



EDINBURGH ECONOMIC NEEDS STUDY: VISITOR ACCOMMODATION

A REPORT TO THE CITY OF
EDINBURGH COUNCIL

MAY 2025

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01 INTRODUCTION

CITY OF EDINBURGH COUNCIL (CEC) IS UNDERTAKING AN ECONOMIC NEEDS STUDY TO SUPPORT THE PREPARATIONS OF THE EVIDENCE REPORT FOR THE CITY PLAN 2040. THE STUDY WILL PROVIDE A COMPREHENSIVE ASSESSMENT OF THE SUPPLY AND DEMAND FOR VARIOUS TYPES OF COMMERCIAL USES IN THE CITY OF EDINBURGH.

- 1.1 The study will review land use and planning implications of demand, analyse associated trends and issues and project future requirements by geographical sub-areas.
- 1.2 The National Planning Framework 4 (NPF4) outlines a national spatial strategy that emphasises creating a globally competitive, entrepreneurial, greener, inclusive and sustainable economy.
- 1.3 Tourism is a key sector and economic driver for the city, which has a comprehensive supply of visitor accommodation, across various sub-sectors. AR Hospitality Consulting has been instructed to prepare a Visitor Accommodation Commercial Needs Study as part of the wider Economic Needs Study being prepared by Ryden.
- 1.4 The report is structured as follows:
 - The current supply across all sub-sectors, by type and geography;
 - The current and historic demand for visitor accommodation in the city, by type;
 - The likely future growth of visitor accommodation demand by type and geography;
 - The requirements and priorities for future land allocation for visitor accommodation by type and geography, and potential conflicts with other land uses such as offices and retail.

METHODOLOGY

- Desktop research to understand the quantum of supply of all types of visitor accommodation across City of Edinburgh;
- Geographical and density analysis of supply;
- Analysis of the change in supply (quantum, type and geography/density) over recent years using CoStar and Lighthouse data;
- Examination of the future supply pipeline of visitor accommodation from CoStar and City of Edinburgh planning portal;
- Identification of key demand drivers including transport, commercial drivers and visitor attractions;
- Desktop research to understand the demand for visitor accommodation, overall and by type of accommodation using a number of data sources. Our analysis includes seasonality of demand where data is available;
- Stakeholder consultations to understand views on current and future visitor trends, supply gaps and issues, and future demand;
- Overview of national and local market trends that influence visitor accommodation provision and demand;
- Analysis of City of Edinburgh and Scotland historic, current and future forecast economic and population growth trends;
- Identification of current and future regeneration projects and developments across the city that will drive accommodation demand growth;
- Projections of the quantum of visitor accommodation required to meet future demand growth, and recommendations on the optimum locations for new supply across the city.

02 EXECUTIVE SUMMARY

CURRENT SUPPLY AND DEMAND

- 2.1 Having examined in detail the supply, demand and potential future demand for all types of visitor accommodation across City of Edinburgh, we conclude as follows:
- 2.2 Demand for visitor accommodation in City of Edinburgh has increased significantly in recent years as the popularity of the city has grown, notably amongst affluent international holiday makers. This is a Scotland-wide trend, although the majority of international visitors incorporate an Edinburgh stay or visit during their holiday;
- 2.3 Current supply does not meet the needs of all visitors with many being priced out or there simply not being enough supply to meet demand (including festival-goers, budget travellers and large business events). Other easily reachable destinations including neighbouring local authority areas and Glasgow benefit from significant overspill demand at peak periods;
- 2.4 This situation has been exacerbated by the growth in high-spending international visitors, slowing pipeline of new midmarket hotels and decrease in short term let supply;
- 2.5 Supply (and confirmed future supply pipeline) of hotels, apart-hotels and serviced apartments is to a large degree concentrated in the city centre leading to overcrowding at peak times in the Old and New Towns of Edinburgh World Heritage site;
- 2.6 Edinburgh remains a key target market for numerous hotel operators and investors and currently the requirement is usually for city centre sites / conversion opportunities. New developments would normally need to be at least 100 bedrooms and ideally between 150 and 250. Many operators would consider repositioning / rebranding of existing hotels requiring investment;
- 2.7 The supply of short term let accommodation has declined significantly since the introduction of regulation and licencing. It is likely this is contributing to the very high demand and pricing in serviced accommodation;
- 2.8 The supply of other accommodation types is limited, although capacity is increased in the summer to a degree with student accommodation and pop-up glamping (“glamorous camping”, often using unusual forms of accommodation such as yurts, wigwams and huts);
- 2.9 Despite hotels, apart-hotels and serviced apartments performing close to peak capacity for much of the year, demand for other types of accommodation is more seasonal and estimated to be around only 58% across the year (some accommodation is only available in the summer months);
- 2.10 This suggests that hotels, apart-hotels and serviced apartments are the preferred accommodation choice for the majority of visitors (66% of visitor nights in 2023 were spent in serviced accommodation according to VisitScotland).

FUTURE GROWTH AND PRIORITIES

- 2.11 We have estimated under a core demand growth scenario of 3.0% per annum that over 10,000 new hotel, apart-hotel and serviced apartment rooms will be required by 2040 to meet future demand (almost 700 rooms per year on average). Our estimates are detailed in Section 8;
- 2.12 Whilst this is well above the 394 annual average rooms delivered over the last ten years, that has been impacted by a significant slowing of the pipeline during and since Covid-19, resulting in a supply shortage during peak demand periods and high average room rates. The 2019 Visitor Accommodation Needs Study identified capacity for 717 new rooms per annum to 2030, but from 2019 to 2024 this has only been 369 on average;

- 2.13 However, it is entirely possible that demand growth could exceed 3.0% per annum (as it has historically) and that other types of visitor accommodation fail to keep pace, in which case the demand for new hotel and serviced apartment supply will be even greater;
- 2.14 If supply increases do not at least keep pace with demand growth the issues of very high accommodation pricing and associated impacts will remain;
- 2.15 The future mix of visitors is likely to continue to be dominated by affluent international tourists, along with growth in business visitors; the preference will remain for well-connected high quality hotels and serviced apartments;
- 2.16 The increase in hotel, apart-hotel and serviced apartment supply needs to be accompanied by increases in the supply of non-serviced apartments, hostels and other accommodation, some of which may be provided only on a peak season basis including pop-up camping / glamping and temporary hotels (as has historically been operated at Fountainbridge during the Festival);
- 2.17 Hotel, apart-hotel and serviced apartment operator interest is likely to remain very strong, and the central location preference of high-end and luxury hotel operators will remain a key requirement;
- 2.18 However, new supply of economy and midmarket hotels could be directed where possible (through regulation or incentives) to sites of emerging demand drivers across the city, for example:
- Edinburgh Airport
 - West Town Edinburgh
 - Edinburgh Park (walking distance from the new Arena)
 - Edinburgh BioQuarter
 - Edinburgh Waterfront (Leith and Granton)
- 2.19 Transport infrastructure must be improved to ensure the visitor experience is maximised in these emerging locations;
- 2.20 Without this “relocation” of hotel developments (and colocation with other sectors such as offices and build to rent) there will continue to be conflict between hotel developments and offices in the city centre;
- 2.21 Other accommodation supply might be directed towards the city’s neighbourhoods and residential areas, identified as key tourism targets. This should primarily comprise use of disused commercial premises and brownfield sites, where compatible rather than detracting from residential stock.

03 CURRENT SUPPLY AND PIPELINE

INTRODUCTION

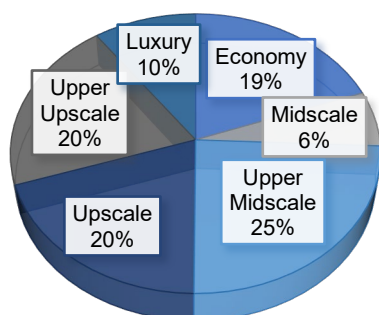
- 3.1 We have undertaken desktop research to understand the quantum of supply of all types of visitor accommodation using the following sources:
- CoStar database supply of hotels, serviced apartments and hostels;
 - VisitScotland listings;
 - Short-term lets data from VisitBritain / Lighthouse;
 - City of Edinburgh Register of Applications for Short Term Let Licences;
 - On-line booking platforms including Airbnb, Vrbo and Booking.com.
- 3.2 Our supply analysis includes geographical and density analysis.
- 3.3 Staying with friends and relatives, second homes and wild camping are not included in the supply analysis
- 3.4 We have reviewed the future supply of visitor accommodation using CoStar data and City of Edinburgh planning portal.

HOTELS, SERVICED APARTMENTS AND HOTELS

Hotel Supply (Includes Hotels, Motels, Inns, Guesthouses, B&Bs, Restaurants with Rooms, Hostels)

- 3.5 We have identified a total hotel supply of 224 properties, supplying 15,608 rooms (mean size 70 rooms). Of these, 94 are small hotels (including guesthouses and B&Bs) of fewer than 20 bedrooms, supplying only 5.9% of the total number of rooms; as such the median size of hotel is 27 rooms.
- 3.6 The following chart shows the distribution of supply by CoStar classification which is based on room rates rather than quality of product or facilities. Economy hotels charge the lowest room rates followed by midscale (probably equivalent to three-star standard), upper midscale (three to four-star), upscale (four-star), upper upscale (four to five-star) and finally luxury (five-star).
- 3.7 The chart demonstrates a fairly even mix, albeit leaning towards the upper end of the market. 75% of the hotel rooms are classified as upper midscale or above.

DISTRIBUTION OF HOTEL ROOMS BY COSTAR CLASSIFICATION



Source: CoStar

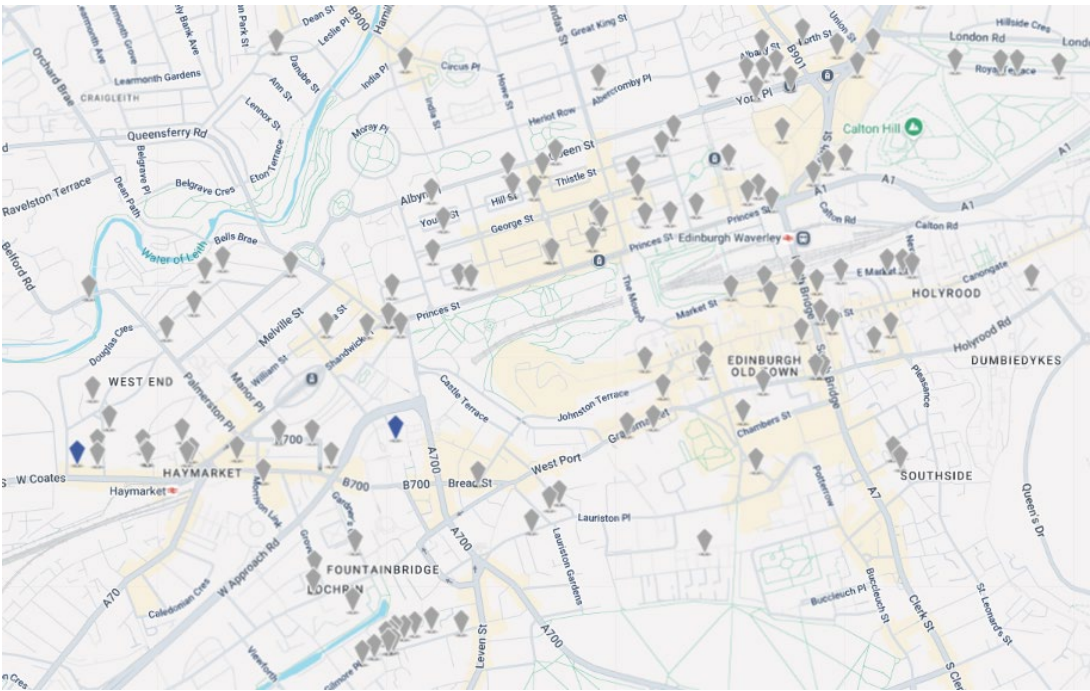
3.8 The heat map and city centre map below show the location of the hotel supply with the vast majority concentrated around the Old Town, New Town and West End/Haymarket/Fountainbridge areas. There are a number of hotels in West Edinburgh (Edinburgh Park and Airport) and clusters of guesthouses and B&B's to the south and in Leith, to the north-east of the city.

GEOGRAPHICAL DISTRIBUTION OF HOTEL SUPPLY



Source: Mapline numbers represent properties in each location

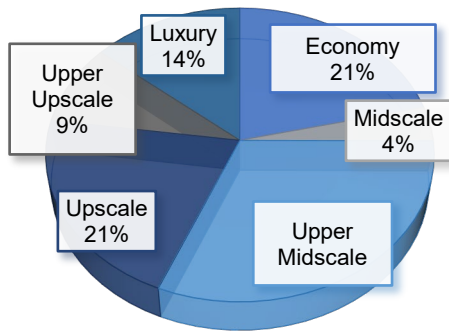
GEOGRAPHICAL DISTRIBUTION OF CITY CENTRE HOTEL SUPPLY



Source: CoStar

- 3.9 Hotel supply has increased significantly over the last ten years and it is important to consider the type and location of hotels being delivered.
- 3.10 We have identified 33 new hotel openings (3,943 new rooms) since 2015 and as the pie chart below illustrates, the highest proportion of these new rooms have been in the upper midscale class where seven hotels account for 1,231 rooms.
- 3.11 There has also been a notable increase in luxury supply, increasing as a proportion of total supply from 8.5% in 2015 to 10% in 2024.

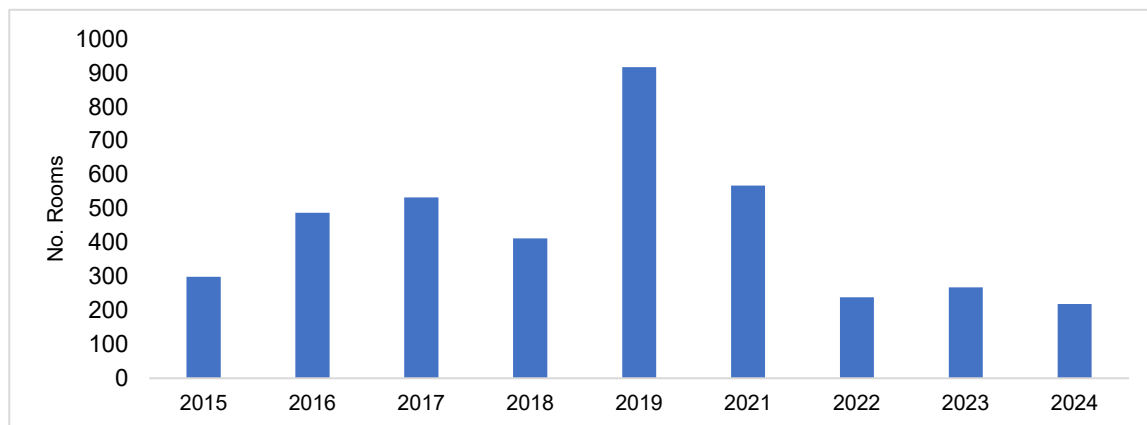
DISTRIBUTION OF LAST TEN YEARS' HOTEL ROOM OPENINGS BY COSTAR CLASSIFICATION



Source: CoStar

- 3.12 The following graph shows the number of hotel rooms that opened each year, peaking in 2019 due to the strength of hotel and tourism performance but slowing dramatically since the pandemic. Whilst Edinburgh has remained very attractive to operators and investors since 2019, a number of projects were severely delayed due to the pandemic, or have not yet progressed due to funding constraints caused by increased construction and financing costs.
- 3.13 In 2019, there were seven hotel openings, accounting for 917 rooms, with two larger hotels being the 230 bedrooms upper midscale Moxy at Edinburgh Airport and the 276 bedrooms upscale Yotel Edinburgh on Queen Street.

ANNUAL NUMBER OF NEW HOTEL ROOMS OPENED FROM 2015 TO 2024



Source: CoStar

- 3.14 The table below shows 23 branded hotel openings since 2015, accounting for 95% of the new rooms. Eight of these have been in the New Town, accounting for almost one third of all new rooms; five in Haymarket/Fountainbridge; three in the Old Town; two in the West End; two at the Airport and one at Edinburgh Park.

BRANDED HOTEL OPENINGS SINCE 2015

PROPERTY	NO. ROOMS	COSTAR CLASSIFICATION	YEAR OPENED
Mercure Edinburgh Haymarket	110	Upper Midscale	2015
Village Hotel Edinburgh	120	Upper Midscale	2015
Hub by Premier Inn Edinburgh Royal Mile	121	Economy	2016
Premier Inn Edinburgh City Centre York Place	127	Economy	2016
Courtyard Edinburgh	240	Upscale	2016
Hub by Premier Inn Edinburgh City Centre Rose Street	145	Economy	2017
Courtyard Edinburgh West	160	Upscale	2017
Hampton by Hilton Edinburgh West End	228	Upper Midscale	2017
Hub by Premier Inn Edinburgh Haymarket	150	Economy	2018
Hampton by Hilton Edinburgh Airport	240	Upper Midscale	2018
Travelodge Edinburgh Park	70	Economy	2019
Malmaison Edinburgh City	72	Upper Upscale	2019
Market Street hotel	98	Upper Upscale	2019
Point A Hotel Edinburgh Haymarket	149	Midscale	2019
Moxy Edinburgh Airport	230	Upper Midscale	2019
Yotel Edinburgh	276	Upscale	2019
Moxy Edinburgh Fountainbridge	262	Upper Midscale	2021
Voco Edinburgh Haymarket	150	Upscale	2021
Premier Inn Edinburgh City Centre (Waverley)	136	Economy	2021
Virgin Hotels Edinburgh	222	Luxury	2022
W Edinburgh	244	Luxury	2023
Red Carnation 100 Princes Street	30	Luxury	2024
The Resident Edinburgh	164	Upper Upscale	2024

Source: CoStar

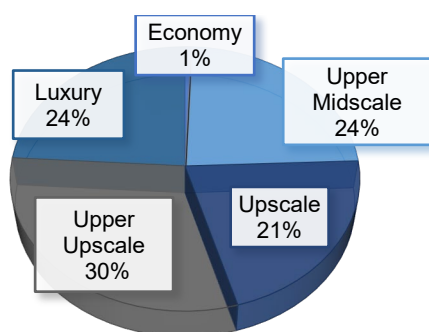
Hotel Closures

- 3.15 There have been a limited number of hotel closures over the last ten years:
- 42 bedrooms Channings Hotel closed in 2017
 - 96 bedrooms Travelodge Edinburgh Central Princes Street closed in 2020
 - 64 bedrooms Travelodge Edinburgh Learmonth closed in 2021

Serviced Apartments and Apart-hotels

- 3.16 We have identified 46 serviced apartment or apart-hotel operations supplying 1,600 rooms.
- 3.17 The pie chart demonstrates that the serviced apartments and apart-hotels tend to be positioned towards the upper end of the market with virtually all of them classified as upper midscale and above. A high 54% of rooms are classified luxury or upper upscale. There is one economy class property with 10 rooms.

DISTRIBUTION OF SERVICED APARTMENT ROOMS BY COSTAR CLASSIFICATION



Source: CoStar

- 3.18 In terms of geographical distribution, the majority of serviced apartments and apart-hotels are in the city centre; around 20 in the New and Old Towns, 11 in the West End, six in the Haymarket/Fountainbridge area, two in the southside and one at the Gyle.

Hostels

- 3.19 We have identified 18 hostels with 715 beds across City of Edinburgh. With the exception of four midscale properties, the hostels are all classified as economy.
- 3.20 Seven of the hostels are in the Old Town, four in the New Town, three at Holyrood and one in the West End.

SHORT TERM LETS (BOTH ROOM-ONLY AND SELF-CATERING WHOLE PROPERTIES)

- 3.21 Historically the short term lets sector was unregulated and it was very difficult to fully understand the quantum of supply. It remains a very disparate sector and completely accurate data is not available. We have reviewed data from two main sources.

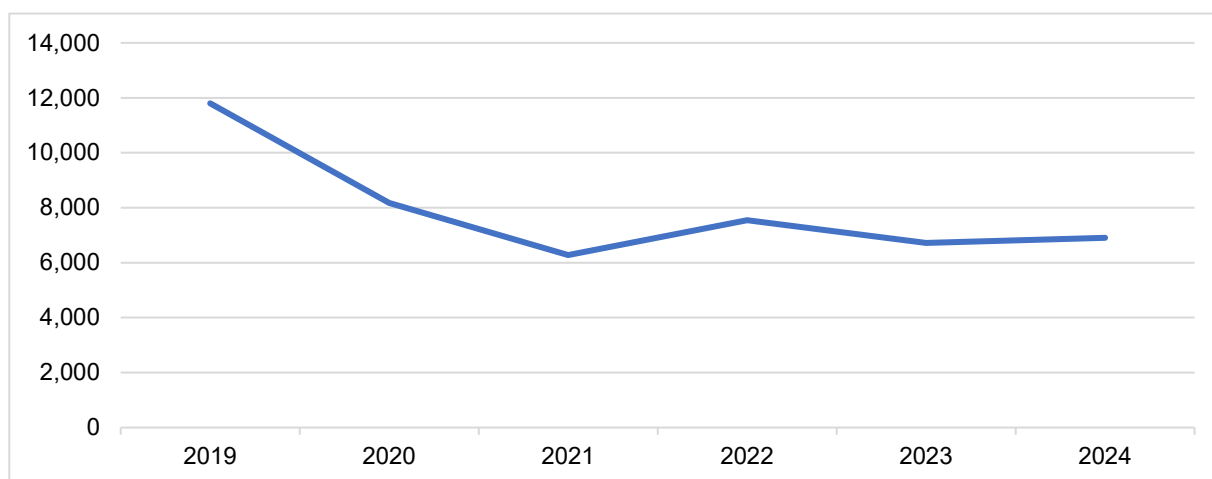
CEC Register of Applications for Short Terms Let Licences

- 3.22 Under Scottish Government legislation, new short term let hosts from 1st October 2022 were required to obtain a short term let licence before accepting bookings (the licence relates to the property rather than the host). Existing hosts were given until January 2025 to obtain a licence. The licencing scheme is intended to ensure health & safety standards are met, as well as planning permission granted for secondary lets (letting of a property where the owner does not normally live).
- 3.23 Licences are required regardless of how often or how long a room or property is used. Licences typically last for three years, with temporary licences available that can last up to six weeks.
- 3.24 The Register is updated monthly and listed on-line with current licences and applications received. At February 2025 5,214 applications had been received and 4,435 approved (of which 2,459 were for secondary lets). About 800 were pending decisions and we were informed that about 100 applications per month are still being received.
- 3.25 The vast majority of short term let properties are used for tourism purposes, albeit a proportion are used for visiting workers and for residents temporarily displaced from their homes; the specific amounts are not quantifiable.
- 3.26 It is also believed by CEC that a number of properties are still operating without licences, although the quantum is not known.

VisitBritain Short Term Rentals Dashboard

- 3.27 Lighthouse provides monthly data to VisitBritain on the supply, demand and average pricing of short term lets by local authority area. The data is gathered by tracking listings on Airbnb, Booking.com, Vrbo and TripAdvisor; the overall property count is based on the number of “active” properties at any point during a given month, even if it is only available for one day. Any property categorised “hotel”, “apart-hotel” or “hostel” is removed and listings are deduplicated when the same property is advertised on more than one platform.
- 3.28 Whilst we consider this does not provide a definitive quantum of supply (and there may be some duplication with smaller properties in the CoStar database), it is a useful guide and particularly to understand trends, with data going back to 2019.
- 3.29 The dashboard shows that there were just over 6,900 individual listings in December 2024, down 41.5% from 11,448 in 2019. There was a decline in 2020 and 2021 probably mainly due to Covid-19 travel restrictions and despite a 20.3% increase in 2022, the total has fallen again and remained fairly stable over the last two years; this is in all likelihood due to the introduction of the licencing legislation.

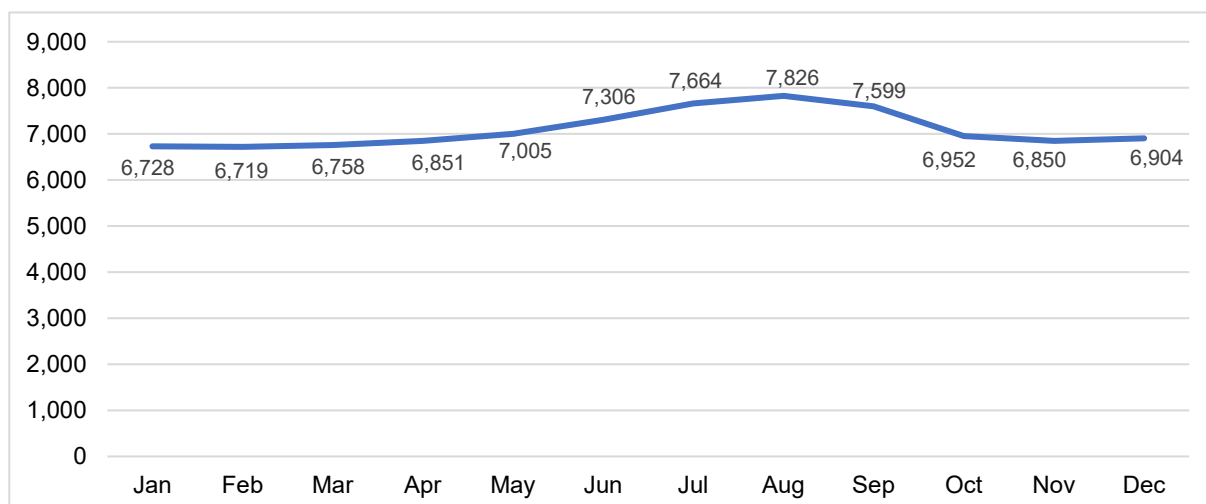
TOTAL SHORT TERM LET LISTINGS IN DECEMBER 2019 – 2024



Source: VisitBritain

- 3.30 The graph overleaf shows the monthly listings in 2024; increasing during the summer and peaking at 7,826 in August, with an average across all months in 2024 of 7,114.
- 3.31 By their nature, short-term lets are located across the city in predominantly residential areas, with a large cluster in and around the city centre.

MONTHLY TOTAL SHORT TERM LET LISTINGS IN 2024



Source: VisitBritain

OTHER VISITOR ACCOMMODATION

Camping and Caravan Sites

3.32 Within the City of Edinburgh boundary there are a few camping and caravan sites offering amenities for campers such as shower rooms, shops, play areas and kitchens:

- The Edinburgh Caravan and Motorhome Club Campsite near Muirhouse has 156 pitches;
- Linwater in Newbridge has two self-catering lodges; three static holiday homes and a mix of 56 grass, hardstanding, electric and backpacker pitches;
- Mortonhall near Gilmerton has 250 pitches and also offers holiday homes, wigwams and shepherd's hut accommodation;
- During the Edinburgh Summer Festivals, Edinburgh Festival Glamping site opens, offering 50 glamping bell tents at Gilmerton.

Student Accommodation

3.33 Advertised as a budget priced accommodation option, but quite often in line with hotel room rates, particularly during the high-demand periods like the Festival and Hogmanay, rooms within student accommodation complexes are available to book during the summer months and term time.

3.34 Destiny Student Accommodation is available to book throughout the year on the platform University Rooms with nightly options available whereas IQ Student Accommodation offers rooms during the summer on a fortnightly basis.

3.35 The exact quantum of supply available from June to August varies from year to year, but is broadly as follows:

CAMPUS	FLATS	ROOMS	TOTAL UNITS
Bainfield	117	778	2015
Orwell Terrace	35	245	2015
Pollock Estate	0	2,000	2016
Total	152	3,023	3,175

TOTAL VISITOR ACCOMMODATION SUPPLY

- 3.36 Based on the data available we have estimated the total visitor accommodation supply across City of Edinburgh in 2024 as shown in the following table.
- 3.37 Figures shown are the estimated number of units which could be single or multiple occupancy; in Section 4 we have estimated average occupancy to demonstrate overall demand by accommodation type.
- 3.38 Units noted in the table are:
- Rooms for hotel and small hotel
 - Studios or apartments for serviced apartments
 - Beds for hostels
 - Rooms or flats for student accommodation
 - Room or whole property for short-term lets
 - Pitches at camping / caravan sites
 - Lodges, static caravans and glamping pods at camping sites, and other bespoke types of non-serviced accommodation are assumed to be included in the VisitBritain short term lets total.
- 3.39 Pop-up Festival accommodation is not included.

ESTIMATED VISITOR ACCOMMODATION SUPPLY IN 2024

		TOTAL SUPPLY *	ASSUMED AVAILABILITY (DAYS)	ANNUAL DAILY AVERAGE
Serviced Accommodation	Hotel	14,680	365	14,680
	Small Hotel	928	365	928
	Serviced Apartment	1,600	365	1,600
	Hostel	715	365	715
	Student	3,175	90	783
Non-serviced	Short-term Lets	7,114	365	7,114
	Camping / Caravan	462	265	462
Total		28,674		26,282

Source: AR Hospitality Consulting * supply of rooms / beds / pitches / other units

FUTURE SUPPLY PIPELINE

- 3.40 The confirmed future supply pipeline of short term let properties might be considered as those licence applications awaiting a decision, currently about 800. However, we consider this is broadly already included in the 2024 total from VisitBritain / Lighthouse.
- 3.41 Using data provided by CoStar, cross-referenced against the CEC planning portal, we have identified 68 schemes for hotels (including extensions), serviced apartments and hostels. Many of the schemes are historic and have stalled, often due to viability issues or funding constraints. Some are outline consents as part of wider master plans that will not come to fruition for many years.
- 3.42 Of the 68, 23 are either under construction or considered by CoStar to be at “final planning” stage and likely to progress in the short to medium term, potentially adding 3,085 rooms.
- 3.43 The map below demonstrates that the majority of these confirmed schemes are in the city centre and West End with a handful at the Airport. A detailed list including CoStar classification and potential year of opening is shown overleaf.

MAP OF CONFIRMED FUTURE SUPPLY - CITY CENTRE, WEST END AND EAST PROJECTS



Source: CoStar

Map ref 11 is behind 9

CONFIRMED FUTURE SUPPLY OF HOTELS, SERVICED APARTMENTS AND HOSTELS – CITY CENTRE, WEST END AND EAST

MAP REF	ROOMS	PROPERTY NAME	COSTAR CLASSIFICATION	STATUS	YEAR OPEN
1	10	Ailsa Guest House	Upscale	Under Construction	2025
2	28	The Edinburgh 16-20	Economy	Final Planning	2025
3	32	Constitution Street Hotel	Upper Midscale	Final Planning	2025
4	64	Supercity Edinburgh	Upper Upscale	Under Construction	2025
5	72	Thistle St Hotel	Midscale	Final Planning	2025
6	206	Point A Hotel Edinburgh Andrew Square	Midscale	Under Construction	2026
7	14	Numa Princes Street	Upscale	Final Planning	2026
8	22	Piershill Terrace Apart-hotel	Economy	Final Planning	2026
9	30	Destiny Scotland Princes and Hanover Streets	Midscale	Final Planning	2026
10	51	Picardy Place Hotel	Economy	Final Planning	2026
11	60	Rose Street Aparthotel	Luxury	Final Planning	2026
12	116	New Town Quarter	Upper Midscale	Final Planning	2026
13	157	MEININGER Osborne Hotel	Midscale	Under Construction	2026
14	167	Clayton St Andrew's Square	Upscale	Final Planning	2026
15	250	Exchange 2 - hotel 2	Upper Midscale	Final Planning	2026
16	96	Jenners Building Hotel	Upper Midscale	Under Construction	2027
17	115	Queensferry Street Hotel	Upscale	Final Planning	2027
18	652	Criterion Capital Zedwell Princes Street	Economy	Final Planning	2028

Source: CoStar

* Map ref 11 is behind 9

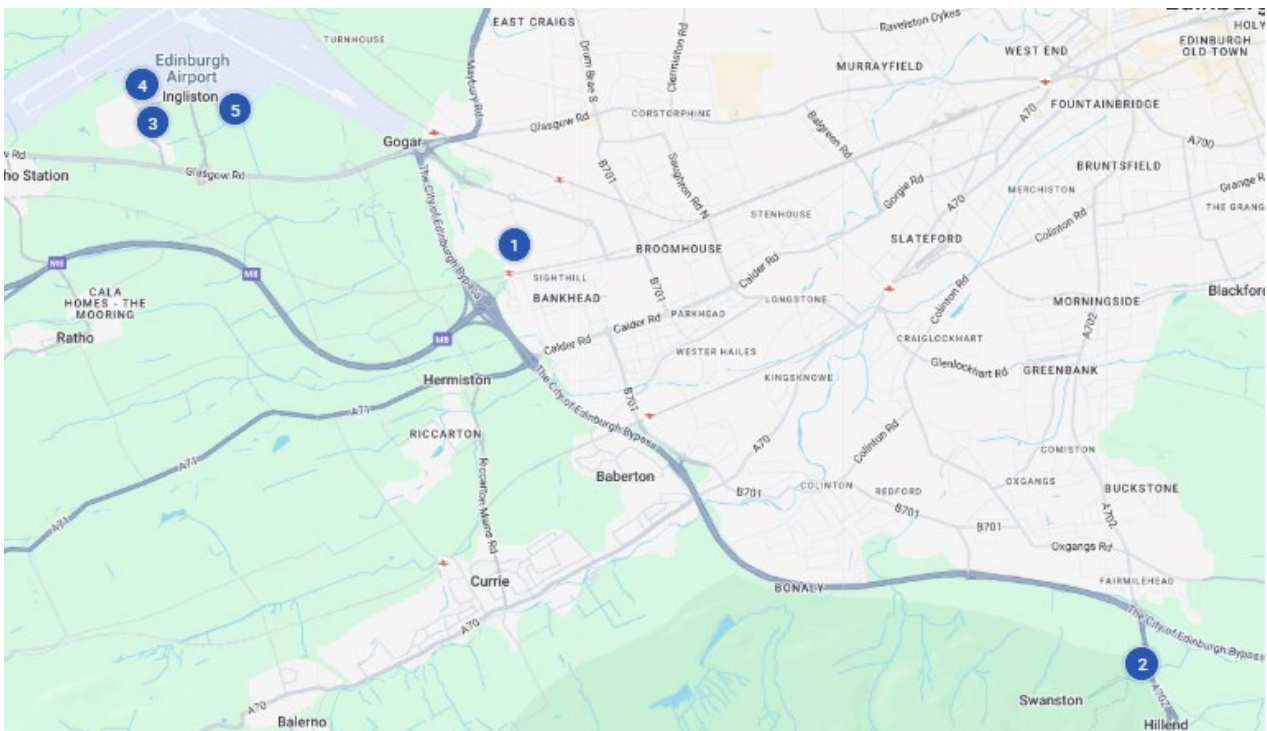
3.44 Not included in the above table is the 184 rooms upper upscale Hoxton Edinburgh which is due to open in 2025; whilst this is the conversion of the former Grosvenor Hotel in Haymarket, it still represents an increase in supply.

CONFIRMED FUTURE SUPPLY PIPELINE OF HOTELS, SERVICED APARTMENTS AND HOSTELS – EDINBURGH AIRPORT, EDINBURGH PARK AND EDINBURGH BYPASS

MAP REF	PROJECT	NO. ROOMS	COSTAR CLASSIFICATION	STATUS	YEAR OPEN
1	Edinburgh Park Aparthotel	170	Economy	Under Construction	2025
2	Calderstones Eco Hotel	102	Upper Upscale	Final Planning	2026
3	Radisson Red Hotel, Ingliston	204	Upper Upscale	Final Planning	2026
4	Sandman Signature Edinburgh Airport Hotel	237	Upper Upscale	Final Planning	2026
5	West Town Edinburgh	230	Upper Midscale	Final Planning	2032

Source: CoStar

MAP OF CONFIRMED FUTURE SUPPLY EDINBURGH AIRPORT, EDINBURGH PARK AND BYPASS PROJECTS



Source: CoStar

04 VISITOR ACCOMMODATION DEMAND

INTRODUCTION

- 4.1 In order to understand future visitor accommodation needs, it is important to consider current and historic demand patterns. In this section we have researched and analysed:
- City of Edinburgh economic indicators and growth trends;
 - Overnight tourism trends to the city;
 - Key demand drivers including transport, commercial drivers and visitor attractions;
 - The demand for visitor accommodation by type;
 - Current and future regeneration projects and investments across the city that will drive accommodation demand growth.

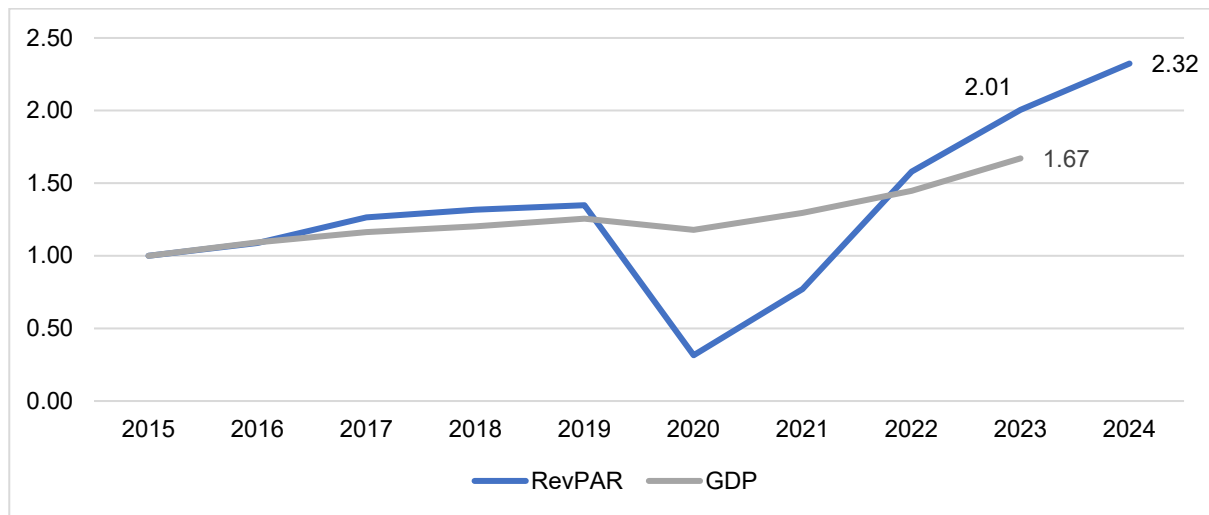
ECONOMIC AND POPULATION TRENDS

- 4.2 The City of Edinburgh Economic Overview prepared for CEC by Biggar Economics (February 2025) highlighted a thriving economy with economic activity rates and median gross wage per person higher and unemployment lower than Scotland averages. This results in higher expenditure in the local economy; productivity measured by GVA per filled job of £75,000 in 2022 was 27% higher than the Scotland average.
- 4.3 The total number of jobs in the city increased by 14.8% between 2015 and 2023, and by 30.5% in the city centre. There were 38,000 jobs in accommodation & food services in 2023, 10.3% of the city's total employment, up 6,000 (18.8%) since 2015.
- 4.4 42,000 people were employed in tourism in Edinburgh in 2023 (22.3% higher than in 2015), with almost 50% in the city centre. There has been a 21.8% increase in the number of businesses in the tourism sector from 2015 to 2024. Accommodation & food services has seen a net increase of 390 businesses from 2015 to 2024.
- 4.5 About 21% of jobs are in the "hotels & similar accommodation" sub-sector. 2,000 new jobs have been created since 2015 in this sub-sector while there was a reduction of 100 jobs in "holiday & other short stay accommodation".
- 4.6 Important sectors that drive demand to the visitor accommodation sector have also seen significant increase in employment since 2015; 7,000 jobs created in financial & insurance; 6,000 in education; 5,000 in professional, scientific & technical.
- 4.7 The report found that while employment across tourist attractions in Edinburgh is fairly stable, hotels & similar accommodation are experiencing significant growth.
- 4.8 Overall Biggar concludes that "the levels of productivity and labour market indicators point towards a labour market which has healthy levels of employment concentrated in more productive sectors of the economy such as financial services, professional and technology". These sectors are strong drivers of commercial demand for visitor accommodation.
- 4.9 Our own analysis shows that hotel room revenue growth outpaced growth in the city's gross domestic product (GDP, in current market prices) in eight years to 2022. The following graph shows the growth in hotel and serviced apartment revenue per available room (RevPAR, the combined metric of occupancy and average daily rate) from 2015 to 2024 as an index of 2015 values. This has been set against GDP growth to 2022 (latest data available from ONS).

4.10 Hotel RevPAR has more than doubled over ten years, increasing by 132%. The trend was broadly similar to GDP growth from 2015 to 2019, although hotel RevPAR declined significantly more during Covid-19 as hospitality shut down for extended periods. RevPAR recovered very strongly in 2022 and over eight years grew faster than GDP. The last two years has seen significant further growth for hotel RevPAR.

4.11 As well as increasing tourism demand (demonstrated later in this section), the exponential RevPAR growth is likely to be due to the slowing pipeline of new developments since 2019 (demand growth outstripping supply increases) and the significant decline in short term let supply.

EDINBURGH REVPAR AND GDP GROWTH – INDEX AGAINST 2015



Source: ONS and CoStar

DEMAND DRIVERS

4.12 There are several drivers influencing the demand for visitor accommodation in Edinburgh.

COMMERCIAL

4.13 A major hub for the financial services sector, employing over 50,000 people in banking, insurance, investment and pensions, Edinburgh is the second largest financial centre in the UK after London and home to prominent firms such as Scottish Widows, Aberdeen Group, RBS and Bailie Gifford.

4.14 Edinburgh’s growing tech sector is thriving and becoming a key player in the global technology landscape, now employing more than 25,000 people in major tech firms such as Amazon, Microsoft and Skyscanner. The University of Edinburgh’s internationally renowned School of Informatics has helped to create many start-up companies and produced more world leading research than any other UK university.

4.15 The vibrant and diverse creative industry encompasses sectors such as Film and TV, performing arts, literature and music design and fashion. Latest government figures report approximately 23,000 people working in this sector in the city of Edinburgh, a quarter of the total people employed in this field in Scotland.

4.16 As the capital of Scotland, Edinburgh hosts numerous government offices and public sector organisations.

EDUCATION AND RESEARCH

- 4.17 As well as being home to the prestigious University of Edinburgh (currently ranked 29th in the Times World University Rankings) with almost 40,000 on-campus students, the majority of whom come from outside the UK, Napier University and Heriot-Watt University, situated to the west of the city, and Queen Margaret University to the east, have a combined on-campus student population of around 33,000. Edinburgh College, the main further education facility with four campuses across the city and surrounding areas has around 19,000 students and between the five institutions, there are approximately 22,000 staff.
- 4.18 In addition to the numerous research institutes of the University of Edinburgh, there are many other prominent research facilities such as the Centre of Regenerative Medicine, the UK Astronomy Technology Centre and the Edinburgh Cancer Research Centre.

EVENTS AND FESTIVALS

- 4.19 Part of the annual Edinburgh Summer Festival, the Edinburgh Festival Fringe is the world's largest arts festival featuring a wide array of comedy, dance and theatre performances in August each year. The city is transformed into a vibrant hub of creativity with international artists performing in a variety of venues across the city. In 2024, over 2.8 million tickets were sold.
- 4.20 The festival also features the Royal Edinburgh Military Tattoo, held at Edinburgh Castle Esplanade, attracting around 220,000 attendees each year with 2025 marking its 75th anniversary.
- 4.21 Since opening in 1995, the Edinburgh International Conference Centre (EICC), a premier venue with a 2,000 capacity, has welcomed over two million delegates from around the world and claims to have generated around £790m of economic impact for the city region.
- 4.22 With a capacity of close to 70,000, Murrayfield Stadium is the largest in Scotland, hosting other sporting events besides rugby and numerous music concerts including Taylor Swift in 2024, said to have generated an estimated £77m for the local economy. In 2025, it welcomes international headline acts such as Oasis, AC/DC, and Robbie Williams.
- 4.23 With a vibrant sporting culture, Edinburgh is home to Hearts and Hibernian Football Clubs, who both play in the Scottish Premiership League, the highest league in Scotland. Both home grounds; Tynecastle, in the Gorgie area to the West and Easter Road near Leith, to the East, have capacities of around 20,000. Host to two Commonwealth Games, venues that continue to host major competitions include Meadowbank Stadium, a multi-purpose sports facility with a capacity of over 1,300 and the Commonwealth Pool. It was recently announced that Edinburgh will host the Tour de France Grand Départ in July 2027.
- 4.24 Edinburgh has a wide array of concert halls including The Usher Hall, opened in 1914 and refurbished in 2010; The Queens Hall, a converted 19th century chapel; The O2 Academy Edinburgh, host to live music events, conferences and weddings; and the Edinburgh Playhouse, the UK's largest all-seated theatre with a seating capacity of just over 3,000.

VISITOR ATTRACTIONS

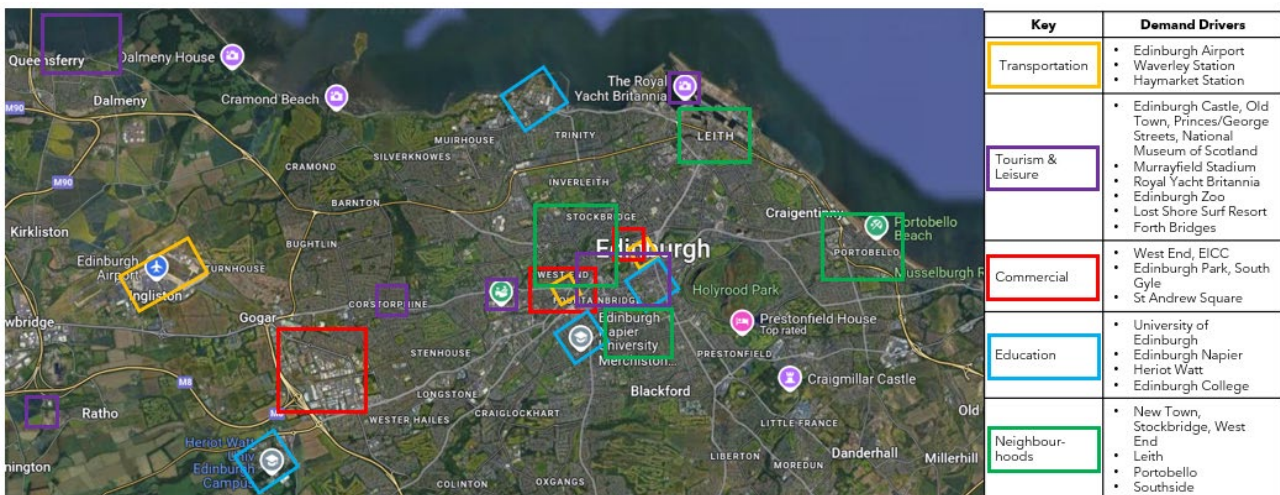
- 4.25 Rich with attractions offering a mix of cultural, historical and natural beauty, many of Edinburgh's top tourist destinations saw an increase in visitor numbers in 2023 including the National Museum of Scotland, visited by over 2 million people in 2023, 11% higher than the previous year and Edinburgh Castle, with almost 2 million visitors, a 41% increase over 2022 when visitor numbers were still being impacted by lower tourist numbers following Covid-19.
- 4.26 Also within the UK top 20 tourist attractions are the National Galleries Scotland, welcoming 1.8 million visitors in 2023, 44% higher than the previous year, and the Royal Botanic Garden Edinburgh which welcomed 1.0 million visitors in 2023.

- 4.27 The National War Museum and Edinburgh Zoo each welcomed over 0.6 million visitors in 2023 and the Palace of Holyroodhouse, over 0.4 million visitors. Dynamic Earth, the world-class science centre has welcomed around 0.25 million visitors annually since opening in 1999.
- 4.28 Opened at the end of 2024 and aiming to attract over 160,000 visitors annually to its 60-acre site, The Lost Shore Surf Resort in Ratho near Edinburgh Airport is Europe’s largest artificial wave pool. The £60m inland surf resort offers a variety of water-based activities, wellness treatments, walking trails, waterfront bar and restaurant, lodges and pod accommodation. Lost Shore is beside the already popular Ratho Climbing Centre and nearby Jupiter Artland Sculpture Park on the A71.
- 4.29 The Forth Bridge was inscribed as a World Heritage Site by UNESCO in July 2015, celebrating the 125th anniversary of the iconic railway bridge, the world’s first major steel edifice linking Edinburgh with Fife.

NEIGHBOURHOODS

- 4.30 The City of Edinburgh has a diverse set of characterful neighbourhoods within easy reach of the city centre and promoted as additional places to see by Forever Edinburgh, including:
- 4.31 The Old Town with historic streets and iconic landmarks such as Edinburgh Castle and Palace of Holyroodhouse; the New Town with Georgian architecture and upmarket retail and hospitality offerings; the lively waterfront area of Leith with trendy bars and home to the Royal Yacht Britannia; Portobello, the seaside town with promenade and sandy beaches; the cobbled streets, green spaces and independent shops and eateries of Stockbridge, the West End, Morningside and Bruntsfield; the Southside, a vibrant mix of students and locals offering diverse theatre, music and dining options in areas such as Newington, Bruntsfield and Sciennes.
- 4.32 The broad locations and geographical spread of the city’s demand drivers is shown in the map below.

LOCATIONS OF CITY OF EDINBURGH COMMERCIAL, TRANSPORT AND LEISURE DEMAND DRIVERS

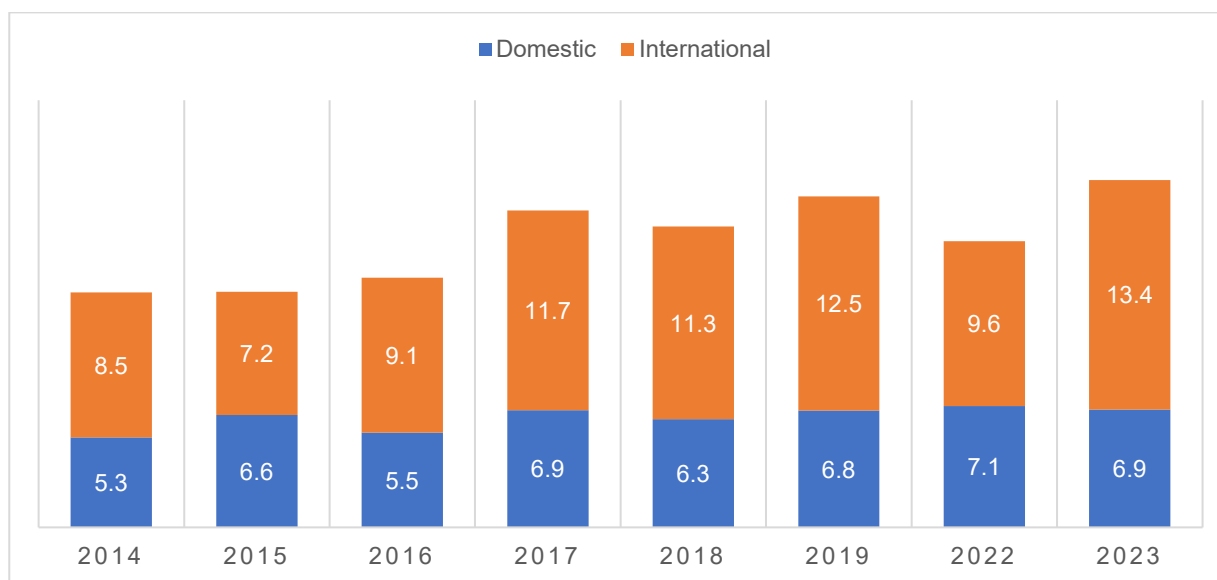


Source: Google Maps

TOURISM TRENDS

- 4.33 Overnight tourism to Edinburgh has grown strongly over ten years to 2023 (latest data available); from 13.8m nights in 2014 to 20.3m in 2023.
- 4.34 The graph below shows annual tourist nights as reported by VisitScotland, broken down by domestic and international visitors. VisitScotland data is collated from the International Passenger Survey and Great Britain Tourism Survey. Full data is not available for 2020 and 2021.
- 4.35 Domestic tourist nights have increased by 31% to 6.9m in 2023, while international tourist nights have increased by 58.1% to 13.4m over same period. As a result, international nights comprised 66.0% of the total in 2023 against 61.7% in 2014.
- 4.36 Much of the growth in international visitors has come from long haul routes with USA, Canada and China combined comprising 35.9% of the total nights in 2023, up from 22.4% in 2014.
- 4.37 International visitors stayed on average 5.77 nights in 2023 against 2.56 for domestic visitors; lengths of stay have fluctuated but both were slightly higher in 2023 than in 2014.
- 4.38 Total overnight tourist spend in 2023 was over £2.5bn, 36.1% higher than in 2014.

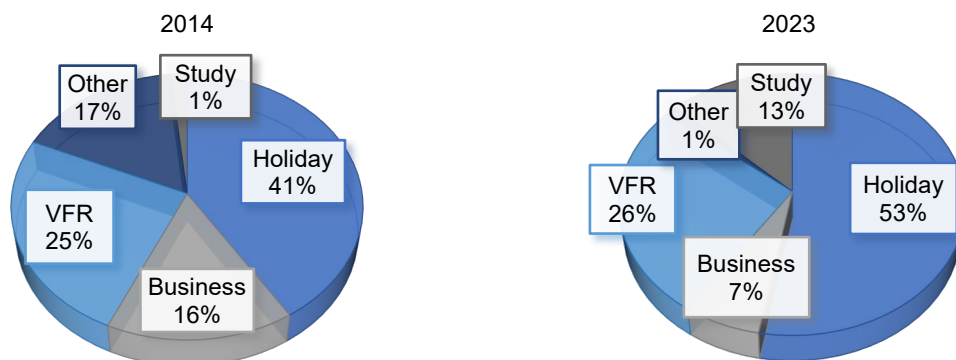
TOURIST NIGHTS TO CITY OF EDINBURGH 2014 TO 2023



Source: VisitScotland

- 4.39 Business tourism to the city has decreased both as a proportion of the total, and in volume terms. There were 881,000 international business visitor nights in 2023, 34.3% lower than in 2014.
- 4.40 The following graphs show how the proportions of international visitor nights by purpose have changed, with the bulk of the growth coming from holiday and study visits.

TOURIST VISITOR NIGHTS BY PURPOSE OF TRIP 2014 AND 2023



Source: VisitScotland

4.41 The Scotland Visitor Survey 2023 published by VisitScotland further reveals that in Edinburgh:

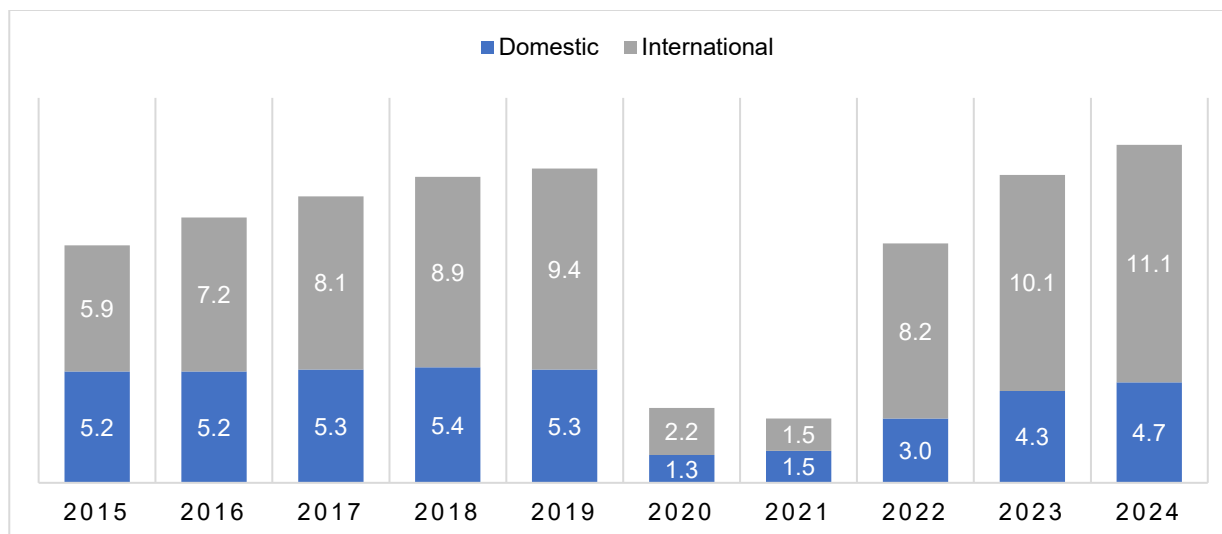
- 66% of overnight visitors stayed in serviced accommodation of which, 58% stayed in hotels, 4% in guest houses and 4% in serviced apartments
- 34% stayed in non-serviced accommodation of which, 17% were self-catering / non-commercial rentals, 13% at the home of a friend / relative and 4% camping / caravan
- The average party size of overnight visitors was 2.7, with 27% of parties including children under 16
- 47% of overnight visitors were in the “older independent” age demographic and 27% were of “retirement age”
- 48% were first time visitors to the city
- 15% of survey respondents said their visit to Edinburgh was the “trip of a lifetime”
- Overnight visitors stayed on average 8.7 nights in Scotland including 3.5 nights in Edinburgh
- 23% of visitors stayed in Edinburgh only.

EDINBURGH AIRPORT PASSENGER NUMBERS

4.42 Reflecting the Edinburgh tourism nights trend, figures published by the Civil Aviation Authority show that international passenger numbers have exceeded domestic passenger numbers by quite some margin each year since 2015 apart from the Covid restricted travel years of 2020 and 2021.

4.43 2024 was the busiest ever year for Edinburgh Airport when it welcomed 15.8 million passengers, 9.6% higher than the previous year and 7% higher than 2019. International passengers comprised 70% of the total in 2024 against 53% in 2015.

EDINBURGH AIRPORT PASSENGER NUMBERS (MILLIONS) 2015 – 2024



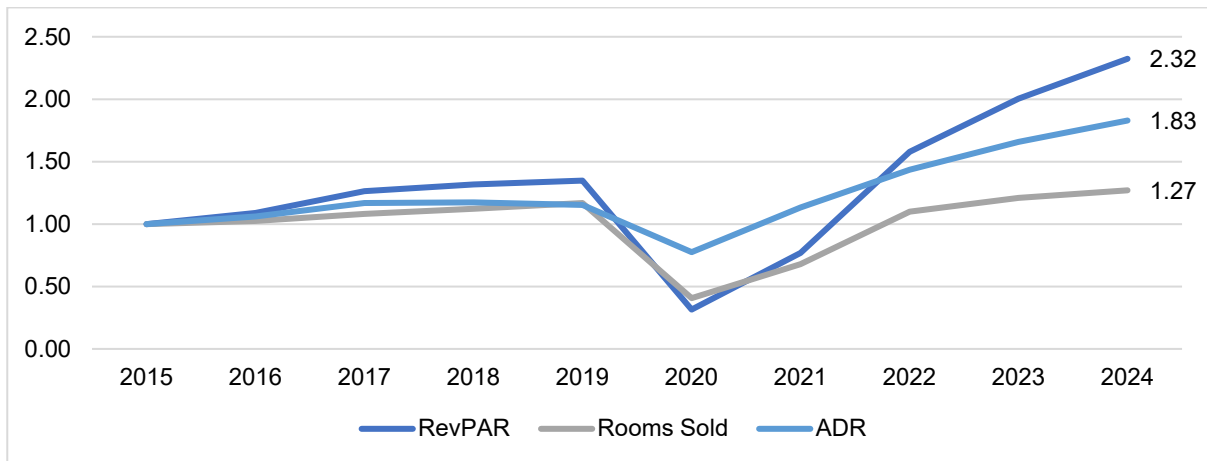
Source: Civil Aviation Authority

VISITOR ACCOMMODATION OCCUPANCY

Hotels, Apart-hotels and Serviced Apartments Occupancy

- 4.44 CoStar maintains the largest global database of hotel occupancy and average daily rate (ADR) performance through its STR Global platform. Over 130 hotels, apart-hotels and serviced apartments in Edinburgh participate in the STR Global data benchmarking.
- 4.45 CoStar data shows occupancy for hotels and serviced apartments in Edinburgh maintained at broadly similar levels over the last ten years (between 81% and 84%) except from 2020 to 2022. 2024 saw the highest occupancy across the period of 84.1%.
- 4.46 With occupancy consistently strong, it is apparent that the significant increases in supply over the last decade highlighted in the previous section have not had a negative impact on hotel occupancy performance. In the face of that new supply, demand (measured by rooms sold) has increased by 27% over the last ten years.
- 4.47 This is somewhat short of the RevPAR growth highlighted in Section 4.2 and the graph below demonstrates that a greater proportion of the growth is coming from average daily rate (ADR) which has increased by 83% over ten years from £88.05 to £161.07 in 2024.
- 4.48 So whilst occupancy has remained broadly the same, it is reasonable to assume there remains a high level of frustrated demand (periods where demand outstrips supply, allowing operators to push room rates higher (in conjunction with other factors such as higher proportion of affluent overseas visitors and favourable exchange rates).
- 4.49 This also shows that the increase in supply has also not negatively impacted low season occupancy.

EDINBURGH ROOMS SOLD, ADR AND REVPAR GROWTH – INDEX AGAINST 2015



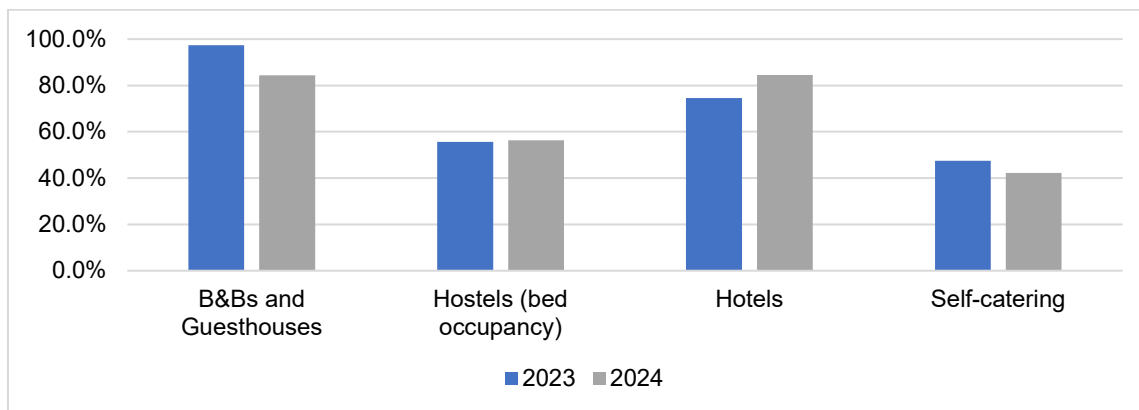
Source: STR Global

VISITSCOTLAND OCCUPANCY DATA

4.50 On behalf of VisitScotland, the Moffat Centre at Glasgow Caledonian University undertakes a monthly cross-sector Scottish Accommodation Occupancy Survey based on data from a sample of businesses. Occupancy is reported for Edinburgh and Lothians for B&Bs and Guesthouses, Hostels, Hotels and Self-catering Accommodation.

4.51 The following graph shows the occupancy reported by VisitScotland for different accommodation sectors in Edinburgh and Lothians in 2023 and 2024.

OCCUPANCY BY ACCOMMODATION TYPE IN EDINBURGH AND LOTHIAN 2023 – 2024



Source: VisitScotland

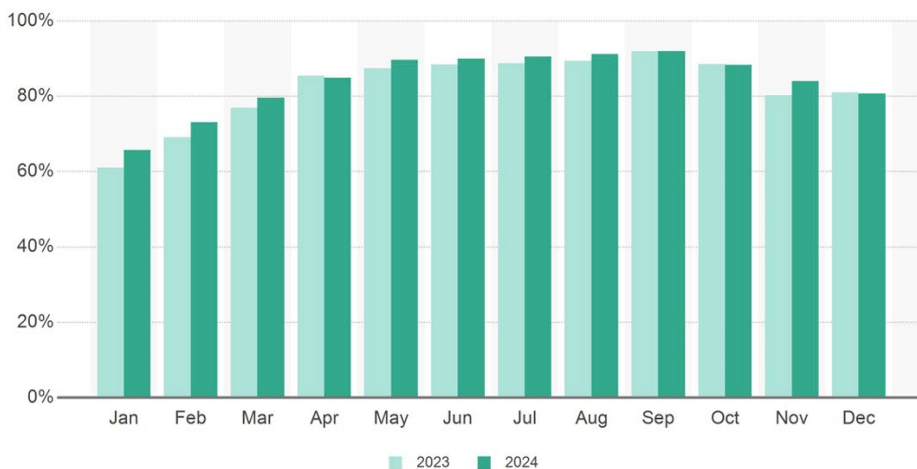
4.52 In the context of overall tourism and hotel performance the self-catering occupancy appears low at just 42.2% in 2024, down from 47.5% in 2023, albeit this includes properties in the wider Lothians region.

4.53 Whilst visitor accommodation occupancy in City of Edinburgh is seasonal, the following graph shows that hotel and serviced apartment occupancy is relatively stable year round with monthly occupancy always above 60% in 2024, and at or above 80% from March to December.

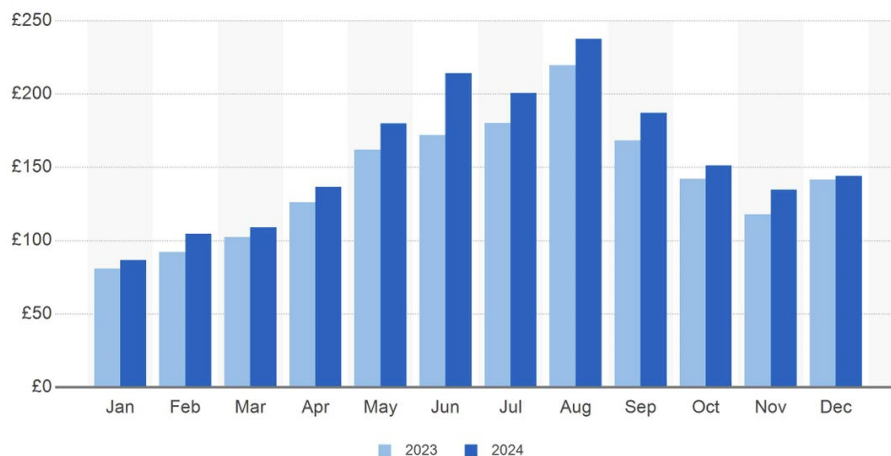
4.54 The second graph demonstrates that ADR is much more seasonal with significant peaks from May to September 2024. This probably demonstrates a) that there is significant frustrated demand (with demand outstripping supply) during this period and b) the highest spending international visitors during the peak season.

HOTEL AND SERVICED APARTMENT OCCUPANCY AND ADR BY MONTH IN 2023 AND 2024

OCCUPANCY MONTHLY



ADR MONTHLY



Source: CoStar

4.55 The following table shows 2023 and 2024 hotel and serviced apartment occupancy and ADR by quality classification, as reported by CoStar.

HOTEL AND SERVICED APARTMENT OCCUPANCY AND ADR BY QUALITY CLASSIFICATION IN 2023 AND 2024

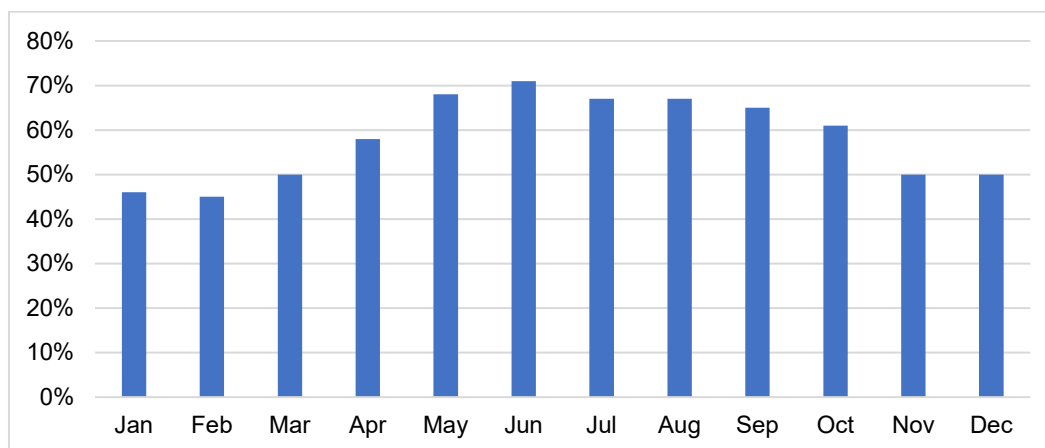
CLASIFICATION	2023 OCCUPANCY	2023 ADR	2024 OCCUPANCY	2024 ADR
Luxury & Upper Upscale	77.6%	£213.67	78.7%	£234.01
Upscale & Upper Midscale	83.7%	£128.82	86.4%	£140.85
Midscale & Economy	86.0%	£102.60	87.1%	£112.51

Source: CoStar

SHORT TERM LET OCCUPANCY

- 4.56 Lighthouse provides 2024 occupancy estimates for short term lets by month (annualised data is not available), which appears to support the lower occupancy as shown in the following table. Note that Lighthouse occupancy is based on listings becoming no longer available, rather than on data submitted by operators.
- 4.57 Occupancy peaks at around 65%-70% from May to September and falls to 50% or below in the low season.

MONTHLY ESTIMATED SHORT TERM LET OCCUPANCY IN 2024



Source: VisitBritain

TOTAL VISITOR ACCOMMODATION DEMAND

- 4.58 Based on the data available we have estimated the total demand for City of Edinburgh visitor accommodation in 2024 as shown in the following table.
- 4.59 Occupancy figures are based on 2024 data from CoStar (for hotels, B&Bs and serviced apartments), and VisitBritain / Lighthouse (hostel and short term lets). We have estimated occupancy for student accommodation (which is high as availability is generally restricted to the summer months) and camping / caravan.
- 4.60 The overall estimated 17.36m visitor nights corresponds broadly with 2023 VisitScotland estimates that 13% of 20.3m visitor nights in 2023 were spent staying with friends and family.
- 4.61 Demand (and to an extent supply) fluctuates throughout the year and by day of the week; due to tourism seasonality, programming of events and business travel patterns demand generally peaks (hotel and serviced apartment occupancy at or above 80%) from March to December (with other peaks including Six Nations matches and Hogmanay) and from Tuesday to Saturday, with lower demand on Sunday and Monday.
- 4.62 The table also shows that there is estimated to be 2.34m nights of "spare capacity" annually (6,412 per day on average). Spare capacity is calculated as the total annual supply less the total annual rooms occupied.
- 4.63 If occupancy was 85% across all sectors, spare capacity would reduce to 1.44m (3,942 per day); at the average estimated sleeper ratio, this might suggest that if demand was more evenly spread by supply type, over 2.15m more visitors could be accommodated each year in the current supply.

ESTIMATED VISITOR ACCOMMODATION DEMAND IN 2024

	HOTEL	SMALL HOTEL	SERVICED APARTMENT	HOSTEL	STUDENT	SHORT TERMS LETS	CAMPING / CARAVAN	TOTAL
Supply - Annual	5,358,200	338,720	584,000	260,975	285,795	2,596,610	168,630	9,592,930
Supply – daily average	14,680	928	1,600	715	783	7,114	462	26,293
Occupancy	84.1%	84.1%	84.1%	58.0%	80.0%	58.0%	50.0%	75.6%
Rooms sold per day	12,346	780	1,346	415	626	4,126	231	19,870
Estimated sleeper ratio	1.9	1.9	2.8	1.0	2.0	4.0	3.0	2.39
Guests per day	23,457	1,483	3,768	415	1,253	16,504	693	47,573
ANNUAL VISITOR NIGHTS	8,561,868	541,241	1,375,203	151,366	457,272	6,024,135	252,945	17,364,029
Annual Spare Capacity	8,561,868	541,241	1,375,203	151,366	457,272	6,024,135	252,945	17,364,029
Spare Capacity at 85% for all Sectors	803,730	50,808	87,600	39,146	42,908	389,492	25,295	1,438,978

Source: AR Hospitality Consulting

05 STAKEHOLDER CONSULTATION

INTRODUCTION

- 5.1 We engaged with a number of stakeholders with interest in the City of Edinburgh visitor accommodation sector to understand any challenges, key issues and future requirements.
- 5.2 We spoke to representatives from:
- City of Edinburgh Council
 - Forever Edinburgh
 - Essential Edinburgh BID
 - Edinburgh Chamber of Commerce
 - VisitScotland
 - Scottish Tourism Alliance
 - Edinburgh Hotels Association
 - Edinburgh International Conference Centre
 - Festivals Edinburgh
 - Edinburgh Airport
 - Convention Edinburgh

KEY THEMES AND ISSUES

- 5.3 A number of key themes and issues were raised during these consultations, many of which are inter-related.

Accommodation rates

- 5.4 Edinburgh has become more expensive with more high-end hotels being delivered, but also rooms rates relatively high even for “economy” products. Some stakeholders are concerned that the introduction of the Edinburgh Visitor Levy for stays from 24th July 2026 will exacerbate this issue. The levy is a 5% charge on the cost of paid, overnight accommodation in Edinburgh and can either be passed on to visitors or absorbed into the accommodation provider’s running costs. It was noted by some consultees that several studies have indicated that visitor demand has been generally unaffected by a visitor levy in other destinations where they have been introduced.
- 5.5 High accommodation prices was raised as a core issue for attracting performers, media and visitors to Festival events, notably the Fringe. Fringe ticket sales in 2024 remained about 15% below 2019, with fewer performers coming to the city and a change in the type and nationality of visitors.
- 5.6 It is also seen as a barrier to attracting more large association and corporate business events, with many clients priced-out, or hotels unwilling to give large room allocations in advance. The proposed Hyatt Centric at The Haymarket development to be operated by EICC was a potential solution to this, but the project has stalled.
- 5.7 As a result of higher prices, budget traveller and backpacker markets have diminished greatly. Generally there is now a shortage of economy and midmarket accommodation options, albeit some of the proposals in planning might go some way to addressing this.

Lack of growth targets in Edinburgh's 2030 Tourism Strategy

- 5.8 There was some concern expressed by private sector stakeholders about the lack of growth targets for tourism. The transformation of areas around Princes Street and repurposing of old buildings is largely attributable to tourism growth in recent years, resulting in subsequent growth in employment and the economy.
- 5.9 Edinburgh is a world-class destination but the city is not actively promoting tourism from new and emerging markets, which could be an issue if there is a dip in visitors from a major market such as North America.

Lack of city-wide co-ordination

- 5.10 Major events are concentrated into the same months of the year, and there does not seem to be a co-ordinated approach to drive some of these events into quieter months (for example high profile music events at Murrayfield during August).
- 5.11 Lack of city-wide co-ordination is seen as a barrier to winning more large business events, for which there is very strong demand. Edinburgh is frequently losing out to other European destinations.

Supply is concentrated in the city centre

- 5.12 As well as existing supply, it was noted that there are still a large number of planning consents granted for new hotels and serviced apartments in the core city centre and Old and New Towns of Edinburgh World Heritage site. This is causing over-crowding at times of peak demand.
- 5.13 CEC would like to improve the experience of both the visitor and the resident and is promoting other neighbourhoods to spread visitors across the city more evenly.

Transport Infrastructure

- 5.14 Whilst there is a desire to spread tourism out from the centre, and there are key existing and emerging demand drivers across the city, transport infrastructure can be relatively poor in parts of the city, which is a barrier to attracting operators to other areas.

Short term lets

- 5.15 The reduction in the number of short term lets is seen as both a good thing (in terms of starting to address the housing emergency) and a bad thing as demand is being driven into hotels which are more concentrated in the city centre and is exacerbating the issue of high room rates.
- 5.16 The licencing application process and fee has put off a number of former and would-be short-term let hosts. The number of hosts has also been constrained by some not receiving planning consent.
- 5.17 Concerns have been raised by existing operators of proposals to relax health & safety requirements for temporary providers during Festival periods, creating a two tier system.
- 5.18 The reduction in short term let supply has resulted in more conversions of offices to hotels and serviced apartments, leading to a shortage of Grade A office accommodation.

OPPORTUNITIES

5.19 Key opportunities were identified by a number of consultees:

- Spread visitor accommodation demand more evenly across the city
- The visitor levy will raise significant money to invest in the destination and transport infrastructure to improve the visitor experience
- The levy will also be used to fund destination marketing and promotion
- New visitor attractions and emerging commercial demand drivers in other parts of the city
- A more co-ordinated approach across the Lothians could spread the Festivals and other events outwards (some Festival events are already spreading to North Berwick).

06 FUTURE DEMAND GROWTH

INTRODUCTION

- 6.1 Any future growth in demand will influence the quantum and type of new visitor accommodation required to service that demand.
- 6.2 In this section we consider commercial / economic growth, tourism and key regeneration projects / city-wide investments that will all play a part in growth in demand for visitor accommodation. We also consider where demand growth might be located to inform a view on the location of future visitor accommodation developments.

ECONOMIC OVERVIEW

- 6.3 The Biggar Economics Edinburgh Economics Needs Study: Economic Overview considers the strategic aspirations of CEC and mechanisms to deliver that include driving sustainable economic growth, improving quality of life and achieving net zero.
- 6.4 Key initiatives are highlighted in the following sectors:
- Tourism
 - Positioning Edinburgh as the data capital of Europe
 - Health, life sciences and biotechnology
 - Energy and renewables
 - Creative industries
- 6.5 The working age population is projected to increase by about 9% (32,860) to over 396,000 by 2043.
- 6.6 The Biggar report highlights the sectors that will drive the growth in employment in the city, as follows.
- 6.7 Tourism: the report is not specific about growth expectations for the sector, but does conclude:
- Recent positive investment trends demonstrate the expectations for growth of the sector
 - Employment in hotels & similar accommodation is experiencing significant growth
 - Continued growth in the tourism sector is likely to generate demand for additional accommodation
 - CEC priorities might encourage a focus on high-value/high-spending visitors which might tend to support investment toward the higher end of the market.
- 6.8 Financial services: Scotland-wide growth of GVA in this sector is expected to be 3.5%-4.0% per annum, with Edinburgh set to contribute significantly to this growth. This would support demand for office space, particularly within the city centre, and for larger premises.
- 6.9 Data sector: Scotland's tech industry is expected to grow significantly over the next five years with much of this activity focused in Edinburgh, particularly due to strengths in the higher education establishments. In the long-term, the £1.11bn in equity investment in Edinburgh's tech sector between 2019 and 2023 "has the potential to cement Edinburgh as a hub for the technology sector, encouraging new businesses to establish themselves in the city, and attracting inward investment." And is "likely to be a growth engine for the regional economy".
- 6.10 Creative Industries: Edinburgh Fringe Festival was estimated to generate £407m in Edinburgh in 2022, compared with £280m in 2015. There are 12 festivals held in the city each year, establishing Edinburgh as a centre for creative industries internationally. Creative industries grow hand-in-hand with the tech sector (eg. Interactive leisure and entertainment software development). The plans for the Forth Green Freeport at Port of Leith include a creative industry hub.

- 6.11 Energy and renewables: A number of infrastructure investments and projects (including the Forth Green Freeport) are expected to deliver significant growth in the renewables sector and establishing Edinburgh as a base of activity in the sector.
- 6.12 Life sciences and biotech: Life sciences is one of Scotland's fastest growing sectors and there is a growing cluster of associated organisations within Edinburgh, notably clustered around Edinburgh BioQuarter and Heriot Watt University. There is likely to be increased demand for space from high-tech start-ups and spinouts, focused on key research locations.

EDINBURGH AIRPORT

- 6.13 Edinburgh Airport continues to target new international (medium and long haul) routes and is about to embark on a £150m-plus investment in the terminal to accommodate mid-term growth in passengers.
- 6.14 The current five year plan to 2030 aims to increase passenger numbers to up to 20m which would equate to 27% growth, almost 5% per annum.

CITY-WIDE INVESTMENTS

- 6.15 There are several key projects including:
- 6.16 **West Town Edinburgh**, a 205-acre site between Inghliston Park & Ride and the Gogar Roundabout, represents one of the most significant and sustainable expansions of Edinburgh and will create space for 7,000 new homes, schools, a hotel and commercial retail and community facilities. The £2bn project will also encompass a new tram stop and integrated bus service and 27 acres of open green space with cycle running and walking tracks and will progress in phases over several years.
- 6.17 One of the highest profile mixed-used development in the city, **Haymarket Edinburgh** includes 380,000 sq ft of office buildings, a large landscaped outdoor space with F&B, retail and leisure units and hotel (the aforementioned Hyatt Centric that has stalled).
- 6.18 Led by AEG Europe, **Edinburgh Park Arena** will be an 8,500-capacity arena which is expected to inject £520 million per annum to the local economy and create over 1,300 jobs. Situated at Edinburgh Park and with easy access to public transport between the centre of Edinburgh and beyond, construction of the £80 million building is due to commence in early 2026 with an anticipated completion date of late 2027, early 2028.
- 6.19 The **Port of Leith Green Freeport** is part of the Forth Green Freeport initiative, the transformative project aiming to drive Scotland's transition to a green economy, creating thousands of jobs, and stimulating economic growth. A £50 million investment towards the Port of Leith by Forth Ports was recently announced which will support the delivery of the Inch Cape Offshore Wind Farm, which once completed is expected to generate enough energy to power half of Scotland's homes.
- 6.20 Other notable city projects in the early and planning stages are:
- 6.21 Improving connectivity between the Old and New Towns, revitalising Princes Street, making the area more accessible; Upgrading access and strengthening public transport interchange at Waverley Station; Pedestrianising George Street and work has commenced on the Dunard Centre, a 1,000-seat concert hall behind St Andrew's Square with the venue expected to be open in 2029.

LOCATION OF EMERGING DEMAND DRIVERS



Source: Google Maps

EDINBURGH'S 2030 TOURISM STRATEGY

- 6.22 Published in 2020, the Strategy sets out the key themes, ambitions and principal recommendations for Edinburgh's tourism development to 2030.
- 6.23 It aims to ensure that tourism growth is sustainable for the environment and communities, works well for the city as a whole and gives visitors the best possible experience the city can offer.
- 6.24 The Strategy does not contain visitor growth targets but instead aims to increase the quality of tourism.
- 6.25 Whilst there is an acceptance that tourism demand will probably continue to grow, the Strategy does not actively seek to encourage or drive that growth, but focuses instead on making growth work better for the city.
- 6.26 Key themes include:
- Protecting and enhancing the city's built heritage by taking care of buildings but also ensuring a pleasant urban environment by enhancing public spaces, improving pedestrian flows and tackling any tourism-related issues that negatively affect residents' quality of life;
 - Spreading the impact of tourism more evenly. Targeting lower volume but high value visitors such as business event delegates during the quieter periods can help address this;
 - Ensuring Edinburgh retains authenticity as a "living, working" city with a reasonable balance between tourism and other aspects of economic activity;
 - That new tourism developments in the city contribute to the quality of life for local people
 - That Edinburgh is able to increase its appeal both to residents and visitors as new developments in neighbourhoods and the wider city region are developed and easy to reach by public transport;
 - Tourism demand and visitor behaviour should be taken into account in major city projects in order to fully understand and plan for the impacts that they will generate;
 - The city's existing regulations surrounding place management and property uses ie. Short term lets should be enforced and upgraded where necessary, in order to improve the quality of life for local residents;
 - Building use should be monitored and where appropriate measures taken to ensure a balance of uses that respond to the needs of the city;
 - Extending tourism's footprint into local neighbourhoods should be carefully managed.

07 KEY RESEARCH CONCLUSIONS

INTRODUCTION

- 7.1 We have outlined in this section the key conclusions from our supply and demand research and stakeholder engagement that informs our future supply and demand growth model and recommendations.

VISITOR ACCOMMODATION SUPPLY

- 7.2 Hotel and serviced apartment supply has increased significantly over the last ten years. The majority of new supply has been concentrated in the city centre, with a handful of new hotels at the Airport.
- 7.3 The new supply has been relatively well-balanced in terms of product positioning, albeit in recent years there has been an influx of high-profile luxury brands.
- 7.4 There is also a large pipeline of new hotels and serviced apartments in planning, and these too are predominantly located in the city centre. Many of the 68 schemes identified are unlikely to progress in the short to medium term due to viability issues and funding constraints, and in reality it is normal for not all consented schemes to progress or for plans for change. Nevertheless there are 21 that are under construction or likely to progress in the short to medium term. The delivery of new hotels and serviced apartments has slowed considerably since the 2019 peak.
- 7.5 The supply of short term let properties, a sector that is more evenly dispersed across the city has declined significantly since 2019 initially due to the pandemic, more recently due to the introduction of licencing legislation and fees. Any future growth of this sector is likely to be constrained by the licencing obligations, albeit CEC believes that some properties are still trading without licences, and there is a proposal to relax restrictions during peak demand periods.
- 7.6 There is a limited supply of other types of visitor accommodation including camping / caravan sites and student accommodation available during the summer months.
- 7.7 Total current supply of visitor accommodation across the city has been estimated as 14,680 hotel rooms, 928 rooms in small hotels, 1,600 serviced apartment rooms, 715 hostel beds, 783 student accommodation rooms (daily average across the year), 462 camping and caravan pitches and 7,114 short term let properties (including guesthouses, lodges, glamping and static caravans).

VISITOR ACCOMMODATION DEMAND

- 7.8 City of Edinburgh enjoys a thriving economy with employment increasing by 14.8% from 2015 to 2023. Tourism is a key driver of the economy with 38,000 jobs in accommodation and food services, 10.3% of the total and up 18.8% since 2015.
- 7.9 There has also been significant growth in sectors that drive demand for visitor accommodation including financial & insurance, education and professional, scientific & technical. The city enjoys a broad base of demand drivers across tourism & leisure, commercial, education and transportation and neighbourhoods, albeit there is a significant concentration in the core city centre.
- 7.10 Hotel and serviced apartment RevPAR has increased at a faster rate than City of Edinburgh GDP, an indicator that growth in demand for visitor accommodation is outstripping economic growth. This has become more noticeable since 2021 as the supply of short term let accommodation has declined and the pipeline of new hotels has slowed.
- 7.11 Overall visitor nights were 20.3m in 2023, up 47% from 13.8m in 2014; this exponential growth has come

predominantly from international holiday makers and students. Business travel comprised just 7% of the total in 2024 against 16% in 2014.

- 7.12 In 2024, Edinburgh Airport served a record 15.8m passengers, with international passengers comprising 70% of the total against 53% in 2015.
- 7.13 Hotel and serviced apartment occupancy and average room rates have increased significantly to 2024, with occupancy at 84.1% and relatively consistent year-round.
- 7.14 On the other hand, occupancy of short-term let and self-catering properties was noticeably lower and more seasonal falling below 50% during the low season and averaging about 58% across the year.
- 7.15 This would suggest that for many visitors, hotel or serviced apartment is the preferred option, with other types of accommodation benefitting from overspill demand during peak periods, or from those seeking better value alternatives.
- 7.16 We have estimated total demand for visitor accommodation in 2024 at about 17.36m visitor nights, or 47,573 per day on average.

KEY ISSUES

- 7.17 Key issues raised during our stakeholder consultations include:
- Very high accommodation prices are making Edinburgh unattractive to key demand segments including festival-goers and business events;
 - There are very limited accommodation options for budget or backpacker travellers;
 - A lack of city-wide co-ordination is resulting in large high-profile events funnelled into the same months of the year;
 - Supply of hotels and serviced apartments is concentrated in the city centre and around the Old and New Towns of Edinburgh World Heritage site resulting in overcrowding at peak times;
 - The increase in supply of hotels and serviced apartments has resulted in a reduction in the supply of Grade A offices;
 - Whilst there is a desire to spread the impact of tourism more evenly across other parts of the city, the transport infrastructure is not currently conducive to achieving that aim;
 - The decline in supply of short term lets is seen as a contributing factor in driving more demand into hotels and pushing up room rates;
 - The visitor levy is generally seen as a positive initiative in being able to raise money to invest to improve the visitor experience, including transport infrastructure.

FUTURE DEMAND GROWTH

- 7.18 It is very likely that there will be continued further growth in visitor accommodation demand from both commercial and leisure segments.
- 7.19 Operator and investor demand for new hotel and serviced apartment developments remains very strong; currently this demand is primarily focused on the city centre, with operators wanting to be in or within walking distance of Old and New Town Edinburgh and key transport hubs.
- 7.20 There will be future growth in key commercial sectors that will drive demand for visitor accommodation, notably life sciences, energy & renewables and creative industries. The working age population is expected to increase by 9% by 2043.
- 7.21 Much of this commercial growth and other major investments will be concentrated out-with the city centre including Edinburgh BioQuarter, Heriot Watt University, West Town Edinburgh, Edinburgh Park and Port of Leith.
- 7.22 Edinburgh Airport is about to embark on a £150m plus investment in the terminal buildings to accommodate anticipated mid-term growth; the Airport expects passenger numbers to increase to c.20m by 2030, predominantly from new international routes.

7.23 Edinburgh's 2030 Tourism Strategy does not target growth in visitor numbers, but instead aims to improve the quality and value of tourism. There is an acceptance that visitor numbers will continue to grow, but the Strategy focuses on making growth work better for the city. This includes strategies to ensure that visitors are more evenly dispersed across the cities, including in more residential neighbourhoods.

08 DEMAND AND LOCATIONAL REQUIREMENTS

INTRODUCTION

8.1 There is likely to be significant future demand growth for visitor accommodation across City of Edinburgh. In this section we have modelled the impact of demand growth and future visitor accommodation supply to keep pace with demand growth.

VISITOR ACCOMMODATION PRIORITIES

8.2 Global travel trends and Edinburgh's profile suggest that the visitor mix is likely to shift further towards international holiday makers, with growth also expected in business travel from key commercial sectors and business events.

8.3 Key relevant issues that have been identified include:

ISSUE	IMPLICATIONS AND PRIORITIES
The erosion of the supply of reasonably priced budget and midmarket accommodation.	<p>Increasing the supply of short term lets, hostels, pod hotels and camping/glamping could all ease this pressure, particularly during peak summer months.</p> <p>However, international visitors are more likely to prefer hotels; a higher proportion of midmarket and economy hotels could address this issue.</p>
The need for a large business class hotel to service the needs of the EICC.	<p>The proposals for the 349 bedrooms Hyatt Centric at the Haymarket, to be operated by EICC, have stalled</p> <p>A replacement option would have to be within walking distance of EICC and key transport hubs and the hotel inventory must be controlled by CEC / EICC.</p>
Concentration of supply in the core city centre and overcrowding of the World Heritage Site during peak season.	<p>New supply may be more widely dispersed but this must be accompanied by improvements to transport infrastructure and wider destination management.</p> <p>It is highly likely that new high-end and luxury operators will continue to want to be centrally located.</p>
The increase in supply of hotels and serviced apartments has resulted in a reduction in the supply of Grade A offices.	<p>New hotel developments should be more evenly spread across the city. There is an opportunity to attract operators at emerging demand drivers.</p>
The decline in supply of short term lets is driving more demand into hotels and pushing up room rates.	<p>There is unlikely to be a significant supply increase due to new regulations and a desire to protect residential stock.</p> <p>However, development of small midmarket serviced apartments might be encouraged at disused commercial premises and brownfield sites across the city.</p>

8.4 We have modelled a scenario to demonstrate the potential need for future visitor accommodation supply across City of Edinburgh.

8.5 Key assumptions:

- 2024 demand by accommodation type as described in Section 4;
- Indicative average annual demand growth of about 3.0%, slower growth than the compound annual increase in tourism visitor nights of 4.4% from 2014 to 2023;
- The demand growth has been assumed as an annual average over 15 years albeit there will inevitably be peaks and troughs driven by economic and tourism visitor market cycle within that period;
- Higher demand growth for more budget accommodation options and lower for short term lets. Hotels and serviced apartments remaining the most popular accommodation choices for the core demand growth segments of international leisure visitors and business travellers;
- Assuming the same levels of occupancy as in 2024, supply increases are shown to be able to accommodate the demand growth, as an overall total and number of rooms per year on average;
- In order to accommodate the indicative additional hotel and serviced apartment demand, 10,406 new rooms will be required by 2040, an average increase of 694 rooms per annum. For context, the annual average over the last ten years was 394 rooms, with only 2019 delivering more than 600 rooms;
- This represents a total increase of 60% over 15 years.

ESTIMATED FUTURE VISITOR ACCOMMODATION DEMAND AND SUPPLY REQUIRED TO KEEP PACE

	HOTEL	SMALL HOTEL	SERVICED APARTMENT	HOSTEL	STUDENT	SHORT TERM LETS	CAMPING CARAVAN	TOTAL
2024 demand	12,346	780	1,346	415	626	4,126	231	19,870
Assumed Annual growth	3.0%	3.0%	3.0%	5.0%	5.0%	2.0%	5.0%	3.0%
2040 demand	19,812	1,252	2,159	2,159	1,367	5,664	504	31,664
Occupancy	84.1%	84.1%	84.1%	58.0%	80.0%	58.0%	50.0%	76.0%
2040 supply	23,557	1,489	2,568	1,561	1,709	9,766	1,008	41,658
Supply increase	8,877	561	968	846	926	2,652	546	15,376
Increase per year	592	37	65	56	62	177	36	1,025

Source: AR Hospitality Consulting

8.6 The following table demonstrates the impact on future supply requirement in a scenario that hotel and serviced apartment occupancy of 90% can be achieved, with the total reduced to 8,596 new rooms over 15 years, or 573 per year.

8.7 We note that this is an unlikely scenario as demand troughs (notably January and Sundays all year round) would probably preclude occupancy much above the 2024 level of about 84%.

ESTIMATED FUTURE SUPPLY OF HOTELS AND SERVICED APARTMENTS AT 90% OCCUPANCY

CLASIFICATION	HOTEL	SMALL HOTEL	SERVICED APARTMENT	TOTAL
2040 Demand	19,812	1,252	2,159	23,223
Occupancy	90.0%	90.0%	90.0%	90.0%
2040 Supply	22,013	1,392	2,399	25,804
Supply Increase	7,333	464	799	8,596
Increase per year	489	31	53	573

Source: AR Hospitality Consulting

2019 VISITOR ACCOMMODATION NEEDS STUDY

- 8.8 The 2019 Study identified capacity for 7,890 new hotel and serviced apartment bedrooms by 2030, 717 per year. Since 2019, 2,211 new rooms have opened at an annual average of just 369.
- 8.9 Whilst 917 rooms opened in 2019, the delivery of new hotels slowed dramatically with the onset of the pandemic, a situation that has since been exacerbated by increased construction and financing costs.
- 8.10 With very strong growth in tourism over the last three years, coupled with a decline in the availability of short-term let accommodation, there is now a shortage of supply that has resulted in high hotel occupancy and very high average room rates.
- 8.11 Market performance has reignited operator and investor appetite in Edinburgh, and new opportunities created by the shifting retail landscape (opening of St James Quarter and department store closures in Princes Street) has led to very strong interest currently with 3,085 new rooms in the confirmed pipeline over the next three to four years, in line with the estimated annual requirement.

GEOGRAPHICAL DISTRIBUTION

- 8.12 Of the 3,085 hotel and serviced apartment rooms identified as under construction and most likely to proceed, almost 70% will be in the city centre, further exacerbating the key issues.
- 8.13 The requirement for a c.400 bedrooms business class hotel to service the EICC and allow the city to attract more large business events must be within walking distance of the EICC and transport hubs.
- 8.14 It is likely that any further high-end and luxury hotel operators (and there remains significant interest) will also prefer central locations.
- 8.15 Otherwise there is an opportunity to focus new midmarket and economy hotel and serviced apartment supply around the emerging demand drivers across the city, notably:
 - Edinburgh Airport
 - West Town Edinburgh
 - Edinburgh Park (walking distance from the new Arena)
 - Edinburgh BioQuarter
 - Edinburgh Waterfront (Leith and Granton)
- 8.16 New supply of other accommodation that is smaller in scale, could be dispersed amongst the neighbourhoods identified as tourism targets eg. Stockbridge, Leith, Portobello, Southside. Developments could take the form of small serviced apartments or hostels using brownfield sites or disused commercial premises. Increasingly, the use of tech by operators in this space is enabling much smaller properties to be commercially viable.

- 8.17 Whilst there is already a proposal to relax short term let restrictions during festivals, consideration might also be given to more temporary accommodation solutions out-with the city centre during the peak summer months, for example:
- Pop-up camping / glamping sites around more rural areas on the edges of the city
 - Temporary shipping container hotels on brownfield sites
 - Greater use of out-of-town student accommodation during summer months
 - Initiatives such as the “FringeShip”, a cruise ship berthed in Leith during the Festival in 2024, offering accommodation in hundreds of cabins.

SECTOR CONFLICTS

- 8.18 The lack of sufficient development sites in the city centre has resulted in conflicts between hotel and office developers with the former often winning out due to a more positive development appraisal.
- 8.19 This has also resulted in a large number of former offices across the city centre and West End being converted to hotels or serviced apartments in recent years.
- 8.20 This conflict will remain for as long as both hotel and office sector uses are encouraged in the city centre. Regulation or incentives might be used to encourage more planning applications for hotels and serviced apartments in the emerging demand areas highlighted above.
- 8.21 The focus of developing other accommodation supply could be on conversion of small former commercial premises and development of small serviced apartments and hostels and more temporary solutions rather than detracting from the existing residential stock. This in turn will benefit other sectors such as food & beverage, retail in other parts of the city, particularly where the accommodation offer does not include a restaurant and/or is self-catering.
- 8.22 Nevertheless, there is a need to increase the supply of short term let and self-catering accommodation to provide a more balanced supply of visitor accommodation and to keep pace with demand growth.

GLOSSARY OF TERMS

ACCOMMODATION TYPES	DEFINITION
Hotel	An establishment of 20 or more bedrooms providing accommodation, meals and other services for travellers and tourists
Small Hotel	Hotel of fewer than 20 bedrooms, including bed & breakfast accommodation, inns, restaurants with rooms and guest houses
Serviced Apartment	Fully furnished apartment available for short-term or long-term stays, often offering amenities similar to hotels
Apartment-hotels	Serviced apartments with 24-hour hotel reception and offering other hotel services and amenities
Short-term Let	Usually (but not exclusively) self-catering accommodation let by an individual host and including whole homes, home sharing and secondary letting (a second home that is let to guests)
Hostel	An establishment that provides inexpensive lodging for individuals or groups in shared spaces or dormitories, with shared facilities
Camping and Caravan Sites	Sites offering central amenities and multiple, often varied accommodation options (tents, static caravans, lodges) as well as pitches for travellers' own tents and caravans. Accommodation options often include "glamping" (glamorous camping in unusual forms of accommodation such as yurts, wigwams and huts)
Student Accommodation	Flats and individual rooms with private or shared facilities whose primary purpose is to be occupied by students but are available to let to visitors during the summer holidays. Often with hotel services and amenities.
OTHER TERMS	
Gross Domestic Product (GDP)	The total value of goods and services produced within a specific economic area
Average Daily Rate (ADR)	Hotel rooms revenue divided by the number of rooms sold. Also referred to as Average Room Rate (ARR).
Occupancy Rate	The percentage of all rooms occupied or sold in a given period to total available rooms in that period.
RevPAR	Revenue per available room. Calculated by multiplying the occupancy rate by the average daily room rate. Also known as Yield.

