MAY 2012

Isle of Wight

HOTEL AND VISITOR
ACCOMMODATION PROSPECTUS




2012

"The Isle of Wight is shaking off its image as a tidy and unadventurous adjunct to Southern England and instead attracting a younger, livelier crowd…"

The Rough Guide to Britain

"Often described as recreating the whole of southern England in miniature, the island's 147 square miles contain rolling farmland, marshy estuaries, castles, cliffs, vineyards, beaches, steam trains and antique tube trains, Roman villas, dinosaur fossils, red squirrels and a whole clutch of manor houses"

Time Out Great Getaways

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INTRODUCTION

For over a century the Isle of Wight has maintained a reputation as a rather special place to visit.

The dramatic coastline, sandy beaches, gentle climate and the excitement of arriving by boat still hold the same appeal that they did a hundred years ago. But it is the outdoor sports, the famous music festivals, the renowned yachting scene and the stylish restaurants and bars that are attracting the attention of the media, and drawing a new, younger and more affluent crowd.

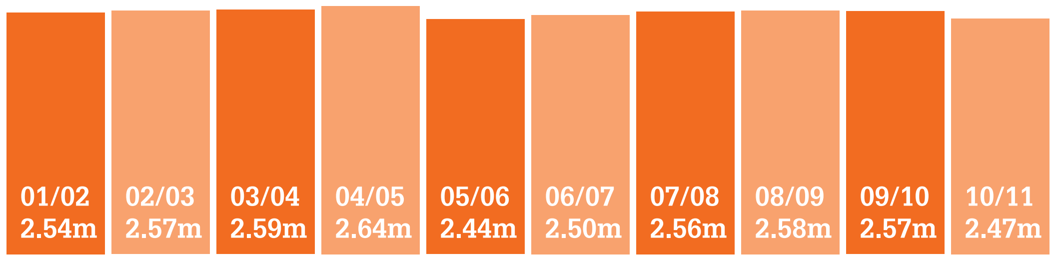
The Isle of Wight has now become an ideal place for investment in the visitor accommodation sector and The Isle of Wight Council are actively seeking to support and facilitate suitable development projects and partners.

This prospectus sets out an introduction to the visitor economy of the Island and gives an overview of the opportunity.

" A popular escape for yachties, cyclists, walkers and the bucket-and-spade brigade since Victorian times, it alternates between chocolate-box quaint and crazy-golf kitsch, rosy-cheeked activity and rural respite. But the last few years have also seen a fresh youthful buzz injecting life into its southern resort towns, attracting a new generation of urbanites and romantic week-enders with gastropubs, slick hotels and big music festivals. Still, the island's principal appeal is its surprisingly mild climate, its myriad of outdoorsy activities and its lush green hills that roll gently down to 25 miles of clean, unspoilt beaches."

Lonely Planet website

ONE OF THE UK'S MOST SUCCESSFUL DESTINATIONS



All visits to the Isle of Wight 2001-2010
(Day and staying visitors)
Source: Isle of Wight Tourism Monitor/Tourism South East

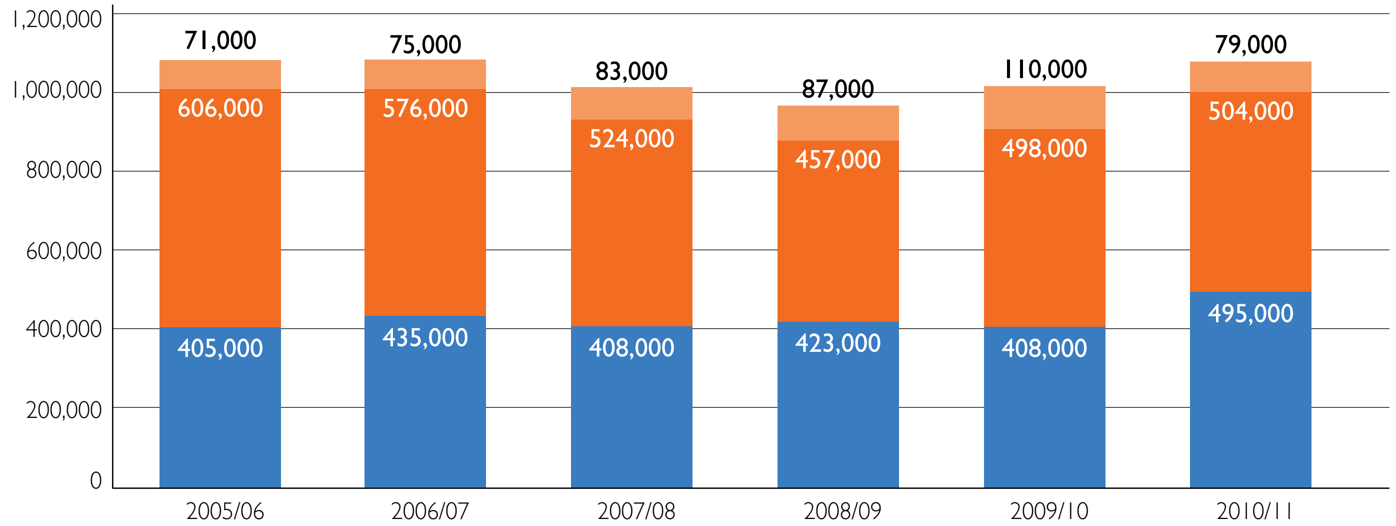
Year on year, visitor numbers to the Isle of Wight have remained **consistent**, proving that the island has an **enduring appeal**.

Each year, the Island attracts around **2.5 million** visitors.

People living in the south of England provide the majority of visits, especially those in the close counties of **Hampshire, West Sussex, Surrey and London**. 40% of all domestic overnight visits come from London, Hampshire and Surrey.

PERFECTLY LOCATED FOR SHORT BREAKS

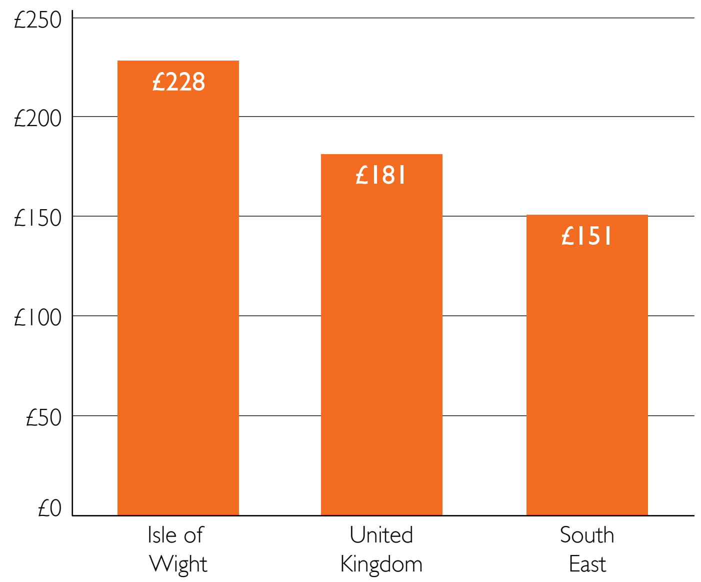
The Isle of Wight's favourable location on the south coast makes it an ideal short break destination. In 2010/11 there were around 500,000 domestic short break trips of 1 to 3 nights, a market that grew by nearly a quarter on the previous year.



Staying visits to Isle of Wight 2005/2010 — 1-3 domestic nights, 4+ domestic nights, Overseas staying nights
Source: Isle of Wight Tourism Monitor/Tourism South East 2010/2011

A STRONG SPEND PER VISITOR

UK overnight visitors on the Island spend well compared to regional and national averages. Domestic overnight visitors to the Island spend about £230 per person per trip compared to the UK average of £180 and the South East average of £150.



Spend per head for domestic overnight visitors 2010/2011
Source: Isle of Wight Tourism Monitor/Tourism South East 2010/2011

...AND ITS NOT JUST A ONE OFF

The Island has an exceptionally high rate of repeat visitation. Nearly two thirds of all visitors to the Island have been more than once in the last 12 months.

GETTING AWAY FROM IT ALL

Visitors are mainly attracted to the Island by the lure of the outdoors - the beach, the sea, the countryside and the relaxation and activities that they provide.

KEY INFLUENCING FACTORS	%
Attraction of Countryside/AONB	63%
Peace & Quiet	60%
Attraction of Beaches and water-based activities	50%
Plenty for Adults to do	49%
Plenty for Children to do	27%

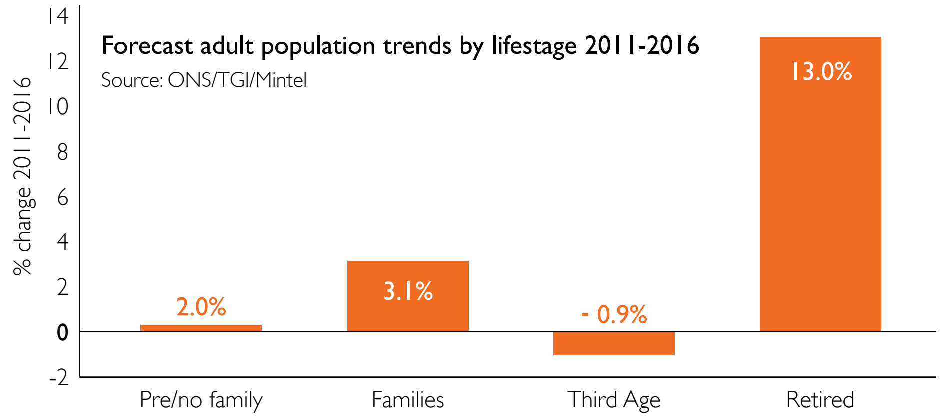
Key influencing factors for visiting the Island
Source: Isle of Wight Visitor Survey 2010

THE MARKET TRENDS ARE GOOD FOR THE ISLAND

The Isle of Wight is very well positioned to take advantage of national trends that will be shaping consumer and visitor behaviour in coming years across the UK.

CHANGING SOCIAL STRUCTURE
MORE RETIREES & FAMILIES

Over the next 5 years, the number of retired people and those in the family lifestage are set to grow strongly. This is good news for the Isle of Wight which appeals to both of these markets.

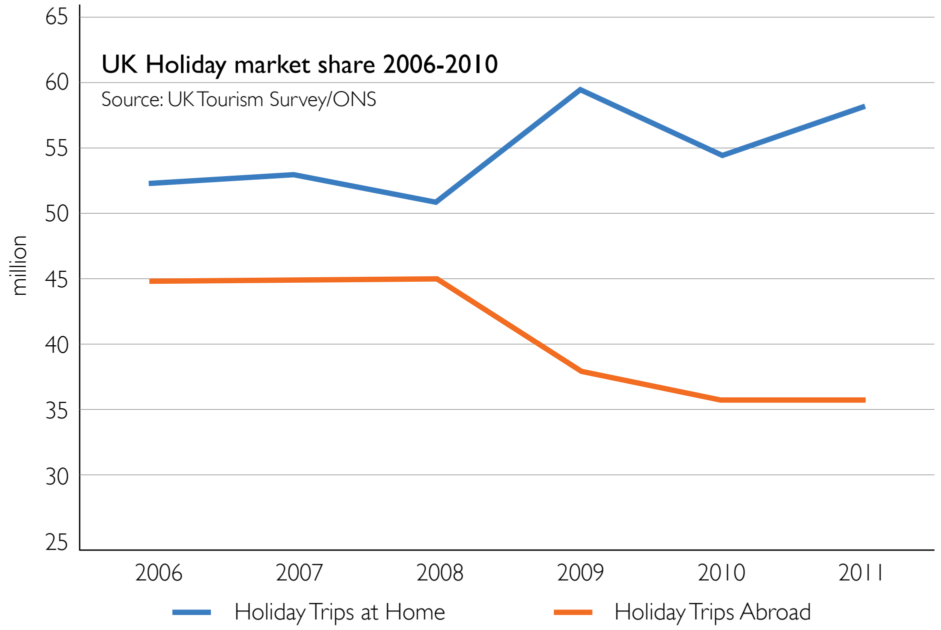


Key Features: Changing Social Structure

- Wealthy (with tightening budgets) but less time means people are seeking value for money **and** value for time
- Getting older, but growing 'agelessness'
- 'SKIers' (Spending Kids Inheritance) and 'Kidults' spend well on holidays and leisure
- More families
- More single people
- More informed and discerning consumers
- Greater choice and flexibility

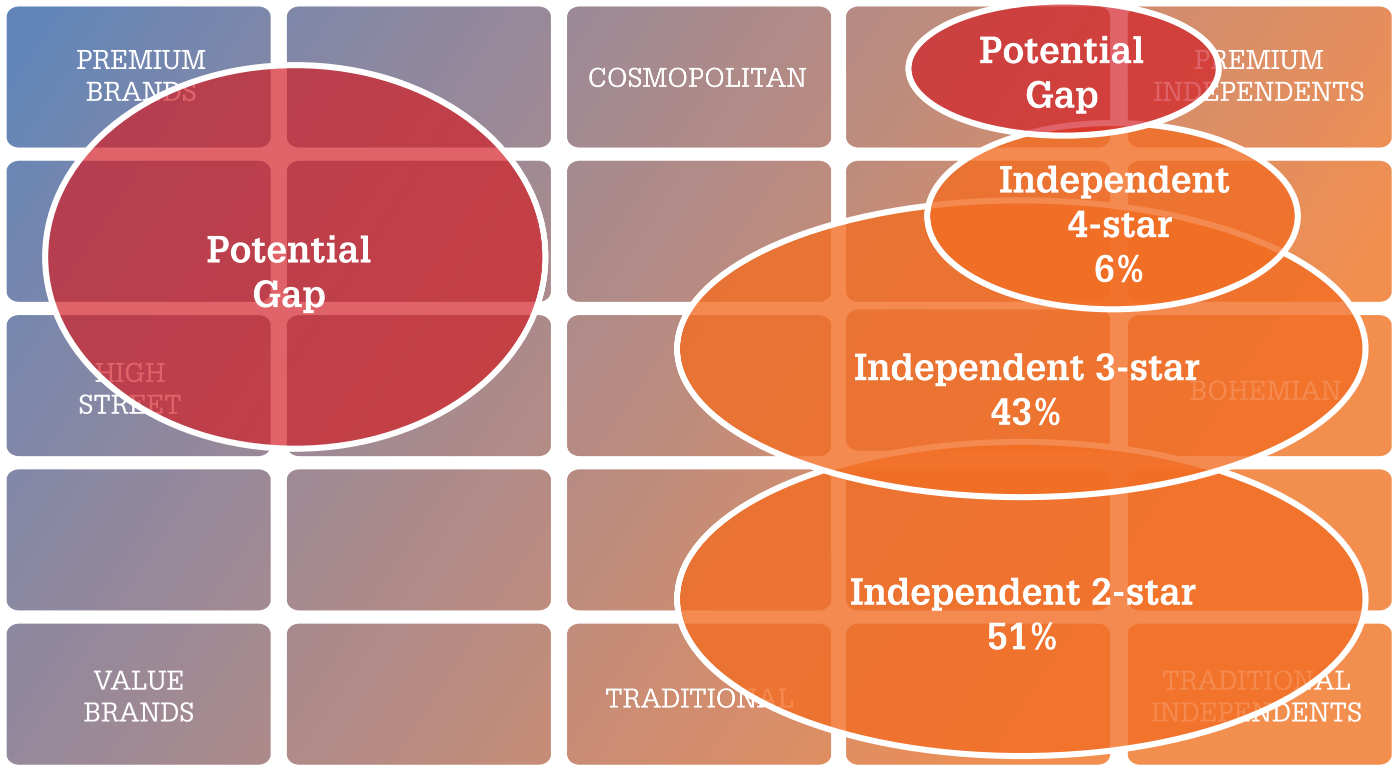
THE STAYCATION EFFECT

The 'staycation' effect began in 2009 as consumers looked to save money by holidaying at home. Recent statistics show that this trend has continued whilst trips taken by British residents travelling abroad have continued to fall.



CURRENT HOTEL SUPPLY

The Island has a good supply of independent 2 and 3 star rated hotels. Analysis using Colliers International's Placemaking *Mosaic shows that there are market opportunities in all other sectors of the accommodation market. There are particular opportunities for **branded operators, boutique hotels and higher quality self-catering.**



Market Positioning of Hotel Supply (Rooms)

Source: c.1815 rooms across 42 hotels (islandbreaks.co.uk)

* **Colliers International Placemaking Mosaic** is a model for categorising different types of destination experience. Experiences on the left hand side of the model are dominated by corporations – the property tends to be in the ownership of large companies or finance institutions and the businesses are dominated by branded multiples. Experiences on the right hand side of the model are independent orientated – the property tends to be in the ownership of small, local companies, and the operations tend to be managed independently. Experiences at the top side of the model compete largely on quality and those at the bottom side of the model compete largely on price.

At last count, the Island had about 1,500 accommodation businesses with 44,000 bed spaces.

Type	No. of Sites	Units	Pitches	Bedspaces	% of total Bedspaces
Hotels	116			7,355	17%
Guest Houses & B&B	285			4,983	11%
Self Catering	1,040	1,280		7,678	18%
Holiday Parks (with camping)	58	2,953	2,315	19,778	45%
Touring & Camping only	21		1,345	4,035	9%
Total	**1,520**	**4,233**	**3,660**	**43,829**	**100%**

Overview of accommodation stock

Source: Isle of Wight Tourism Development Plan 2005

THE MARKET OPPORTUNITY

The Isle of Wight offers one of the best market opportunities in the UK because of its close proximity to the short break markets of the affluent south east and London. This unique location and island charm gives it a competitive edge over more distant destinations like Cornwall and Devon. The Isle of Wight has an exceptional catchment market. 2.5m people live within 2 hours drive of the Island (including the ferry crossing), and 13.4m within 3 hours, taking in most of Greater London.

Acorn Profile	Total	%	UK Avg %
Wealthy Executives	375,000	14.7%	9.1%
Affluent Greys	275,000	10.8%	7.4%
Flourishing Families	240,000	9.4%	8.6%
Prosperous Professionals	38,000	1.5%	1.9%
Educated Urbanites	104,000	4.1%	6.4%
Aspiring Singles	82,000	3.2%	3.6%
Starting out	149,000	5.8%	4.3%
Secure Families	335,000	13.1%	14.6%
Settled Suburbia	124,000	4.8%	5.6%

Acorn Profile	Total	%	UK Avg %
Prudent Pensioners	120,000	4.7%	2.4%
Asian Communities	4,000	0.2%	1.6%
Post Industrial Families	194,000	7.6%	4.7%
Blue Collar Roots	119,000	4.7%	7.4%
Struggling Families	232,000	9.1%	13.0%
Burdened Singles	75,000	2.9%	4.1%
High Rise Hardship	38,000	1.5%	1.8%
Inner City Adversity	2,000	0.1%	2.0%
Unclassified	52,000	2.0%	1.5%

An ACORN* analysis shows that the number of **affluent households** within the Island's catchment area is **significantly higher** than the UK average.

Drive time catchment populations by consumer profile

*ACORN is the most widely used market segmentation tool that breaks down the UK population into 56 different groups

PLANNING & LOCAL CONTEXT

ISLAND PLAN CORE STRATEGY

The Isle of Wight Council adopted a Core Strategy in March 2012 – The Island Plan. It sets out the planning and development vision, priorities and framework for the next 15 years.

Tourism development is recognised as a priority with a focus on driving higher quality and strong environmental credentials.

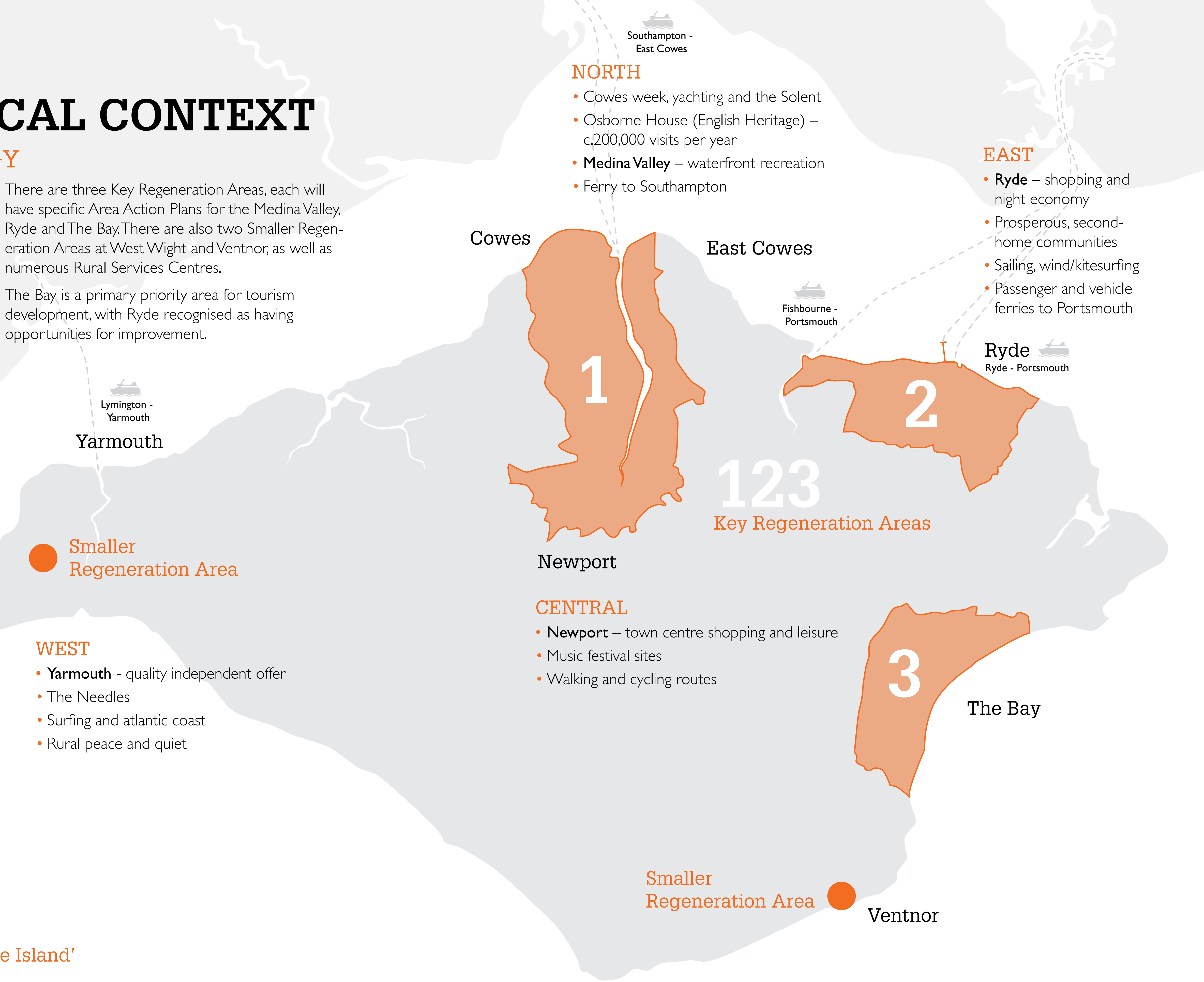
There are three Key Regeneration Areas, each will have specific Area Action Plans for the Medina Valley, Ryde and The Bay. There are also two Smaller Regeneration Areas at West Wight and Ventnor, as well as numerous Rural Services Centres.

The Bay is a primary priority area for tourism development, with Ryde recognised as having opportunities for improvement.

ISLAND HIGHLIGHTS

- 300+ attractions and leisure enterprises
- 800+ food and drink establishments
- £25m annual spend from visiting yachts and the oldest regatta in the World – Cowes Week with 8500 competitors
- 50% of the Island is designated as Area of Outstanding Natural Beauty.
- 28 miles of designated Heritage Coast
- 120,000 music fans each year to Isle of Wight Festival & Bestival

Source: Island Plan Core Strategy 2012
Isle of Wight Tourism Monitor 2010/2011



NORTH

- Cowes week, yachting and the Solent
- Osborne House (English Heritage) – c.200,000 visits per year
- **Medina Valley** – waterfront recreation
- Ferry to Southampton

EAST

- **Ryde** – shopping and night economy
- Prosperous, second-home communities
- Sailing, wind/kitesurfing
- Passenger and vehicle ferries to Portsmouth

WEST

- **Yarmouth** - quality independent offer
- The Needles
- Surfing and atlantic coast
- Rural peace and quiet

CENTRAL

- **Newport** – town centre shopping and leisure
- Music festival sites
- Walking and cycling routes

SOUTH

- Traditional 'bucket and spade' offer of The Bay
- Majority of hotel stock
- **Ventnor** – emerging foodie and quality independent offer
- Blackgang Chine theme park

Core Strategy Objective 7
'To support a diverse tourism offer on the Island'

Core Strategy Objective 5
'To promote and enhance community leisure and recreational facilities.'

A full copy of the adopted Core Strategy can be found at
http://www.iwight.com/living_here/planning/Planning_policy/island_plan/default.asp