

Courtyard Hotel by Marriott - Socio-economic Impact Infographic Background

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This note has been prepared by ekosgen to accompany an Infographic setting out the key socio-economic impacts of the proposed extension of the Courtyard Hotel by Marriott in Oxford City Centre. This note summarises the impacts and provides details of the key assumptions that have been relied on to inform the impact assessment.

Proposed Development Assumptions

- A modern 4-star hotel in Oxford city centre which opened in summer 2019 and is operated by the Applicant (Dominus)
- Current room keys: 149
- Proposed room keys: 158 (+9)

Local Drivers for Change

- The adopted Oxford Local Plan 2036 seeks to support the vibrancy of the city centre through several policies.
- The Plan identifies that proposals which facilitate longer stays will result in greater spend in Oxford's shops and restaurants, which will in turn boost their viability and Oxford's economy. The hotel will continue to support local retailers and amenities, particularly through its established relationships with local restaurants.
- The Plan explains that when Oxford's hotel occupancy and room rates are compared with those of comparable cities, there is significant unmet demand and potential for growth in all varieties of short-stay accommodation.
- Oxford's Economic Strategy also identifies the city centre as a key area of focus, including the promotion and facilitation of more overnight visitor stays.
- The hotel's city centre location is within an area of significant visitor and business attractions and is highly accessible.

Construction Impacts

Ekosgen estimate demand for **15 temporary construction FTEs over the 6-month construction period**. This includes both on-site and off-site workers. In addition, there will be training and apprenticeship opportunities.

Key Assumptions

- **Construction investment:** £2.7m (supplied by Dominus)
- **Construction period:** 6 months (supplied by Dominus)
- Construction worker calculations rely on an estimate of turnover per FTE sourced from the ONS Business Register and Employment Survey, which is applied to the construction spend.

Operational Impacts

The hotel currently supports a range of direct jobs, and these will continue to be supported alongside additional jobs as a result of the hotel's proposed expansion. Jobs are also supported in the wider economy through supply chain and employee expenditure as well as expenditure from hotel guests. The operation of the hotel also contributes to the local economy through Gross value Added (GVA) and fiscal benefits in the form of business rates. The long-term economic impacts of the hotel and its proposed expansion can be summarised as follows:

- According to the Applicant who currently runs the hotel, the hotel currently supports around **50 jobs** including part-time and full-time roles. The Full Time Equivalent (FTE) of the total jobs supported on the Site is estimated to be **36**. Once the extension is complete, including the addition of 9 rooms, the number of FTE jobs supported by the hotel is expected to increase to **40 (+4)**.
- Based on the above jobs figures, the hotel currently delivers around **£1.4m in Gross Value Added (GVA)** per annum to the local economy, which is expected to **increase to £1.5m (+£0.1m)** as a result of the expansion.
- The hotel currently supports **18 FTEs through indirect** (supply chain purchases made by the operator and occupiers which can support further local employment) **and induced jobs** (expenditure from wages injected into the local economy by both direct and indirect workers which can also support further local employment) supported. This is expected to increase to **20 FTEs (+2)** following expansion.
- The current indirect and induced jobs support **£1.6m in GVA per annum**, which will increase to **£1.8m (+£0.2m)** following expansion.
- The hotel currently supports **£7.9m in visitor spend per annum**, increasing to **£8.4m (+£0.5m)** following expansion. The increase in spending will support further jobs in the wider economy as hotel users also spend money outside of the hotel on retail, food and beverages and leisure activities.
- Around **£300,000 per annum** in Business Rates is currently generated which supports essential local services across Oxford. This is expected to increase to around **£320,000 per annum (+£20,000)** following expansion.

Key Assumptions

- Current staff numbers of 21 full time and 29 part time (supplied by Dominus who operate the hotel). ekosgen converted to Full Time Equivalents (FTEs) by assuming one part-time role = 0.5 full-time role.
- The increase in jobs as a result of the extension is based on the Homes and Community Agency (HCA) Employment Density Guidance Note (2015) and using the assumption of 1 Full Time Equivalent (FTE) employee per 2.5 beds (average of mid-scale to up-scale hotel)
- **Induced and Indirect FTEs:** A standard Multiplier of 1.5 for the South East region (HCA Additionality Guide, 2014) was applied to the direct jobs.
- **Direct GVA per FTE:** Based on GVA per FTE for the Accommodation and Food Services sector of the Oxford economy using the ONS's Business Register and Employment Survey 2019 data and inflated to current prices.
- **Induced and Indirect GVA per FTE:** £93,931 based on GVA per FTE for all industries for South East (data taken 2019 and inflated to current prices)
- **Market Positioning:** Mid-market but high-end rates

- **Occupancy Rate:** occupancy rates supplied by the Applicant (Dominus) indicate a steady increase in rates since opening year with monthly variations but largely achieving above 85% and in many months above 90%. The Applicant anticipates occupancy rates will be in line with the past operating year (average 90.6%). On this basis ekosgen assumed 90% for purposes of modelling.
- **Average Persons per room:** 1.6 (provided by the Applicant (Dominus)).
- **Tourism Spend: £101.36 per night** (derived from Experience Oxfordshire data on the economic impact of tourism, inflated for current prices)¹
- **Business Rates:** Based on the current (2023) rateable value of the hotel from the Valuation Office Agency, with a proportionate uplift to reflect the increase in rooms of 6.7%. Business rates derived using a multiplier of £0.512.

Glossary of Terms

- **Gross Value Added (GVA):** is a measure of the contribution to the economy of an individual producer/industry or sector. Simplistically, it is the value of the amount of goods and services that have been produced, less the cost of all inputs and raw materials that are directly attributable to production. In this instance it is a measure of the value to the local economy of goods and/or services supported by the Hotel being constructed and once in operation. It is based on average GVA per FTE (based on regional estimates from the Government) multiplied by the number of full-time equivalent (FTE) jobs that the hotel is estimated to support at both construction and operation stage.
- **Full Time Equivalent (FTE):** a measure of how many full time jobs and part-time jobs add up to full-time jobs (for example, two part-time jobs working 50% hours would equate to 1 FTE job)
- **Direct FTEs/GVA** – a measure of the FTEs (and resulting GVA) that will be supported by the activities of the development.
- **Indirect FTEs/GVA – supply chain impacts** associated with the purchase of goods and services by those located at the hotel to support their day-to day operations and further purchases associated with linked firms along the supply chain.
- **Induced FTEs/GVA** – impacts associated with local expenditure as a result of those who derive **incomes** from on-site (direct) and supply linkage activities at the hotel.

¹ The Economic Impact Report for Tourism in Oxfordshire, Experience Oxfordshire