

KINGSWAY HOTEL WORTHING

An Assessment of Proposals for Change of Use

Draft Report

Prepared for:
Adur & Worthing Councils

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APPENDIX 1 – Hotels on the Market in South Coast Resorts



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1. INTRODUCTION

1.1 Background & Brief

1.1.1 The Kingsway Hotel, Worthing has submitted a planning application for the change of use of the hotel to residential apartments. Adur & Worthing Councils have approached Hotel Solutions to advise on whether there is sufficient justification to allow this change of use, or whether this should be resisted.

1.1.2 In doing so, specific feedback was sought to provide an independent view on:

- The strength of the hotel market and its prospects for growth
- The viability of the hotel operation under various investment scenarios
- Whether the hotel has been adequately marketed for sale at a reasonable price.

1.2 Hotel Solutions – Our Credentials

1.2.1 Hotel Solutions is a specialist hotel & tourism consultancy that focuses on assessing the potential for hotel and visitor accommodation development in UK destinations. We have delivered over 70 hotel market studies covering more than 175 destinations for an extensive range of public and private sector clients. We have a sound understanding of the hotel market in Worthing, based on two previous consultancy assignments that have assessed hotel performance and market demand in the resort, most recently in 2013, when we completed the Adur & Worthing Hotel & Visitor Accommodation Futures Study for Adur & Worthing Councils to provide an up-to-date, objective, evidence-based assessment of the opportunities and requirements for the future development of all forms of hotel and visitor accommodation across Adur & Worthing to inform planning policy formulation and application going forward. The research for this study included a detailed review of hotel performance and markets; an assessment of how the hotel market might grow; an audit of supply and hotel-related proposals; and testing hotel developer and operator interest in Worthing.

1.2.3 For further information about Hotel Solutions, our past work and client base, visit our website at www.hotel-solutions.org.uk.

1. INTRODUCTION

1.3 Approach & Work Programme

1.3.1 In order to come to a view on the evidence submitted as part of the change of use application for the Kingsway Hotel, the following modules of work have been undertaken:

- Detailed review of submitted documentation, in particular the Planning Statement and GVA RGA Viability Study, to understand the case being made, the assumptions used, and any aspects of these which require verification or challenge;
- An update of hotel performance and market information for Worthing hotels through telephone interviews with the key hotels in the resort, including the recently opened Premier Inn;
- An update of hotel supply in Worthing to reflect changes since the 2013 study, including an update on hotel proposals;
- Other desk research and document review, particularly relating to the 2013 findings, planning policy documents and relevant tourism and economic development strategies;
- Internet research to benchmark the asking price of the Kingsway Hotel against similar properties on the South Coast;
- Conclusions regarding the case presented, based upon the evidence gathered and reviewed, as to whether or not a change of use is justified on the criteria sought by current planning policy.

2. THE PROPOSAL & CASE MADE

2.1 The Site & Location

2.1.1 The Kingsway Hotel is located on Marine Parade in the seaside resort of Worthing. It is made up of three adjoining Victorian properties which have been extended at ground and first floor levels. The main hotel has 30 bedrooms, a lounge/bar, restaurant, guest lounge, conference room and supporting facilities. To the rear of the hotel on Queens Road there is an annexe with an additional 6 bedrooms used in association with the main hotel. The property is reported to be in a fairly poor state of internal repair, the lack of investment resulting in an offer that is failing to meet the expectations of the modern market and the standards of competitors, which is reflected in the dissatisfaction expressed in its TripAdvisor reviews.

2.2 History and Proposed Use

2.2.1 We understand from the Planning Statement that the main buildings that make up the Kingsway Hotel were converted from residential use in the late 1950s, with the annexe on Queen's Road being brought into hotel use in the 1970s.

2.2.2 An application was made in 2003 for the change of use of the hotel to 15 flats, which was refused and subsequently upheld at appeal. The grounds for the appeal being dismissed centred around:

- The implications of the loss of the hotel for the local tourism industry;
- The need for clear evidence from independent experts that the property could no longer be operated profitably;
- Concern that the hotel was not adequately marketed for sale for an appropriate period at a realistic price for a hotel use;
- The absence of effective promotional activity to attract guests and failure to monitor such activity – thus not giving the business the best chance of success.

2. THE PROPOSAL & CASE MADE

2.2.3 The proposal is for change of use from hotel (C1) to residential (C3), to create 12 apartments in the main hotel building, and 2 within the Queens Road annexe. The scheme involves associated parking, some building extensions, and work that will improve the external appearance of the building to be more in keeping with the conservation area.

2.3 The Planning Case Made

2.3.1 The planning case put forward argues that:

- The hotel has been marketed at a reasonable (and reduced) price for hotel use for two years and there has been no interest;
- A range of future/alternative tourism and leisure uses have been investigated, but none produces a sufficient return on investment to be viable. These uses include:
 - Continue as a 2 star hotel with minimum refurbishment;
 - Up-grade to a 3 star hotel with fewer rooms;
 - Up-grade to a 5 star boutique guest house;
 - Convert to self-catering holiday flats.
- The case for adequate marketing for sale at a realistic price and for non-viability in tourism use has been validated by independent experts, Christies, GVA, and RGA.

2.3.2 The reasons explaining these conclusions include:

- Site-specific factors – the Viability Study argues that:
 - The hotel is in a secondary location away from the central cluster of resort/seafront facilities and limiting footfall for uses such as restaurant;
 - The building is in a poor state of repair requiring significant investment to bring it to acceptable market standards;
 - A hotel of this size and nature is unlikely to appeal to a major hotel operator;
 - Small independent hotels of this size are unable to take coach markets (as larger hotels can) making them more reliant on mid-week corporate business and the weekend leisure market.

2. THE PROPOSAL & CASE MADE

- Wider hotel market factors – the Viability Study makes comments about:
 - The limited capacity of unbranded, mid-market hotels in Worthing to absorb new hotel bedrooms, leading to depressed occupancies and achieved room rates as a result of the opening of the Travelodge (2009) and the Premier Inn (late 2015);
 - The Worthing hotel market ('unknown' but assumed at 60-65%) performing considerably below provincial UK and regional averages (quoted as 74%), and this hotel considerably more so (51.3%);
 - The Worthing hotel market having suffered from adverse trends in domestic tourism and a decrease in demand for seaside holidays and has limited overnight leisure tourism;
 - Worthing having had little regeneration and development over the past 20 years, which has led to a significant decrease in demand for hotel accommodation;
 - Large companies in Worthing having restructured and down-sized reducing corporate demand, and the remaining corporate users are wanting quality, full-service hotels;
 - The Kingsway having lost corporate demand mid-week to new budget hotels and to more centrally located 4 star hotels that have invested;
 - Worthing having an over-supply of hotels;
 - The market being seasonal, which therefore caps annual occupancies;
 - Small independent hotels lacking the marketing power of the branded budgets;
- Wider destination arguments – the Viability Study claims that:
 - Alternative residential use is a viable option;
 - Alternative residential use will help meet housing needs;
 - The proposed scheme will improve the property and its contribution to the conservation area;
 - A residential use will not create jobs after construction, but residents will spend in the area.

2. THE PROPOSAL & CASE MADE

2.2.3 The arguments and evidence put forward in the Viability Study will be reviewed in Section 6, informed by the evidence that we report in the following chapters, covering:

- The current planning and policy framework in Worthing;
- The Worthing hotel supply, changes, proposals and past hotel company interest;
- Hotel demand, performance trends and market prospects in Worthing.

2.2.4. Our report concludes with a final section setting out our conclusions about whether the case for change of use for the Kingsway Hotel has been met in response to the following three questions:

- Is there still a case for seeking to retain hotels in Worthing?
- Has the hotel been adequately marketed for sale at a reasonable price?
- Is there proof that the hotel is no longer viable with investment?

3. PLANNING & POLICY FRAMEWORK

3.1 Planning Policy for Hotels & Retention

- 3.1.1 Current policies covering the development of hotels/visitor accommodation in Worthing are contained in the **Adopted Worthing Core Strategy** (2011). Tourism features as part of the section on the economy, and recognises the economic benefits that tourism can bring.

Policy 5

The Visitor Economy

The retention, upgrading and enhancement of existing visitor attractions and visitor accommodation to meet changing consumer demands will be supported.

The Council will support suitable new tourist and leisure facilities, with a particular focus on the town centre and seafront area. The aim is to enhance the visitor offer to support the regeneration of the town and help to reduce seasonality.

The Council will work with partners to support the role of the arts, creative industries and sustainable tourism sector in creating a modern and exciting environment that will attract more visitors to the town.

The existing stock of visitor accommodation will be safeguarded unless:

- It is demonstrated that the loss of some bed spaces is the only way of improving the standard of the existing accommodation
- Having undertaken an assessment of viability it is accepted that the current use is non-viable. If this is the case, alternative tourist / leisure / visitor uses would need to be considered before a non-tourism related use would be accepted
- Alternative uses will be considered on the basis of whether they enhance the role of the visitor / tourist economy and vitality of the seafront and town centre area

The supporting text recognises a need to provide quality accommodation to widen the offer and appeal to different markets, and refers to the 2008 Coastal West Sussex Hotel & Visitor Accommodation research indicating a potential for a budget hotel, 3 star hotel, boutique hotel/spa, quality guest houses and B&Bs, serviced apartments and pub accommodation. It also supports the up-grading and repositioning of existing visitor accommodation establishments, and protects against their loss unless unviable or some loss would provide an opportunity to secure investment in the rest of the property.

- 3.1.2 Detailed assessment criteria for the protection of visitor accommodation is contained in the **Worthing Sustainable Economy SPD** (2012). In summary:

3. PLANNING & POLICY FRAMEWORK

- The relevant sections follow closely the guidance issued by TSE on the retention of tourist accommodation¹, which focus around the applicant demonstrating proof of marketing the business for sale (for 2-3 years, at a realistic price, via reputable agents), and evidence of non-viability, both in its current use and condition, and its potential with investment. The test specifies what is meant against each of the criteria, and sets out in a detailed appendix the specific financial information sought. A simpler set of tests is applied to small scale businesses. Applicants must supply this information at the time of submitting their application or it will not be registered.
- The potential for only partial loss of bedspaces (in order to secure investment in the rest of the accommodation and facilities) followed by change of use to alternative tourism/accommodation uses, such as self-catering/serviced apartments would be considered before agreeing to an exit to an alternative, non-tourism use.
- The objective of these tests, which support policy 5 in the Core Strategy, is to ensure that Worthing has a sufficient range, type and quality of visitor accommodation to ensure its future as a tourism destination and meet visitor needs. The test concludes that It is not the intention of the Council to retain accommodation for which there is no market need, and that it will be flexible in its approach and have regard to all material considerations at the time of the application including being responsive to the changes in the market, the economy, the accommodation supply and Worthing as a tourist destination.
- In enforcing these policies and tests, it will be important for the Council to be able to demonstrate that it is investing in Worthing and its future as a visitor destination to retain and grow demand, in order for the policies to stand up at appeal.

3.2 Economic Development & Inward Investment

¹ 'Here To Stay' – Tourist Accommodation Retention and Loss (October 2006, Tourism South East)

3. PLANNING & POLICY FRAMEWORK

3.2.1 Adur & Worthing have produced a combined Economic Plan covering the period 2013-2023, which aims to create a competitive business environment and encourage sustainable business growth over the next ten years. The plan focuses around 6 priorities – business support, developing growth, enhancing the business environment, advancing local skills, encouraging sustainability and promoting health & well-being. In this plan, the area's expertise in public administration, finance, manufacturing and international trade, alongside growing tourism, cultural and creative sectors is recognised. Tourism policies feature in the section on developing growth, which seek to diversify the economy and create an attractive business location and visitor destination, through promoting the area as a tourism destination (DG8) and developing the tourism product (DG7).

3.2.2 Some of the key regeneration and development projects that will help deliver these priorities in and around Worthing – Teville Gate, the Roffey homes development of the Aquarena site, the proposals for Union Place, the Civic, Stagecoach and Grafton sites, as well as West Durrington – are beginning to be progressed (see 4.3.2), and the significant investments by GSK and Rayner are generating additional corporate demand for hotels. The forecast growth in employment of 11,000 jobs over the next 20 years should underpin additional corporate demand. The launch of the Worthing Investment Prospectus in 2016 demonstrates the Council's active commitment to moving these major schemes and sites forward and securing developer interest.

3.3 Tourism Policy, Action & Support

3. PLANNING & POLICY FRAMEWORK

3.3.1 In terms of tourism strategy, a Tourism Vision & Action Plan for Adur & Worthing was produced in January 2013. It seeks to increase the value of tourism to the economy to £220m by 2025, supporting 5500 jobs and transforming the image of the area. The strategy targets a mix of markets that can strengthen occupancies and rates, notably:

- Corporate – a strong mid-week demand from business travellers year round, plus small conferences and meetings
- VFR – visitors to friends and relatives, mid-week and at weekends
- Events – weekend demand motivated by events particularly in the shoulder months
- Activity-related – visitors participating in watersports and other outdoor activities
- Group tour – coach business motivated by price and the traditional resort appeal of the area, aged 70+
- Independent 60+ visitors looking for experiences or motivated by events
- Couples in the 30-50 age bracket, particularly those interested in food and drink, arts, culture and heritage
- Young families during holiday periods.

3.3.2 The vision and action plan is structured around four 'pillars' of activity to improve the visitor experience/destination management; invest in product development both to retain and grow existing markets and attract new visitors; develop and events programme to motivate and animate; and to promote the destination and communicate credibly with target markets. Some hotel accommodation needs were identified in the product development strand of work, including hotel accommodation and serviced apartments for corporate markets and 30s-50s couples.

4. HOTEL SUPPLY, CHANGES & PROPSALS

4.1 Worthing Hotel Supply Changes 2009-2016

4.1.1 Worthing's hotel supply increased substantially in December 2015 with the opening of the new Premier Inn on the seafront, with 81 bedrooms. This hotel replaced the Beach Hotel on the site, which closed in 2010, and brings Worthing's hotel supply almost back to its 2009 level. Prior to the opening of the Premier Inn, the only other change to Worthing's hotel supply since 2009 was the closure of the Cavendish Hotel on the seafront in 2013, which has now been converted to residential apartments.

WORTHING HOTEL SUPPLY – CHANGES 2009-2016

Year	Hotels	Hotel Bedrooms
2009	10	447
2010	9	371
2011	9	371
2012	9	371
2013	8	354
2014	8	354
2015	8	354
2016	9	435

4.2. Current Hotel Supply 2016

4.2.1. Worthing now has 9 hotels with a total of 435 letting bedrooms. This includes three independent 3 star hotels, two budget hotels (a Travelodge and the new Premier Inn) and four independent ungraded or guest accommodation graded hotels. This supply is predominantly on, or just off Worthing seafront. One of the small hotels is in Goring.

4. HOTEL SUPPLY, CHANGES & PROPSALS

CURRENT HOTEL SUPPLY – WORTHING – MARCH 2016

Standard	Hotels	Rooms	% of Rooms
3 star	3	178	40.9
Budget	2	171	39.3
Ungraded/ GA graded	4	86	19.8
Total Hotels	9	435	100.0

WORTHING HOTELS – MARCH 2016

Hotel	Grade	Rooms
Worthing		
Ardington	3 star	45
Chatsworth	3 star	97
Kingsway	3 star	36
Premier Inn Worthing Seafront	Budget	81
Travelodge Worthing Seafront	Budget	90
The Burlington	4 star GA	26
Windsor	n/a	36
Beechwood Hall	n/a	8
Goring		
The Highdown Hotel	n/a	16

4.3. Comparison with National Hotel Development Trends in UK Seaside Resorts

4.3.1. With the opening of the new Premier Inn and the conversion in 2008 of the former 3 star Berkeley Hotel on the seafront into a Travelodge, Worthing's hotel supply has gradually restructured to comprise a more significant proportion of budget/ limited service hotel provision and a smaller stock of full service 3 star hotel bedrooms. This is a common trend across the UK, with new budget hotels opening in many resort destinations and 3 star hotels being converted to budget hotels or closing for conversion to residential apartments. The other national hotel development trend in seaside resorts, which has not so far emerged in Worthing, has been the opening of boutique hotels, through the repositioning of small 2 and 3 star hotels and large guest houses.

4. HOTEL SUPPLY, CHANGES & PROPSALS

4.4. Investment in Existing Hotels

4.4.1. In terms of investment in Worthing's hotels:

- The Ardington has refurbished its bedrooms to a contemporary style, but remained as a 3 star hotel;
- The Chatsworth has fully refurbished all of its ground floor public areas and 85% of its bedrooms;
- The Travelodge was upgraded to the new Travelodge bedroom product in 2013.

4.5. Potential New Hotels

4.5.1. There remains a possibility of a new hotel eventually coming forward as part of the redevelopment of the Teville Gate site. The site was acquired by a newly formed investment company, Mosaic Global Investment Ltd in June 2015 that is now working up plans for a mixed-use leisure and residential development, which could include a hotel.

4.6. Other Types of Serviced Accommodation

Pub Accommodation

4.6.1. In terms of pub accommodation in Worthing:

- Two pub accommodation establishments have closed in the last 2 years. The Bay was sold to property developer Zebra South Ltd in 2014. It had 9 letting bedrooms. A planning application to convert the property into residential apartments was submitted to the Council in December 2015. The Egremont reopened in 2015 following a major refit under new owner Greg Grundy. It is not currently offering accommodation. It previously had 14 letting bedrooms.
- The Grand Victorian Hotel was granted planning permission in January 2015 for the conversion of its nightclub into 19 new bedrooms. If this goes ahead it will largely offset the loss of accommodation at The Bay and The Egremont.

4. HOTEL SUPPLY, CHANGES & PROPSALS

Guest Houses and B&Bs

4.6.2. Four guest houses have closed in Worthing in 2014 and 2015, with a total loss of 22 letting bedrooms, and there do not appear to have been any new guest house or B&B openings. With these further guest house closures, Worthing's guest house and B&B supply has reduced by 30.9% (50 bedrooms) since 2008.

WORTHING GUEST HOUSE AND B&B CLOSURES 2008-2013

Establishment	Grade	Rooms
Blair House	4 star	7
Edwardian Dreams	4 star	5
The Old Guard House	4 star	2
Tudor Guest House	4 star	8
Haytor Guest House	2 star	2
Rosedale Guest House	2 star	4

WORTHING GUEST HOUSE AND B&B CLOSURES 2014-2015

Establishment	Grade	Rooms
Olinda Guest House	4 star	6
Park House	4 star	6
High Trees Guest House	3 star	7
Tamara Guest House	3 star	3

4.6.3. Worthing now has a total of 21 guest houses and B&Bs, with 112 letting bedrooms.

WORTHING – CURRENT SUPPLY OF GUEST HOUSE AND B&B ACCOMMODATION – MARCH 2016

Standard	Estabs	Bedrooms
4 star	8	45
3 star	6	38
Not Graded	7	29
Total	21	115

4. HOTEL SUPPLY, CHANGES & PROPSALS

WORTHING GUEST HOUSES & B&Bs – MARCH 2016

Establishment	Grade	Rooms
The Beacons	4 star	8
Bensons	4 star	3
Camelot House	4 star	6
The Conifers	4 star	2
Heenefields Guest House	4 star	4
Manor Guest House	4 star	6
Merton House	4 star	7
The Moorings	4 star	9
Avalon Guest House	3 star	7
Glenhill	3 star	5
High Beach Guest House	3 star	6
Marina Guest House	3 star	5
Marine View	3 star	12
Pebble Beach	3 star	3
Baltimore	n/a	4
Blandford House	n/a	1
The Court House	n/a	7
Delgany House Hotel	n/a	8
Sea Lodge	n/a	5
The White House	n/a	1
Tudor Lodge Guest House	n/a	3

Home Stays (airbnb)

4.6.4. The loss of guest house and B&B accommodation in the resort has been largely offset by an increase in home stay rooms available through the airbnb website. There are now 38 rooms in homes in Worthing listed on the site.

4.7 Hotel Developer & Operator Interest

4.7.1 The two key trends in UK seaside resort hotel development have been the development of branded budget hotels – led by Premier Inn and Travelodge, alongside boutique hotels, primarily delivered by independent developers/operators. Worthing has seen the former of these, but not the latter.

4. HOTEL SUPPLY, CHANGES & PROPSALS

- 4.7.2 The 2013 Hotel Futures study included a module of hotel developer and operator testing, which identified interest from Premier Inn in Worthing (now realised in the redevelopment of The Beach Hotel), as well as potential interest from Accor for their Ibis brand, though most likely through a franchise arrangement with a developer/operator. There was also some potential interest from upper tier budget hotel brands Holiday Inn Express and Hampton by Hilton, though this was largely uninformed in terms of detailed market knowledge, and again would likely be investor/franchisee-led. None of the national boutique hotel operators were interested in Worthing, though we would expect any interest to come from independent operators or perhaps local entrepreneurs, which we were not able to test.
- 4.7.3. Worthing as a hotel investment location has some advantages, most notably the size of the town, with a population of over 100,000, which provides the critical mass of local residents and businesses that many hotel developers and operators require for their brands. However, a number of significant disadvantages were also identified, including limited awareness of the town and its hotel market, perceptions of a limited corporate base to drive weekday demand at strong rates, and an image of a fading traditional resort attracting an older leisure market with a seasonal pattern of demand.

5. HOTEL DEMAND, TRENDS & PROSPECTS

5.1 The Worthing Hotel Market in 2012

5.1.1. The Adur & Worthing Hotel & Visitor Accommodation Futures report completed by Hotel Solutions in December 2013 provides the following information about hotel performance and markets in Worthing in 2012:

- The performance of Worthing's hotel sector was slightly behind the national average for provincial hotels in 2012, with an average annual room occupancy of 67% and an average annual achieved room rate of £57, compared to national averages of 70% and £59².
- Worthing 3 star hotel occupancies were lower, and significantly below the national average, at around 63%, but achieved room rates stronger at £65.
- Budget hotel occupancy was very high but achieved room rate was lower.
- In overall terms the performance of the Worthing hotel sector had remained broadly static since 2010. While some hotels had seen an improvement in performance others had seen a drop in occupancy levels and/or achieved room rates.
- The Worthing hotel market had remained highly seasonal, with continuing strong demand, and some evidence of business being denied between April and September, but very low winter occupancies.
- Midweek occupancies were generally stronger than weekend occupancies.
- In terms of weekend nights, Saturdays were the strongest, with some 3 star hotels frequently filling and turning business away on this night during the summer if the weather was good.
- Demand for budget hotel accommodation was strong both during the week and at weekends.

² Source: STR Global

5. HOTEL DEMAND, TRENDS & PROSPECTS

- Corporate demand from Worthing companies was the primary source of midweek business for the town's hotels. Corporate demand had reduced sharply in 2009 as a result of the economic downturn, but had started to recover in 2011 and 2012.
- Contractors working on construction projects were a secondary midweek market during the winter.
- Coach holidays were a key midweek market for one hotel.
- Government business was a further source of midweek business for Worthing hotels, but had reduced substantially.
- People attending weddings and family occasions and visiting friends and relatives in the town were the key weekend markets for most of Worthing's hotels.
- One hotel has developed a strong business in terms of bridge weekends. Another was attracting bowls groups at weekends.
- One hotel was taking some weekend coach holiday groups.
- The Men's & Mixed England National Bowls Championships were generating significant demand for hotel accommodation in the town in August.
- The Goodwood Festival of Speed and Revival events also generated significant demand for hotel accommodation in Worthing.
- Only one hotel reported attracting any bedroom business from the Worthing Birdman event.
- Worthing hotels were attracting some overspill weekend business from Brighton, when the city's hotels are full, or because Worthing hotels are more affordable.
- Weekend break stays motivated by a specific interest in visiting Worthing were a minor weekend market.

5. HOTEL DEMAND, TRENDS & PROSPECTS

5.2 Hotel Performance and Market Trends 2013-2016

5.2.1. In order to assess how hotel performance and market demand has changed in Worthing since 2012, we have undertaken a short telephone survey of the town's hotel managers and owners at the beginning of April 2016. The key findings from this survey are as follows:

- In overall terms hotel performance in Worthing has gradually strengthened since 2012, with small year-on-year increases in average annual room occupancy and slight increases in average annual achieved room rates for some hotels.
- Budget hotel performance has remained strong.
- Occupancy levels have increased for 3 star hotels, due primarily to improved midweek occupancies as a result of increased corporate and contractor demand. One hotel has taken more coach holiday business and another has entered this market. This has helped to increase the occupancy levels for these two hotels, but has depressed achieved room rates for one of them, as coach holiday business is very low rated, particularly in the winter and shoulder season months.
- One hotel reported a slight increase in achieved room rates in 2014 and 2015, with local companies having accepted a rate increase for the first time since 2009.
- The Worthing hotel market has remained highly seasonal, with continuing strong demand between April and September but much lower demand during the winter, especially at weekends. Two hotels reported an improvement in midweek occupancies in the winter due to stronger corporate and contractor demand, and one hotel reported stronger weekend occupancies in the winter as a result of additional weddings and functions business generating demand for accommodation.
- While midweek occupancies have strengthened, there has been very little change in weekend hotel performance. Saturday occupancies have remained strong for most hotels, but Friday and Sunday occupancies have remained weak and unpredictable.

5. HOTEL DEMAND, TRENDS & PROSPECTS

- In terms of market trends:
 - Four hotels reported an increase in corporate business and one reported no change in corporate demand. The development of GSK's new pharmaceutical plant has been a key driver of growth in corporate demand in 2015, however this demand has reduced in 2016, now that the plant has been completed.
 - Two hotels reported an increase in contractor demand.
 - There has been no recovery in government business or demand for residential conferences.
 - Two hotels have taken more coach holiday business.
 - One hotel reported an increase in weddings and functions trade, which has generated additional bedroom business. Another reported a drop in weddings business.
 - Three hotels have seen a significant drop in business in August as a result of the loss of the English National Bowls Championships.
 - The number of bowls tours coming to Worthing has also reduced since the Championships moved to Leamington Spa.
 - Leisure break demand has reduced for three hotels.
- The new Premier Inn on Worthing seafront has had a significant impact on one hotel, particularly in terms of competing for corporate business, but does not so far appear to have affected the town's other hotels to any great extent³. One hotel reported an increase in occupancies in the first quarter of 2016. Occupancies have built very quickly for the Premier Inn. It is already consistently filling on most nights of the week, other than Sunday and some Thursdays and Fridays, and is charging midweek room rates of £85-90 and £100-120 on Saturday nights, so is not significantly undercutting the town's other hotels.

³ We did not speak to the current management of The Kingsway Hotel as part of our research, so do not know if the hotel has been affected by the opening of the Premier Inn

5. HOTEL DEMAND, TRENDS & PROSPECTS

5.3 Prospects for Future Growth in Hotel Demand in Worthing

5.3.1. The Adur & Worthing Hotel & Visitor Accommodation Futures Study considered the prospects for future growth in demand for hotel accommodation in Worthing. It concluded the following:

- The strongest growth market for accommodation in Worthing in the next few years is likely to be contractors involved in the construction of the proposed major regeneration schemes.
- There is likely to be some, but relatively slow growth in corporate demand, due to the scarcity of sites for new employment and office development.
- There is nothing to suggest a step change in leisure break demand in the town for the foreseeable future.
- Demand from people attending weddings and family parties, visiting friends and relatives, or attending funerals, should grow as Worthing's population increases.

5.3.2. From our assessment of the changes that have taken place since 2012, we believe that these conclusions are still valid:

- While progress on most of the regeneration schemes in Worthing has stalled, there has been some recent progress:
 - The Teville Gate site was acquired by investment company Mosaic Global Investments Ltd in June 2015. The company is now working up plans for a mixed-use leisure and residential development scheme for the site.
 - Although its application for a 21-storey residential tower block was refused in 2015, Roffey Homes is still in discussions with the Borough Council about progressing a residential development scheme on the Aquarena site.

5. HOTEL DEMAND, TRENDS & PROSPECTS

- The Kent-based developer Change Real Estate purchased the former police station site in Union Place in February 2015, and is currently working with the Borough Council to bring forward a mixed use scheme for the site, incorporating the remaining area that is owned by the Council.
- Further phases of West Durrington are being progressed.
- In the longer term, the Borough Council remains committed to developing the Civic Site and the Stagecoach and Grafton sites for retail, leisure and residential uses. It has launched a new Worthing Investment Prospectus in 2016, with a view to securing developer interest in these sites, alongside the progression of schemes for the Teville Gate, Aquarena and Union Place sites.

Future growth in contractor demand thus still seems likely as the development of these sites is progressed.

- There has been some growth in corporate demand for hotel accommodation in Worthing since 2012. GlaxoSmithKline (GSK) has developed a new £100m pharmaceutical plant in the town, and Rayner Intraocular Lenses has relocated from Hove to a new £20m headquarters in Worthing. Some companies have however downsized or closed their operations in Worthing e.g. EDF Energy has closed its Worthing call centre to relocate its operations to Hove. The Worthing Investment Prospectus indicates that there has been rapid growth in the creative, digital and IT sectors in the town and states that employment in Worthing is expected to grow by 11,000 jobs over the next 20 years. This would represent a 22% increase in the local workforce, equivalent to an average annual growth in employment of 1.1%. It is not unreasonable to assume that corporate demand for hotel accommodation in Worthing will grow at a similar rate, as the Borough's economy develops.
- Demand from people attending weddings and family parties, visiting friends and relatives, and attending funerals, should grow as the local population increases. Current projections suggest that the Borough's population will increase to 105,000 residents by 2026. This would equate to a 5% increase in population. Over three quarters of new residents are expected to be aged 65 or over.

5. HOTEL DEMAND, TRENDS & PROSPECTS

- While Worthing's restaurant, retail, leisure and events offer is slowly improving there is still nothing to suggest a step change in the volume of leisure break demand that will be attracted to Worthing going forward. The town's hoteliers see no real scope to develop leisure break business at the moment: they do not feel that there are any compelling reasons for people to come to Worthing for a leisure break stay, and are concerned that there is no concerted marketing campaign to put Worthing on the map as a leisure break destination. Growth in leisure break demand thus still looks a long way off, and will require a much greater Borough Council focus on developing tourism in the resort than is currently evident.

6. OUR ASSESSMENT OF THE VIABILITY STUDY

6.1 Our Assessment of the Evidence and Claims Put Forward

6.1.1 The table overleaf sets out the key pieces of evidence and claims put forward in the Viability Study to support the case for the change of use of the Kingsway Hotel, and our responses to them based on our knowledge of the hotel market in Worthing and other small seaside resorts in England, the research that we have completed in April 2016, and our expert knowledge of the UK hotel market.

6. OUR ASSESSMENT OF THE VIABILITY STUDY

Viability Study Evidence/Claim	Our Response
<p>The hotel has been marketed for sale for 2-3 years at a realistic price</p>	<p>In order to assess whether The Kingsway Hotel was marketed at a realistic price, we have undertaken an assessment of other hotels that are currently up for sale in seaside resorts along the South Coast, or that have recently been sold. The findings of this research are reported at Appendix 1. This analysis suggests that The Kingsway Hotel was initially priced unrealistically at £1.8m but that the price reduction to £999k was more realistic. The average price per room of the hotels that we looked at that are currently on the market was £35,390. At £999k the price per room for The Kingsway (advertised as a 29 bedroom hotel) equated to £34,440. This is still perhaps a little on the high side, given the quality of the hotel, its trading history, and the appeal of Worthing as a leisure destination, compared to other resorts like Eastbourne and Bournemouth, but does not seem to be an unreasonable asking price for the hotel to attract interest from potential buyers. The hotel was however only marketed at £999k for 6 or 14 months, from September 2013 to Spring 2014 or December 2014 (the Viability Study quotes two different periods for when the hotel was marketed). It may well have attracted further interest if it had been marketed for longer at this price, particularly given the strengthening of the hotel property market in 2014 and 2015.</p>

6. OUR ASSESSMENT OF THE VIABILITY STUDY

Viability Study Evidence/Claim	Our Response
<p>Alternative visitor accommodation/ tourism uses have been investigated</p> <p>Four scenarios were investigated:</p> <ul style="list-style-type: none"> • A refurbished 36-bedroom hotel • Re-positioning as a smaller 27-bedroom 3 star full service hotel • Re-configuring as a 30-bedroom boutique guest house with limited service • Conversion to 19 self-catering holiday apartments. <p>Repositioning as a branded budget hotel was discounted as an option.</p> <p>Repositioning as an upscale boutique hotel was also discounted as it was felt that the price sensitive market in Worthing and insufficient corporate demand would not support a hotel of this type in Worthing.</p>	<p>There was no consideration of partial conversion as enabling residential development to secure investment in the remaining part of the hotel – either permitting Queens Road alone change of use, or partial conversion of the main hotel.</p> <p>We agree that the hotel is not suitable for repositioning as a budget hotel.</p> <p>In the 2013 Adur & Worthing Hotel & Visitor Accommodation Futures Study we felt that there could be scope for a small, upmarket boutique hotel, given that such hotels are successfully operating in other similar seaside resorts in the South East such as Hastings, Eastbourne, Folkestone and Margate. We did however acknowledge that three of the hotel owners that we spoke to did not feel that there is sufficient high rated corporate business to support a boutique hotel in Worthing and that the resort's leisure tourism offer is not sufficiently attractive to appeal to the types of guest that might want to stay in a boutique hotel.</p>

6. OUR ASSESSMENT OF THE VIABILITY STUDY

Viability Study Evidence/Claim	Our Response
None of the four hotel or tourist accommodation options considered is viable	This is dependent upon many factors, with operating costs, the level of investment required, financing structure, and owner and investor requirements all playing a part. The occupancy, ADR and revpar estimates for each option seem reasonable to us, based on our knowledge of how other hotels are trading in Worthing. We are not able to comment on the operating costs or the estimate of required investment as these are not our areas of expertise. A more detailed analysis of these calculations and associated assumptions would be required from relevant experts to affirm or challenge these elements of the case.
The Kingsway Hotel is in a secondary hotel location	We disagree with this analysis. While the hotel is further away from the town centre than the Chatsworth and Ardington hotels, it is on the seafront and a number of its rooms have excellent sea views, which in our experience are generally sought after in seaside resorts. This puts the hotel in a prime seafront location. Moreover, it is closer to Worthing's core facilities than the Premier Inn or Burlington, both of which are trading well.
The poor state of the building requires significant levels of investment	<p>While we have not inspected the hotel, but from our assessment of its TripAdvisor reviews it has clearly suffered from a lack of investment. The Kingsway Hotel is the lowest rated hotel in Worthing. It is receiving primarily 'Average', 'Poor' or 'Terrible' ratings, although has had some recent 'Very Good' and 'Excellent' ratings. The hotel is however receiving a lot of negative comments about its quality in terms of it being 'dated', 'in need of refurbishment', 'shabby', 'dirty', things not working in the bedrooms, and the quality of mattresses. The only positive comments are about the staff being friendly and helpful and the sea views.</p> <p>We do not have the expertise to comment on the costings that have been put forward in the Viability Study. This would require alternative expertise to comment on in detail.</p>

6. OUR ASSESSMENT OF THE VIABILITY STUDY

Viability Study Evidence/Claim	Our Response
A hotel of this size has no appeal to major hotel companies	We would agree with this claim.
The hotel cannot take coach business	We agree with this claim.
<p>Worthing hotel performance is significantly below provincial UK market averages.</p> <p>The 2012 annual hotel occupancy for Worthing hotels reported in the 2013 Adu & Worthing Hotel & Visitor Accommodation Futures Report (compiled by Hotel Solutions) is an optimistic estimate</p>	<p>The Viability Study quotes serviced accommodation occupancy data for the period 2008-2011 that has been provided by Visit Worthing. We were not made aware of this data when we undertook the Hotel & Visitor Accommodation Study in 2013. The Viability Study provides no information on the sample of hotels and guest houses for this data. This is important to understand to determine its reliability. If the sample is biased towards guest houses and key hotels are not included the results would be misleading. We compiled our occupancy estimates from the data supplied to us by the hotel managers that we interviewed in 2013. All of Worthing's hotels took part in our survey. We are confident that they are accurate and would question the validity of the much lower performance data that the Viability Study is quoting, which we suspect was based on a partial sample of hotels.</p> <p>The comparisons with provincial UK market averages are misleading as the national figures include branded hotels, budget hotels and hotels in major towns and cities. They do not give a comparison with typical trading performance in seaside resorts, which in our experience is always below the national average due to the dominance of independent hotels, usually weaker corporate demand and seasonality.</p>

6. OUR ASSESSMENT OF THE VIABILITY STUDY

Viability Study Evidence/Claim	Our Response
<p>The sharp fall off in occupancy since 2008 can be largely attributed to the impact of the Travelodge opening in 2009. Its opening placed significant pressure on existing hoteliers who were largely unable to compete with the low room rates offered by the Travelodge.</p>	<p>This analysis is based on the data that GVA accessed from Visit Worthing, the validity of which we have questioned above. The Viability Study fails to acknowledge that the Travelodge only replaced the former Berkeley Hotel, so did not constitute a significant increase in supply. It also ignores the significant economic downturn in 2009, which was a key factor in the fall off in hotel occupancy in Worthing and nationwide. Our research in 2013 found no lasting effect on hotel occupancies from the Travelodge opening, with most hotels reporting an upturn in business in 2011 and 2012. The closure of the Beach Hotel was a factor in this, which the Viability Study fails to acknowledge. The Travelodge had however made the leisure market in the town more price competitive.</p>
<p>The addition of the Premier Inn will have an impact on market occupancy, particularly for small tired and dated hotels that no longer meet modern consumer requirements</p>	<p>From the performance data provided to us by Premier Inn's head office, the new Premier Inn is already trading at very high levels of occupancy. It is also charging room rates that are significantly higher than the Kingsway charges, so clearly not competing on price and undercutting the hotel. From our discussions with the other hotels in the town, only one reported having been adversely affected by the opening of the Premier Inn (although we do not know if there has been any impact on the Kingsway). With the Premier Inn already consistently filling on most nights of the week, we would expect its impact to quickly reduce as the market settles in 2016.</p>
<p>There is limited capacity for unbranded mid-market hotels to absorb new rooms coming into the market</p>	<p>Other unbranded mid-market hotels in Worthing have invested and maintained their trading performance.</p>
<p>With the opening of the Premier Inn Worthing's total hotel supply will exceed 2008 levels</p>	<p>This is true, but fails to recognise that the Travelodge replaced the former Berkeley Hotel that closed in March 2008. It had 80 bedrooms. If this hotel is included in the 2008 supply figure, the total number of hotel bedrooms in the town was 420. The opening of the Premier Inn brings the 2015 supply figure to 419 hotels (if the Highdown Hotel at Goring is excluded as in the Viability Study).</p>

6. OUR ASSESSMENT OF THE VIABILITY STUDY

Viability Study Evidence/Claim	Our Response
<p>Operating profit has fallen noticeably for the Kingsway Hotel to become loss making in the last two years.</p>	<p>The figures presented in the Viability Study clearly show this. There is a significant difference however with the figures shown in Christie & Co's sales particulars for the hotel. The latest version (when the price was reduced to £999k) state the 'the trading accounts for the year ended 31 March 2014 show a turnover net of VAT of £495,072 and an adjusted net profit of £165,000'. These figures compare to a turnover figure of £430,787 and an operating loss of £2,287 reported in the Viability Study.</p> <p>We are not qualified to comment further on the trading figures provided in the Viability Study. This would require a more thorough assessment of the hotel's accounts by a suitably qualified individual.</p>
<p>The Worthing hotel market has suffered from the decline in traditional seaside holidays</p>	<p>We agree with this statement. We would also add that Worthing has not seen the growth in leisure break business that other seaside resorts have experienced.</p>
<p>There has been little regeneration and development in Worthing over the past 20 years resulting in a decrease in demand from corporate markets</p>	<p>We agree broadly with this statement, although there has been some renewed growth in corporate demand in 2014 and 2015. Our research in 2013 showed that corporate demand reduced sharply in 2009 as a result of the economic downturn and the closure of Aviva's Broadwater offices. Most hotels reported a gradual recovery in corporate demand in 2011 and 2012, although this may have had more to do with the closure of the Beach Hotel than a growth in corporate demand. Government business also reduced sharply in 2009 and 2010. Our research in April 2016 shows that there has been some growth in corporate demand as a result of GSK's £100m investment in a new pharmaceutical plant in Worthing and the relocation of Rayner Intraocular Lenses to a new £20m headquarters in the town. Worthing Borough Council's new Worthing Investment Prospectus also indicates that there has been some growth in the creative, digital and IT sectors. Our discussions with the town's hotel owners suggest that there has been no recovery in government business.</p>

6. OUR ASSESSMENT OF THE VIABILITY STUDY

Viability Study Evidence/Claim	Our Response
There are no strong drivers of leisure demand now or in the foreseeable future to generate increased demand from the leisure tourist market	We agree with this claim.
The restructuring of local companies has caused a reduction in corporate demand and the remaining market wants 4 star full service hotels	This ignores the recent investment by GSK and Rayner Intraocular. If the remaining corporate market wants 4 star, full service hotels, why does the Viability Study discount the potential for a boutique hotel?
The Kingsway has lost its corporate market to budget and 4 star providers	The Viability Study provides no evidence of this. It may well be the case, however if it is we would suggest that this is primarily because the Kingsway has failed to invest. Other hotels that have invested have seen growth in corporate demand.
The seasonal nature of the leisure market caps occupancy potential	We would agree with this statement.
Small independent hotels lack the marketing power of the branded budgets	This is true, but there are now many tools on offer to enable small independent hotels to get their product to the market, via websites and OTAs, and many do so very successfully.
There is little scope to drive occupancy and rates going forward	This fails to recognise the potential for significant growth in contractor demand as the major regeneration schemes are progressed, even though the Viability Study notes the regeneration schemes and the recent progress that has been made on moving them forward. It also ignores the targeted growth in employment and what this might deliver in terms of growth in corporate demand, and the potential for growth in demand from people visiting friends and relatives and attending weddings and family parties as the population increases.

7. CONCLUSIONS

7.1. The Focus of Our Conclusions

7.1.1. We have structured our conclusions in response to three key questions:

- Is there still a case for retaining hotels in Worthing?
- Has the Kingsway Hotel been effectively marketed for sale?
- Is there proof that the Kingsway Hotel does not have a viable future with investment?

7.1.2. We set out our conclusions regarding each of these questions below.

7.2. Is there a case for retaining hotels in Worthing?

7.2.1. The Adur & Worthing Hotel & Visitor Accommodation Futures report concluded⁴ that there was “an ongoing case to seek to retain visitor accommodation in Worthing to:

- Meet current shortages at peak times in the summer;
- Meet likely future growth in demand from the contractors and local corporate markets and demand from people attending weddings and family parties and visiting friends and relatives in the town;
- Maintain support for town centre and seafront vitality and regeneration in terms of spending by hotel and guesthouse guests in town centre and seafront pubs, bars, restaurants, cafes and shops;
- Provide the town with a sufficient base of accommodation to allow the future development of leisure tourism stays. “

7.2.2. From our analysis of trends in Worthing hotel performance and market demand since 2012 and the prospects for future growth in demand for hotel accommodation in the town, we believe that these arguments for seeking to retain existing hotels remain valid. There is still a future, we believe, for hotels in Worthing, and hotels have an important role to play in the local economy, albeit not particularly from a leisure tourism perspective currently.

⁴ Adur & Worthing Hotel & Visitor Accommodation Futures, Hotel Solutions, December 2013 – Paragraph 7.2.3, Page 91

7. CONCLUSIONS

7.2.3. The Viability Study for the Kingsway Hotel prepared by GVA takes a contrary view. This is clearly a very thorough piece of work and we do not disagree with much of the analysis of the Worthing hotel market as being seasonal and price sensitive, with relatively little leisure tourist demand and no real prospect of significant growth in this market for the foreseeable future. However, based on our knowledge of the Worthing hotel market from the two previous hotel and visitor studies that we have undertaken covering the town, and the research that we have undertaken in April 2016, we believe that the Viability Study paints an overly negative picture of the Worthing hotel market and its future growth potential, for a number of reasons:

- GVA have relied on serviced accommodation data provided by Visit Worthing and discounted the more positive hotel performance data that we produced in 2013 on the basis of data provided by all of the hotels in Worthing. We were not made aware of this data and would question its reliability as we suspect that it is not based on a complete sample of hotels in the town. We are confident that our data is accurate and reliable.
- The Viability Study downplays the importance of corporate and contractor demand, as the primary source of midweek business for the town's hotel.
- It ignores the growth that has taken place in the corporate market in 2014 and 2015.
- It fails to acknowledge the potential for future growth in demand for hotel accommodation in the town, particularly from the contractor market as the major regeneration schemes are progressed.
- It overstates the impact of the Travelodge and new Premier Inn.

7. CONCLUSIONS

7.2.4. The 2013 Hotel & Visitor Accommodation Futures identified two factors that suggested a need to allow some flexibility in applying the retention policy to hotels and guest houses in terms of:

- The opening of the redeveloped Beach Hotel potentially resulting in a substantially more competitive serviced accommodation market, diluting the winter hotel and guest house market in the town, and challenging some of Worthing's existing hotels and guest houses.
- The hotel and guesthouse property market having been depressed for the previous 5 years, as a result of the difficulties that prospective purchasers were facing in terms of securing bank finance to fund acquisitions and renovation work.

7.2.5. Our research shows that the new Premier Inn has so far only impacted significantly on one of Worthing's hotels (although it may also have affected The Kingsway Hotel, which we did not include in our survey of hotel managers). The Premier Inn has quickly established itself in the Worthing market and is already consistently filling on most days of the week. We would expect that it will start to turn business away as it become more established, and would expect its impact on existing hotels to lessen as the market settles down.

7.2.6. Reports from leading hotel property agents point to a significantly improved hotel property market across the UK. The quote below from Fleurets' 'On Market' report in March 2015 clearly illustrates this:

"Improving performance and increased availability of finance, together with positive messages and improved confidence affecting the sector generally, is driving activity across the full spectrum of hotels, from small guest houses, through to unbranded mid-scale hotels. With demand for the right hotel stock arguably outstripping supply, in turn applying upward pressure to pricing, the outlook in terms of transactional activity, at least in the short term, is positive"

7. CONCLUSIONS

7.2.7. On balance therefore the factors that we identified in 2013 that pointed to a need for greater flexibility in the application of the accommodation retention policy appear not to be as pertinent, as the new Premier Inn does not seem to be having a devastating impact on most existing hotels, and the hotel property market has clearly strengthened.

7.3. Has the Kingsway Hotel been effectively marketed for sale?

7.3.1. The hotel has been marketed by one of the leading hotel property agents in the country, Christie & Co, and the Viability Study provides evidence that they proactively marketed the property for a period of 2 or 2.5 years (the Viability Study quotes two different periods for when the hotel was marketed – August 2012 to December 2014 and summer 2012 to spring 2014). The key question however is whether it was marketed at a realistic price. On the basis of the work that we have undertaken to compare the asking price for the Kingsway Hotel with the recent and current advertised prices of other hotels in seaside resorts on the South Coast (Appendix 1), the initial prices at which the hotel was marketed were significantly higher than the market average that we have identified. Whilst the final price at which it was marketed (£999,000) would seem to be a more realistic figure, it was only marketed at this price for a period of 6 or 14 months (depending on how long the hotel was marketed for). From this perspective, it does not meet the planning policy requirements set out in the Adopted Worthing Core Strategy and the Worthing Sustainable Economy SPD. A longer period of marketing at this price might have produced more interest, particularly given the upturn in the hotel property market in 2014 and 2015.

7. CONCLUSIONS

7.4. Is there proof that the Kingsway Hotel does not have a viable future with investment?

7.4.1. We are unable to answer this question conclusively. Viability is relative and depends on so many different factors, including the strength of the market, the level of investment required, the financing package, the business and investment objectives of the owner, and their ability to run a business effectively.

7.4.2. From our assessment of the evidence put forward in the Viability Study it is clear that the Kingsway Hotel has been stuck in a spiral of decline with the deteriorating quality of the hotel resulting in poor reviews, which in turn have reduced trade, leading to lower profits and no money for investment to break out of this cycle. While we agree that the hotel operates in a seasonal and price competitive market in Worthing, we would contend that its decline is primarily as a result of the lack of investment. Other hotels in the town have invested and been able to maintain and in some cases increase their revenues.

7.4.3. The key issue then is whether the hotel could have a viable future with investment. We would agree that the four possible future options for the hotel that have been looked at by GVA are sensible ones to have considered. We agree that conversion to a budget hotel would not be an option. They could have considered conversion to a boutique hotel, but we would accept that there is an unproven market for such a hotel in Worthing. The option of partial conversion to residential and investment in the remaining hotel was not considered.

7. CONCLUSIONS

7.4.4. On the basis of the financial estimates presented for the four options we would agree that none of them would be able to support significant borrowing, nor do they represent attractive investment propositions. We do not however have the expertise to challenge the financial estimates. From our knowledge of how other hotels are trading in Worthing, the occupancy and ADR figures put forward seem reasonable. We do not have the expertise to comment on the total revenue figures, or the operating costs, and therefore the profit projections. This would require the services of a suitably qualified professional to examine the detailed assumptions behind them. We do not have the qualifications to comment on the estimates of investment required. The Council will need to appoint a suitably qualified professional if it requires an independent view of these figures.

7.5. Concluding Comments

7.5.1. Contrary to the conclusions put forward in the Viability Study, we believe that there is sufficient evidence of ongoing market demand for hotel accommodation in Worthing, and that it not unreasonable therefore for the Borough Council to seek to retain existing hotels.

7.5.2. We would suggest that the decision on whether or not to allow the change of use of the Kingsway Hotel should rest primarily on whether it has been effectively marketed for sale. As we have stated, the evidence shows that it has not been marketed for a sufficient period at a realistic price. The application therefore fails on this test. This is a hotel in a prime seafront location which it would be regrettable to lose if it had a chance of successfully re-positioning to meet modern market standards. Given the failure to market at a realistic price for 2-3 years, and the more recent strengthening of the property market and funding climate, it would be worth a further attempt to find a buyer.

7.5.3. It is very difficult to prove or disprove non-viability. The Council would need to commission further experts to examine in detail the financial projections that have been put forward for each option and the estimates of the required investment, however such investigations might still be inconclusive, and are not needed as the application fails on the marketing for sale test.

APPENDIX 1

HOTELS ON THE MARKET IN SOUTH COAST RESORTS

Hotel	Resort	No. Bedrooms	Standard/ Quality	Asking Price	Price per Bedroom	Agent	Status
Kingsway Hotel	Worthing	29	3 star/ Poor quality	£999k	£34,440	Christie & Co	
Savoy Court	Eastbourne	29	2 star/ Poor quality	£1.2m	£41,379	Fleurets	On the market
Congress Hotel	Eastbourne	62	Poor quality	£1.95m	£31,452	Fleurets	Sold
Lampeter Hotel	Bournemouth	35	Unknown	£1.75m	£50,000	Fleurets	Sold
Wellington Hotel	Ventnor, IOW	28	Boutique	£1m	£35,714	Fleurets	On the market
Auckland Hotel	Shanklin, IOW	32	3 star/ Poor quality	£650k	£20,312	Fleurets	On the market
Waterside Boutique Hotel	Eastbourne	20	Boutique	£880k	£44,000	Reid+Dean	Under offer
Royal Parade	Eastbourne	112	Poor quality	£3.25m	£29,018	Reid+Dean	On the market
Hotel Riviera	Bournemouth	34	2 star/ Dated	£1.695m	£49,853	Goadsby	On the market
Carisbroke Hotel	Bournemouth	23	Reasonable quality	£975k	£42,391	Goadsby	On the market
The Havelock	Shanklin, IOW	22	4 star/ Good quality	£975k	£44,318	Colliers	On the market