**Guest House and B&B Review 2018**

**Executive Summary**

**The Purpose of the Review**

To provide evidence of what is happening in County Durham’s guest house and B&B sector in terms of changes in supply, current performance and market demand, and the future prospects for this category of visitor accommodation in the county.

The review focuses on the supply of, and demand for;

* Guest house and B&B accommodation
* Restaurants with rooms.
* Private rooms that are let as short stay accommodation through Airbnb.

**Methodology**

1. An audit of the current supply of guest houses and B&Bs across County Durham;
2. An analysis of how the county’s guest house and B&B supply has changed compared to the supply information that we compiled for the 2012 County Durham Visitor Accommodation Study;
3. A review of Tripadvisor reviews
4. An audit of Airbnb private rooms
5. A CATI survey of guest houses and B&Bs across the county to assess current performance levels and trends; factors behind changes in performance; key markets; and operator views on future prospects. A total of 23 guest houses and B&Bs were interviewed.

**Guest House and B&B Supply**

The research has identified 76 guest houses and B&Bs, with a total of 286 letting bedrooms.

Supply is spread broadly across the county. The Durham Dales and Vale of Durham have the most significant stocks of guest house and B&B accommodation. There is also a concentration of provision in Durham. There is very limited provision on the Durham Coast, although supply here has increased recently. Bishop Auckland stands out as one location that has no guest houses or B&Bs at present.

Less than half participate in the national star rating scheme for visitor accommodation.

Tripadvisor reviews for guest houses and B&Bs in County Durham are very positive: there are clearly very high levels of customer satisfaction with the county’s guest house and B&B offer.

**The demand**

Key words and phrases that repeatedly come up are as follows:

• Homely, cosy and comfortable accommodation;

• Freshly cooked, locally-sourced breakfasts;

• Welcoming, friendly, warm and knowledgeable hosts;

• Beautiful surroundings;

• Well-located;

• Home-made bread, jams, cakes.

**Keys to success:**

• Welcoming, friendly, knowledgeable hosts and staff;

* Clean, comfortable and well-appointed bedrooms;
* An outstanding, freshly cooked and local sourced breakfast;
* Attention to detail.
* Individual, unique, contemporary interior design;
* Extra facilities in bedrooms e.g. hot tubs
* Extra touches e.g. offering home-made cake and tea on arrival or putting home-made biscuits in bedrooms
* Extra services for guests e.g. beauty and spa treatments, stabling for horses

**Current supply (telephone survey)**

Roughly half of the guest houses and B&Bs interviewed indicated that they have invested in redecoration, bathroom renewal and other refurbishment work in the last three years. A few guest houses and B&Bs have added guest bedrooms.

Around a quarter of the guest houses and B&Bs surveyed indicated that they are planning some form of investment in the next 2 years. This is primarily in terms of refurbishment and upgrading.

**Airbnb Private Rooms**

78 private room listings. The majority (59%) are in the Vale of Durham. There are relatively few private room listings in Durham, the Durham Coast or Durham Dales. The quality of private rooms listed on Airbnb varies considerably.

**Changes Since 2012**

There has been very little change in guest house and B&B provision, a 3.1% drop in the number of guest house and B&B rooms and 8.4% reduction in the number of guest house and B&B businesses from 39 closing and 35 opening in the last 6 years.

Changes an overall improvement in quality, with the emergence of new luxury and boutique guest houses and B&Bs; the upgrading of one B&B in Durham to provide the county with its first 5-star establishment; and a sharp drop in the number of 3-star guest houses and B&Bs.

In terms of location, the supply has;

* increased recently on the Durham Coast,
* increased slightly in Durham City
* remained almost the same in the Vale of Durham.
* more marked drop in provision in the Durham Dales

Airbnb Private Rooms have grown by 83% since its launch in 2014 for Durham City and surrounding parts of the Vale of Durham.

**Current performance (telephone interview)**

NB sample sizes are very small for the sub-areas of the county and don’t include the Durham Coast

Room Occupancy Performance 2018

75% in Durham City and 86% in the Vale of Durham expecting to achieve a room occupancy of over 60% (57% national average in 2016).

Only 25% of guest houses and B&Bs in Teesdale and 13% in Weardale expecting to achieve an annual room occupancy of over 60% in 2018, and 50% of guest houses and B&Bs in Teesdale and 63% in Weardale expecting their annual room occupancies to be under 50%.

**Performance Trends 2016-2018**

* Performance has been relatively stable.
* Over half of owners reported no change in room occupancy and roughly equal proportions of owners reported an increase or a decrease
* The majority of guest houses and B&Bs have increased or held their prices over the last 2 years:
* Most have seen no change or an improvement in their profits (over a third reported a drop in profits)
* Reasons given for improved business performance were investment, improved marketing, increased bookings through OTAs, an increase in demand from the parents of university students, and demand building up for a new business.
* Reasons given for reduced business performance were new hotel openings in Durham, a reduction in contractor demand for one business, regular customers not visiting as often, customers switching to self-catering accommodation, one business winding down in the run up to retirement

frequent shortages of guest house and B&B accommodation on weekends between April and October and in the peak summer months (June to September). Shortages are most evident at these times in the Vale of Durham and Durham

There is also evidence of frequent weekend shortages in Durham, and to a lesser extent the Vale of Durham, in the winter, and occasional midweek shortages in these locations during the winter months. Guest houses and B&Bs in the Durham Dales are less likely to be fully booked at weekends in the winter however, and rarely during the week.

**Key markets**

* Short breaks.
* Overseas tourists are an important market
* Parents visiting university students are a key weekend market in Durham, and to a lesser extent the Vale of Durham.
* People attending weddings and family parties are the main source of weekend business for guest houses and B&Bs in the Vale of Durham.
* Business visitors and contractors are key midweek markets for guest houses and B&Bs in Durham and the Vale of Durham, but lesser markets in the Durham Dales.

**Key growth markets**

* People coming for a short break;
* People coming for longer holidays, particularly for guest houses and B&Bs in the Vale of Durham;
* Overseas tourists, especially for Durham and the Vale of Durham;
* Visiting parents of university students for Durham and Vale of Durham guest houses and B&Bs;
* Business visitors in Durham and the Vale of Durham;
* People attending weddings and family parties, especially for guest houses and B&Bs in the Vale of Durham.

**The Future**

* the investment that is going into Durham,
* the development of Bishop Auckland as a visitor destination,
* expansion of Beamish were all seen as being likely to have some positive benefit.
* continued growth of Airbnb as a potential issue,
* The opening of new hotels in Durham was identified as a potential competitive threat

**Growth Prospects by Market**

* Good scope for growth in short break, staycation and overseas tourist demand as a result on the forecast national growth in these markets and the considerable investment that is currently going into the county’s attractions and leisure offer.
* Likely growth in demand in Durham and the Vale of Durham from visiting parents of university students, given the planned expansion of Durham University;
* Potential for growth in business and contractor demand in Durham and the Vale of Durham, given the planned office and business park development and construction activity;
* Increasing demand from people visiting friend and relatives in the county and attending weddings and family parties, as the county’s population grows.

**Key Findings**

* A significant churn in guest house and B&B provision, as guest houses and B&Bs close over time and new ones open, typical of the sector;
* A stable overall guest house and B&B supply in Durham and the Vale of Durham;
* A number of recent guest house and B&B openings on the Durham Coast, in Seaham and Castle Eden;
* A continuing gradual reduction in guest house and B&B provision in the Durham Dales;
* A guest house and B&B that is steadily improving in terms of quality;
* Strong year-round demand for guest house and B&B accommodation in Durham and the Vale of Durham as a result of a good mix of leisure, business, contractor, university, VFR and weddings demand;
* A more seasonal and leisure-driven market in the Durham Dales, resulting in lower levels of occupancy here;
* Evidence of shortages of guest house and B&B accommodation at weekends between April and October and in the peak summer months throughout the week, in all parts of the county;
* Evidence of a market that clearly appreciates guest house and B&B accommodation in terms of the warmth, friendliness and local knowledge of hosts; the individuality of guest houses and B&Bs; the quality of breakfasts that they provide; their cleanliness; and the extra touches and attention to detail that many hosts offer;
* Good prospects for increased demand for guest house and B&B accommodation across the county going forward;
* A sector that is not being unduly impacted by Airbnb lettings or new hotel openings.