the turn of the century, in terms of both behaviour and expectation.

We Shop and Travel Differently

There is no shortage of evidence that our changing shopping habits have contributed to the death of the high street, with online shopping now accounting for 20% of all purchases, and that this transition has had a demonstrable impact on the visitor economy. The rise of internet agencies (i.e. *Expedia*, *Booking.com*, *Trivago, etc*), has seen physical agencies replaced with those which can be accessed anywhere. We are now offered products which are available to anybody, in any place and at any time.

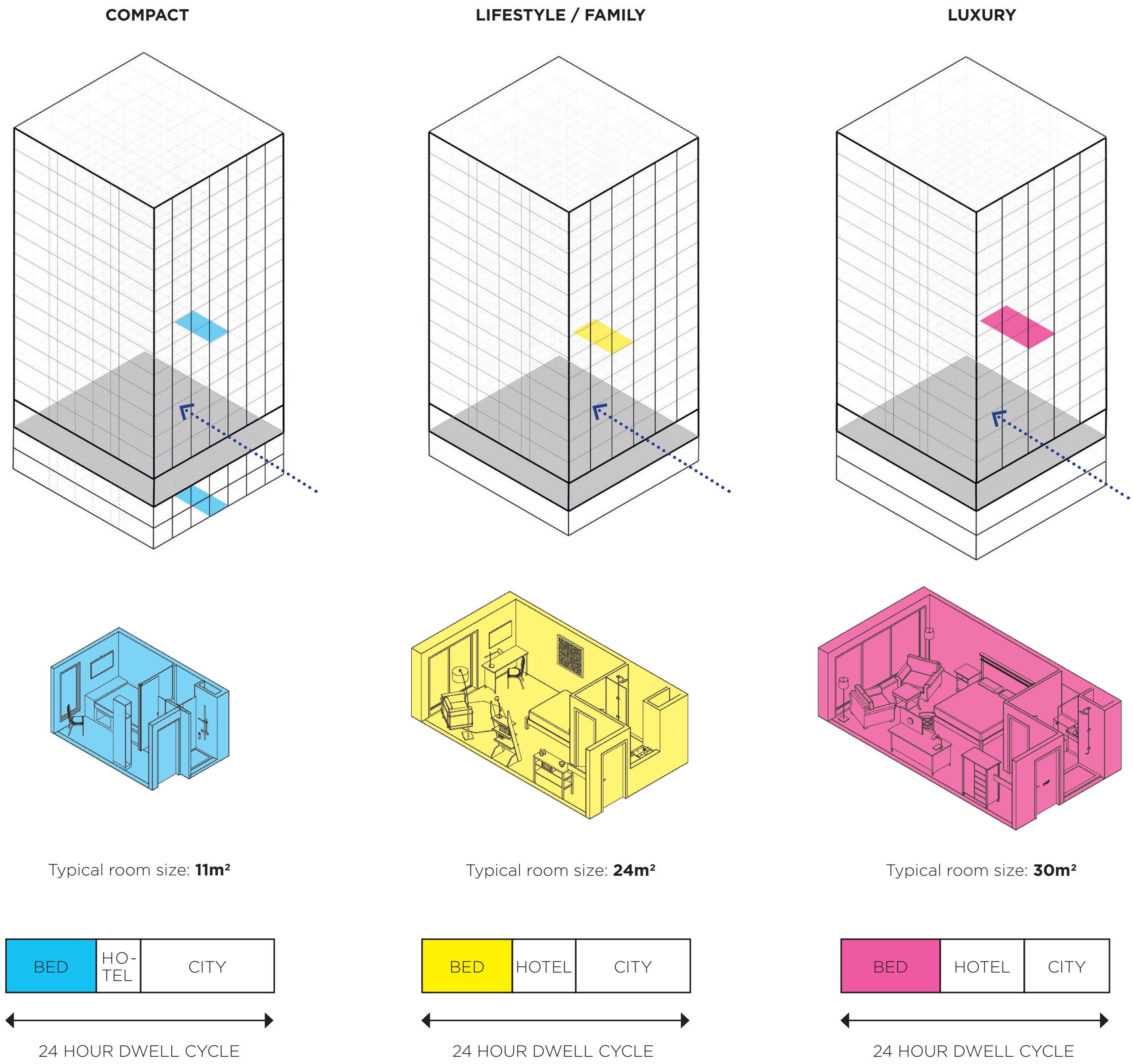
This has, of course, made the hotel and visitor market more competitive, but it also has significant spatial implications. Not only are former travel agencies amongst the vacant units on our high streets, but visitors have access to a far greater variety of products in previously unconsidered locations. Guests also travel far more widely than ever before and the rise in cheap air travel, amongst other drivers, has meant that the pool of potential guests has expanded alongside an increased awareness of new destinations. For example, there were 10.5 million overseas trips made by Chinese nationals in 2001, a that figure rose to almost 150 million by 2018, which is an increase of 1326%.

This is shifting both the impact of visitor spending, and the requirements that each destination has for infrastructure. The surge in city tourism, for example, is a relatively new phenomenon. Now notoriously popular, Barcelona's visitor numbers grew from 1.7 million in 1990 to 7.5 million in 2013[1] and, by the same point, more British people were taking city breaks than beach holidays.[2] This directly impacts the requirements of such places for public transport, retail, health, policing and cultural facilities; often accounted in many locations around the world for by a "tourist tax" for each overnight stay.

---

5 TourMIS, *Overnight Stays In European Cities*, TourMIS:2014

6 ABTA, *The Consumer Holiday Trends Report*, ABTA:2014

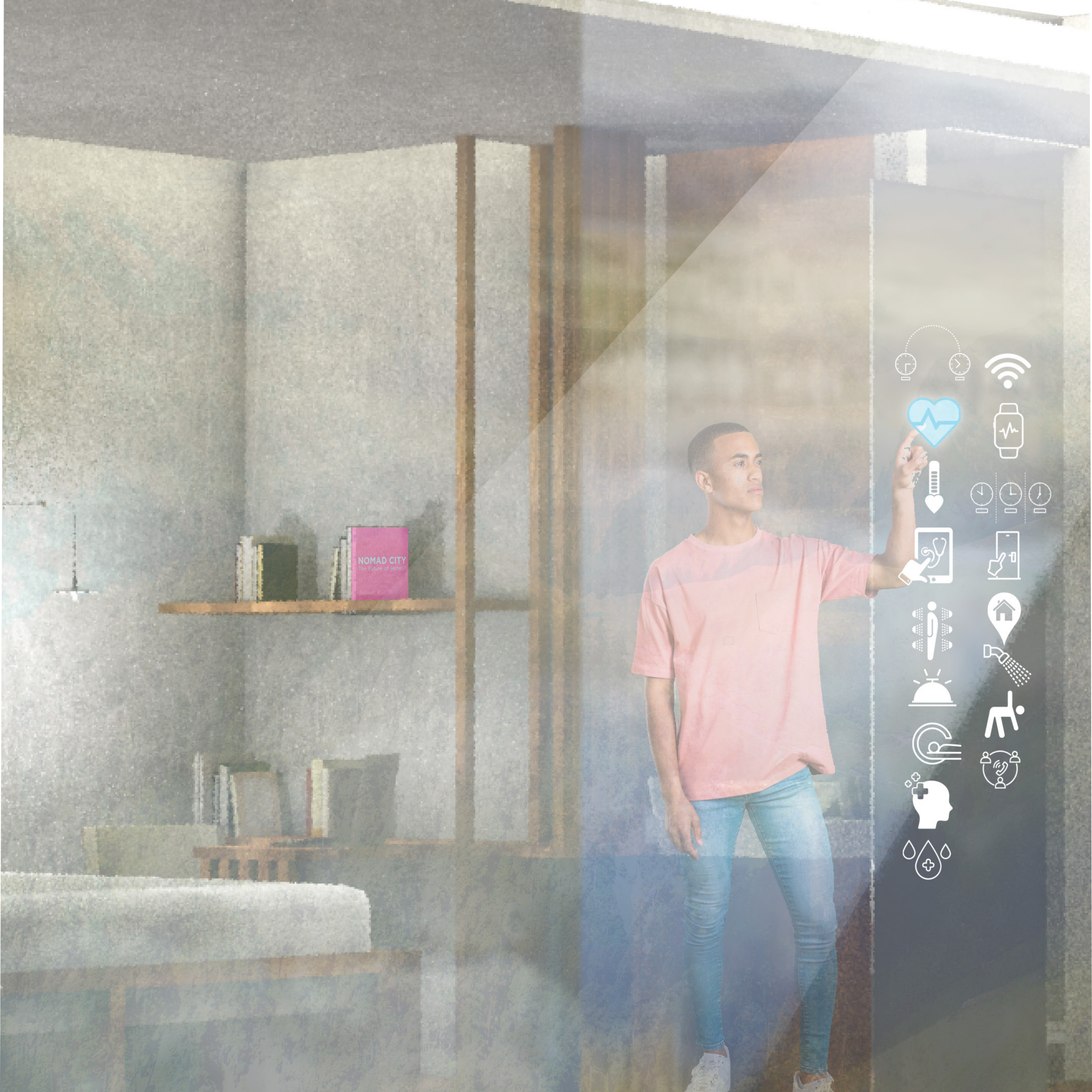

COMPACT
LIFESTYLE / FAMILY
LUXURY
Typical room size: **11m²**
Typical room size: **24m²**
Typical room size: **30m²**
BED
HO-
TEL
CITY
24 HOUR DWELL CYCLE
BED
HOTEL
CITY
24 HOUR DWELL CYCLE
BED
HOTEL
CITY
24 HOUR DWELL CYCLE

We're Preferring Different Rooms

Some of us know what we like and choose to stick to it, but that certainly does not account for us all and hotels of the future must adapt. Changing consumer preferences are creating a downward pressure on the size of our hotel rooms, particularly in denser urban locations such as city centres. The priority for millennials and business travellers is typically for somewhere clean, well-located, secure and affordable. For this part of the market, room size is therefore less of a priority and catering for this market has given rise to a wave of new brands, from both new operators and existing market leaders.

Whitbread launched their *Hub by Premier Inn* brand in 2015, with standard rooms of 11.4sqm, almost half the size of a typical Premier Inn offering, and a third of the average American room. *Hub by Premier Inn* join other brands such as *Motel One*, *Moxy*, *Z Hotels* and *citizenM* in having a clear focus on quality of space over quantity and delivering room sizes in the region of 8-16sqm (some of which are increasingly prefabricated and modular "building blocks"). *Zip by Premier Inn*, *Sleeperz* and *YotelAir* are offering "cabin" rooms from 6sqm upwards. This reflects a rapid growth in demand. The majority of these brands were founded within the last decade, and yet research by property firm Lambert Smith Hampton suggests that compact hotel rooms accounted for approximately 18% of all hotel rooms to be opened in 2018.

Likewise, the shortage of affordable rooms, twinned with millennial enthusiasm for personalised experiences, has given rise to new forms of short-let and home-stay accommodation, with market-leaders *Airbnb* growing into a $35 billion company within just over a decade since their launch in 2008. Whilst controversial in some cities where this has impacted residential amenity and house prices, it has also introduced more people to the concept of staying in apartments. With the ability to cook, this has created a demand that allows for new serviced apartment operators, such as *Adagio* (backed by *Accor*) and *StayCity*, to enter the market on an institutional investment scale. Testament to the fact that this is, in effect, a new sector, is that hotel and serviced apartment operators will open alongside one another on the same site.


NOMAD CITY
The Future of Hotels?

We're Expecting Technological Connectivity

The importance of our phones as a platform influences the places in which we wish to stay. It's not only that Wi-Fi should be standard, but that internet connectivity should be quick, easy to use and maintained in such a way that staff can provide fast and effective support. The ability to use our phones as the basis for a seamless experience is becoming paramount. They could provide the ability to check-in, pay, access services and even your room; each of which is not only welcomed but increasingly expected by guests.

Greater reliance on our phones undoubtedly raises questions about data security, not least because large amounts of data are required to accurately personalise trips. However, this also provides an opportunity for facilities within a hotel to be arranged more flexibly. Brands such as *Moxy Hotels*, owned by *Marriot*, offer a three-star product with a boutique feel, with connectivity from check-in at the bar, to room TV's which support screen-casting from Netflix. *Hub by Premier Inn* offer room controls from a smartphone app, and *Village* hotels offer an app for services from ordering and paying for restaurant and room service products to gym sessions and classes. *Wilde Aparthotels* by *StayCity* provide a smartphone in each room which flags retail, food and beverage offerings nearby. More generally, non-proprietary apps like OpenKey can also be applied more widely and allow guests to access their rooms using their phone, negating the need for plastic key cards.

The hotel of the future will rely on technologies which are advancing continuously and rapidly, with improved availability and affordability driving new adoption. This may extend far beyond simple hotel services and to the function of the space itself. Smart technology and touchscreens could feature in tables or mirrors. Health-based monitoring could become integral to the design of rooms in setting optimal environmental conditions such as ventilation, temperature, shading and lighting to assist with anxiety or jetlag. The reality is, however, that for any technologies to be carried forward they require a clear purpose. They are also exceptionally unlikely to alter our innate human drive for social experiences. They might improve the quality of accommodation or change the type of interactions we have, but they are unlikely to alter the expectation of most people for direct engagement with staff.

Our Expectations Are Personal

In an age where our mobile phones have become the key platform for the Internet of Things (IoT), it's estimated that 60% of all hotel bookings now begin on them. Almost half of all bookings come directly from an internet search. This makes rankings and search placement important, not only for the accommodation but also any add-ons which may be available, reflecting the preference amongst millennials for local experiences. Our phones also allow an almost real-time assessment of guest experience. This influences not only bookings but the way in which hotels operate.

Service is arguably more important than ever before. Websites such as *TripAdvisor* mean that hotels can be rated, ranked and reviewed regularly. Operators providing a good service can quickly accumulate bookings whilst, if negative reviews are not responded to quickly, the impacts can be equally significant. When aligned with the growing preference amongst millennials for personalisation of experience, there is a pressure on both operators and buildings to work more flexibly.

Smaller lobbies, driven by a move towards more phone-based and back-of-house services, might equally make way for larger experiential spaces on the ground floor. The rapid expansion of the *Generator Hostels* chain in part evidences both the desirability and commercial benefits this can bring in allowing more space to be dedicated for food and beverage. *MotelOne* offer a flexible and localised design which enables breakfast areas to become public bars that are designed to attract local footfall from the street and operated to the same ends (not least through offering no less than 40 types of gin in each bar). Conversely, the same flexibility could allow operators to move away from food and beverage in certain circumstances. *Bloc* hotels have no offering but focus on relationships with nearby local businesses, offering discounts for guests in bars and restaurants in the surrounding area. Whilst creating less activity at ground floor level, this nonetheless encourages guests to increase their spend locally and contributes to the vibrancy of the community.

In all circumstances, the growing emphasis on flexibility means that the design of any new building needs to respond to different operating models. It may also be that other publicly accessible uses can be accommodated alongside the room offering. It may be, for example, that there is a benefit from providing co-working or gym space which is open to guests and public alike. *Village* hotels offer an extensive gym with considerable facilities including not only workout spaces but a heated pool, whirlpool and sauna. These are also accessible to members of the public on daily, monthly or annual passes. The reciprocal relationship is cemented by offering gym members discounts on hotel food and beverage.

"Hotel design and hotel facilities have changed much."

Michael Hirst OBE, Chairman, UK Government's Events Industry Board.


POOL
BEDROOMS
WELLNESS
GYM
CLASSES
BAR & RESTAURANT
CHILDCARE
COWORK
EXPLORE
WELLNESS

The Hotel of the Future?

The future seems bright for the modern nomad, with a greater variety of visitor accommodation likely to arrive in a wider range of places. The challenges and opportunities will almost certainly be in urban locations, where traditional models are being replaced and redefined. The booming demand for city breaks, aligned with changing guest expectations, means that constrained and central locations become more feasible in both financial and design terms.

This creates a fantastic opportunity for planning and regeneration professionals, at a time when the challenges facing town centres are well-documented. The "golden age" of retail-led regeneration ended in the financial crisis of 2008, which in turn prompted a decline in retail spending and investor confidence and aligned with the rise in internet shopping. Yet demand for hotel and visitor accommodation is buoyant and, whilst the rooms for many branded hotel offerings are standardised, it's increasingly clear that the ground floor need not to be. This is also what adds the most to the human experience at street-level.

Much of the public-political nervousness about hotel provision, in so far as it exists, is in the context of a pressure on scarce land resources to secure as many homes and jobs as possible, and relates to a lack of clarity as to what hotels can "give back". The answer, in fact, is "a lot". They contribute to direct and indirect employment, drive footfall and spending for local business, provide active semi-public spaces and offer a facility which benefits each of us when going about our lives – no matter how occasionally we, our friends, family or business partners revisit our nomadic roots.

The ability to consider smaller or more constrained sites as viable redevelopment options has bought branded offerings to locations which may previously have been off-the-radar. New and exciting opportunities now exist to breathe life into the most neglected corners. Even old car parks or basements might be able to provide a suitable space below ground, for either "compact" offerings for those seeking a short-stay or, through the use of replicated natural circadian light, longer-stay products such as standard rooms or serviced apartments.

Increased footfall from hotel and visitor accommodation supports local business, whilst food and beverage offerings can complement otherwise struggling high streets. Quiet reception and lobby areas can be reduced in scale, subject to the product being delivered, with publicly accessible bars and restaurants to replace them, contributing to the sense of meaningful human experience. When hotels and serviced apartments bring new life to vacant sites, ancillary uses might be found to replace those of the traditional high street.

The emphasis must nonetheless remain on the guest. Whilst it's important to recognise the substantial benefits that hotel and visitor accommodation can bring to an area, the key to success will always remain on ensuring that the product is suited to the requirements of those nomadic travellers who stay there. For smaller hotels to maintain quality, they will also require exceptional internal space planning to ensure that the product is appropriate to visitor requirements. This means addressing both practical considerations such as under-bed storage, headboard wardrobes and folding desks alongside market preferences for good connectivity.

Key Questions

Thinking about the modern nomad is vital not only for designing and delivering hotels of the future, but also the towns and cities of the future. At a time when the hotel and visitor accommodation sector is changing so quickly, designers, planners, developers and operators each need to respond to ensure that these changes are handled appropriately. Ultimately, as with all good design and development, the recipe for success is based on the human experience.

For the Designer

It is clear that the visitor economy, aligned with wider shifts in society, is increasingly reliant on technological connectivity. Seamless and reliable platforms for delivering this will become the norm, influencing the way that hotels operate and the space that's required within them. Aligned with this, changing guest preferences and the move towards smaller rooms, both for hotels and serviced apartments, creates greater flexibility for operators to consider city centre locations and for rooms to be provided in non-traditional locations, such as below ground.

For the Planner

Planning policies are not changing as quickly as the hotel industry may require. New types of asset class may require revisions to the Use Classes Order. A willingness will be needed to consider non-traditional hotel designs, including new sectors such as serviced apartments. This will require flexibility on everything from parking standards to protection for retail frontages and units. In prompting this transition, there is a need to recognise the important and positive contribution which visitor accommodation makes to our town centres and the extent to which it can mitigate pressure on other public spaces such as libraries.

For the Developer & Operator

In a rapidly evolving sector where operators have clear and specific requirements for space from the outset it becomes more important than ever that speculative schemes are well-designed. There is a clear scope to think more creatively about the way that uses are arranged on sites and, particularly, the role that ancillary uses such as co-working, retail and leisure uses might operate within hotels. The size, layout, location and technology of rooms should be revisited and approached more flexibly but remain easy and convenient to use. As new uses such as serviced apartments or sub-tenanted ancillary spaces such as bars or co-working expand, there is scope for each to become more appealing to the investment and funding market, in turn establishing new asset classes and improving deliverability.

Contact
To get involved with the discussion and explore these ideas further please contact:

Jonathan Manns
Board Director
Rockwell

jm@rockwellproperty.co.uk
rockwellproperty.co.uk

James Mitchell
Partner
Axiom Architects

jm@axiomarchitects.co.uk
axiomarchitects.co.uk

About Rockwell

Rockwell is an agile, versatile and connected property developer with a proven track record of quality development projects. Focussed on London and other major UK cities, the creation of extraordinary buildings and places that enhance communities is at the very heart of Rockwell's vision. Rockwell strive to deliver a legacy that stands the test of time.

About Axiom

Axiom Architects is a leading practice in the hotel sector. High quality design, commercial understanding and expertise underpin all of their projects. The team of over 45 talented staff comprising Architects, technicians and interior designers, makes the practice innovative, collaborative and rigorous. Their proven track record is demonstrated by a loyal client base which includes some of the UK's most recognised brands.

NOMAD CITY

Rockwell

AXIOM ARCHITECTS