



EASTBOURNE TOURIST ACCOMMODATION STUDY

FINAL REPORT

May 2015

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Executive summary

Introduction

In July 2014, Eastbourne Borough Council (EBC) commissioned Acorn Tourism Consulting Ltd to prepare a Tourist Accommodation Study.

The main purpose of the Tourist Accommodation Study is to inform the emerging Seafront Local Plan. From a tourist accommodation perspective the seafront is where the vast majority of the current stock is concentrated.

The aim of the study is to provide the evidence base to assist EBC in assessing current and future demand for tourist accommodation in the town as well as review the current retention policy in order to manage any changes to supply.

Ultimately, the study will be used to inform future planning decisions for new hotel and other visitor accommodation as well as change of use applications.

In order to prepare the Tourist Accommodation Study we reviewed and analysed the following topics identified in the brief:

- Current and future policy and planning framework
- Current and future supply and demand for hotel and visitor accommodation
- Future market prospects and accommodation retention policy
- Examples of and recommended best practice to safeguard visitor accommodation
- Recommendations regarding marketing and promotional activity in order to attract events to and investment in Eastbourne.

The research and analysis was in turn used to inform our strategic recommendations with regards to the future planning policy framework and will form an important part of the evidence base.

There were four strands of research, relating to the study:

1. Desk research
2. Face-to-face and telephone interviews with developers/investors, accommodation owners/operators and property agents
3. Meetings with EBC, Eastbourne Hospitality Association (EHA) and other key stakeholders
4. Online survey, telephone and face-to-face interviews with a selection of accommodation providers in Eastbourne.

UK tourism trends

The tourism industry in the UK accounts for over £127bn per annum equating to around 9% of total GDP. 2013 was a record year for inbound tourism to the UK with 32.9m international visitors spending £21bn. However, since 2008 there has been a notable change in holiday behaviour amongst domestic tourists, whether switching, cutting back, or simply taking different types of breaks. It is unlikely that this change in behaviour will simply be reversed in line with the economy improving.

Even though domestic tourism declined in 2014 compared with 2012/13, the outlook for the 'staycation' remains positive assuming that destinations and, in particular, accommodation providers are able to continue to offer an appealing high-quality product at the right price point. This is likely to involve adopting an innovative approach and adapting the product in order to embrace changing travel behaviours.

Consumers are increasingly enjoying taking multiple trips throughout the year rather than waiting for a single 'big' holiday suggesting a more permanent change in behaviours. In other words, for most visitors, a domestic break is more than a second-choice option. However, this also means that trips have become shorter with a 17% increase in the number of one to three night breaks. Furthermore, the average domestic holiday-taker has become older and more affluent.

After increasing by a quarter in 2009, the volume of holiday trips to the seaside has fallen back to pre-recession levels. This runs contrary to the volume of trips overall which has remained strong since its initial uplift in 2009.

Seaside resorts tend to have assets that are under-utilised with potential to be updated and spearhead further private sector development. Gaining a better understanding of contemporary visitor perceptions and expectations should help inform future development. There is currently a renewed interest in seaside resorts generated by projects such as pier refurbishments and major cultural investments like the Towner Gallery in Eastbourne and the Turner Contemporary in Margate.

Critical to the future success of seaside tourism in the UK will be the ability to manage the quality and quantity of visitor accommodation stock in order to remain attractive and appeal to a wider range of potential visitors. This in turn will enable seaside resorts to benefit from the growing international and domestic tourism demand in the UK.

UK accommodation sector trends

According to AM:PM Hotel data and intelligence there were 567,597 hotel rooms in the UK and Ireland as of 30 September 2014, representing a 1% increase on the previous year. Within this context Eastbourne is currently ranked 26th in the UK with an estimated 53 hotels and 3,047 available rooms. This figure is slightly higher than our estimated supply figure as a couple of the hotels included are outside the EBC boundary and some larger guesthouses are included in the figure also. Within this context Eastbourne has the second highest proportion of independent supply in a large seaside resort after Blackpool.

Traditional seaside resorts such as Blackpool, Torquay and Eastbourne which tend to be heavily reliant on leisure demand have a much higher concentration of hotel supply in the two- to three-star segment than those who have more diversified economies such as Brighton, Bournemouth and Southampton.

AM:PM hotel data and intelligence recently launched a database of hotel closures. The database incorporates details of more than 6,000 hotel closures, the majority of which were independent and two/three star at the time of closure. Furthermore, hotels affected by closure tend to be below 45 rooms whereas new-build properties typically have 65+ rooms in order to achieve good operational economies of scale.

Much has been written in recent years about the state and condition of many independent properties and it is likely that those who fail to meet modern standards will have to change in order to remain competitive. This is a trend that potentially has a significant implication for Eastbourne where almost two-thirds of total hotel supply remains independently owned and operated and is two- or three-star, or below.

Unlike other seaside resorts Eastbourne has not seen much interest from the major brands with the exception of Premier Inn and Travelodge which have a small representation in the town. This is in contrast to Brighton and Bournemouth which have excelled at presenting themselves as attractive destinations for investment with a strong pipeline of major regeneration and development projects which in turn has attracted hotel sector investors including brands such as IHG's Indigo, Hilton and Hampton by Hilton.

Overview of Eastbourne

Eastbourne is a well-established seaside resort and tourist destination in the South East hosting a range of high-profile annual events, especially the AEGON International Tennis and Airbourne attract a large amount of visitors. Tourism is an important economic driver attracting circa 2.04m visitor nights in 2013 generating an estimated £261.3m in direct expenditure and contributing 19.5% of all jobs.

On average Eastbourne hosts between 18 and 20 conferences per annum. The majority of these are repeat business with fairly long lead times. There is a natural ceiling to the number of conferences that the town can host which is linked to seasonality. The average conference size was 643 delegates in 2013. However, conferences range in size from around 100 to some 2000 delegates.

A visitor study compiled in 2012 confirmed that Eastbourne needs to develop a strong product offer based on the gaps in the market supported by a strong brand identity. At the moment it would appear that there is a disconnect between Eastbourne's future vision and aspirations and the perception of the destination in the market place.

One of the constraints facing Conference Eastbourne in terms of attracting more corporate residential conference demand is the inability to accommodate all delegates in a single hotel as well as the lack of branded properties. The majority of corporates do not book two- or three-star independent hotels.

A number of key development projects are currently in the pipeline or in the process of being implemented. These in turn should enable Eastbourne to enhance its destination competitiveness and attract a greater proportion of the anticipated growth in domestic and inbound tourism to the UK. The proposed redevelopment of the Devonshire Park Complex is likely to have the most significant impact on the future development of the tourism and accommodation sector in Eastbourne. However, given the cultural focus of this project we do not consider that it will create significant additional corporate demand which would be appealing to major midmarket and upscale brands.

Tourist accommodation in Eastbourne

In the following table we summarise the total supply of tourist accommodation in Eastbourne as of February 2015 according to type and grading.

Total tourist accommodation supply (2015)

Grading	Hotels	Hotel rooms	Guesthouses & B&Bs	Guesthouse & B&B rooms	Self-catering & holiday lets units
5-star	1	152	3	13	-
4-star	2	200	18	173	6
3-star	11	669	4	39	-
2-star	5	310	-	-	-
Budget	3	154	-	-	-
EHA	12	700	9	74	102
Non-graded	12	657	26	187	36
Grand total	46	2,842	60	486	144

Source: Acorn research

Eastbourne has one five- and two four-star hotels, but the majority of supply is concentrated towards the lower end of the market in the three-star, two-star, budget and non-inspected categories which currently represents around two thirds of total hotel room supply. Dedicated coaching hotels account for around 20% of total hotel room supply in Eastbourne. Obviously, other hotels generate a proportion of their demand from coach tours also. However, it should be noted that it is difficult for independent hotels to compete effectively with specialised coach operators as they are not able to offer the same range of dedicated facilities and services nor do they benefit from a vertically integrated operational model.

In terms of guesthouses and B&Bs, we note that only three properties are five-star and while there is a good supply of four-star guest accommodation (18 properties), approximately two thirds of the total supply of guesthouses and B&Bs are graded three-star and below. 38.5% of total supply is currently not inspected. However, compared with hotel supply it may be concluded that the overall quality of guesthouses and B&Bs is higher with 46.3% being three-star or above.

With regards to self-catering and holiday lets we note that only six properties are four-star graded while two properties are not inspected and the remaining 102 are inspected by the EHA. Furthermore our research identified seven holiday flat operations offering a total of 35 units. Self-catering and holiday lets are much more widely dispersed across EBC, although there is still a marked concentration in and around the Tourist Accommodation Area (TAA), while the Meads and Sovereign Harbour are also popular locations.

From the above it is evident that Eastbourne has a significant stock of tourist accommodation ranging from hotels and guesthouses to holiday flats and self-catering properties. However, it is crucial that the accommodation stock remains fit for purpose and meets the requirements of current and future visitors to the area in terms of quality, type and quantity. Within this context it is interesting to note that

Eastbourne does not have much of an unusual accommodation offer such as contemporary hostels, camping and glamping sites.

The Eastbourne property transaction market has remained very active over the past five years particularly in the guesthouse and B&B sector. This is driven by a number of factors including people looking for a lifestyle change or a second career as well as people wishing to semi-retire with a home and income business. Often buyers have no prior hospitality sector specific experience and are relocating from another part of the UK or abroad.

Larger independent hotels fare less well in terms of investment appeal for a number of reasons including intense competition particularly towards the lower end of the spectrum. Furthermore, the market for smaller independent coaching hotels has declined in recent years.

There is an opportunity for new entrants to provide a differentiated and distinct product offer. This could be in the form of alternative accommodation such as a contemporary hostel or high-quality self-catering appealing to those wishing to go on a multi-generational holiday. Any such development would help attract a broader range of visitors to Eastbourne thereby enhancing the destination's overall competitiveness.

Assessment of future market potential

Eastbourne is an attractive seaside resort that lies at the foot of the South Downs National Park (SDNP). It is renowned for key events such as the AEGON International Tennis and Airbourne which occur during the peak summer months. As a seaside resort Eastbourne tends to do very well during the summer, especially if the weather is good, but demand drops significantly during the low season.

In order to minimise the effects of seasonality we consider that Eastbourne should seek to develop a wider range of events during the off-season that would generate additional demand for overnight accommodation. Popular events such as the Beachy Head Marathon and Extreme involve active participation and tend to appeal to a younger audience. The growing popularity of endurance events such as triathlons, cycling races, colour run and 'Tough Mudder' fit well with Eastbourne's natural environment and could take place outside the main season.

With regards to conferences many of the accommodation providers who were interviewed and responded to the online survey did not consider there to be significant benefit from the current type of conferences hosted by the town. Indeed, it was felt that there is a need to focus on the higher value corporate day and residential meetings segment. The availability of branded midmarket hotels would help in attracting this segment.

Due to the relatively low level of midweek corporate demand, there is an opportunity to develop packages targeted at 'empty nesters' and others who are free to travel midweek. Again using the close proximity to the SDNP as a way to attract walkers and cyclists. Another opportunity is to create spa/wellness and quality theatre packages which are not weather dependent and therefore well suited for the shoulder and low season. It is important to bear in mind that if the tourist accommodation providers were busier during the shoulder and low season then that would bring wider economic benefits eg in terms of supporting local restaurants, cafes and retailers.

Our research did not indicate a high level of commitment to sustainability with only two accommodation providers being part of Tripadvisor's Green Leaders Programme and none being members of the Green Business Tourism Scheme. In view of the emerging trend for local, authentic, social and sustainable as well as Eastbourne's proximity to the SDNP we believe there is a significant opportunity for tourist accommodation providers to embrace sustainability and use this as a driver for quality and to attract new sources of demand. Of course, sustainability does not only refer to the operational side of the business, but also to the building/s where there is often scope for improvement.

Our research concluded that there has been no new supply within the boundaries of Tourist Accommodation Area (TAA) in the recent past, but rather new development has occurred on the outskirts and elsewhere in the town. Thus there is a need to consider how new development areas outside the TAA affects supply within the area. The development of new accommodation supply is seen as valuable in order to diversify and appeal to new sources of demand, but at the same time it is important to avoid over saturation of tourist accommodation supply within the TAA. In practice, this means a more flexible approach to change within the TAA is required so that a gradual upgrade of the overall quality and supply of tourist accommodation is allowed to happen.

There is a need to upgrade the supply of tourist accommodation in order to meet future market needs. However, due to Eastbourne being a highly seasonal destination this does not necessarily mean expanding the number of available rooms, but rather focusing on diversifying the product and enhancing the overall quality. It is essential to bear in mind the difficulty and potentially prohibitive costs associated with developing and renovating historic and listed buildings. In terms of attracting brands this is a barrier as it is often difficult to retrofit a historic building to meet brand standards in terms of the size and number of rooms as well as other facilities.

Therefore, the main challenge will be to find a long-term solution to properties with between 10 and 50 rooms that are too large for a lifestyle business, but at the same time too small to operate efficiently as a mainstream commercial hotel. Unless, some of these properties are allowed to change over time, there is a risk of the market becoming saturated with poor quality and out-dated stock which in turn is likely to dilute market occupancy and average achieved room rate.

In the medium to long-term Eastbourne needs to develop its accommodation stock from the bottom up, ranging from new generation hostels to budget, upper tier budget, restaurant with rooms to independent boutique hotels in order to appeal to a wider range of visitors and respond to market trends. A gradual development of the tourist accommodation sector will help provide robust evidence of market appeal as well as establish occupancy and average room rate potential.

We understand that a rebranding exercise for Eastbourne is currently under way. It is important that the future development of the tourist accommodation stock is closely aligned to the brand and wider aspirations for Eastbourne in order to avoid mixed messages and ensure the future accommodation provision is fit for purpose. Furthermore, the accommodation providers will be important brand ambassadors as they are one of the key points of interaction for overnight visitors to the town. Many of the smaller establishments are owner operated with great personalities that enhance a personalised visitor experience.

Key recommendations

Adopt a more flexible approach to managing the future supply of tourist accommodation. The existence of the TAA does not seem to encourage organic growth and diversification within this area. Indeed, investment in new supply (mainly branded budget) has only occurred outside the TAA rather than within it, whereas closures and/or change of use have happened within the area. This means that the existence of the TAA does not appear to generate additional tourist accommodation capacity, but rather tends to reduce it and possibly deter investment due to the presence of a number out-dated underperforming properties in what may be described as secondary locations away from the seafront.

Monitor tourist accommodation sector performance and market trends on a regular basis. The lack of a robust evidence base monitoring tourist accommodation sector performance, market trends as well as changes to supply on a regular basis is a major barrier to planning the appropriate future levels of tourist accommodation supply. Introducing a third-party monitoring system will enable EBC to be more responsive to changes in the market, the economy, and visitor accommodation supply when considering future planning applications be they for new accommodation development, extensions/reductions to existing accommodation supply or change of use. Also investors look for easy-to-access market intelligence and key performance data to support and back up their investment decisions.

Consider quality as the key tourist accommodation sector development driver. Quality is imperative when it comes to enhancing Eastbourne's tourist accommodation offer as well as the competitiveness of the destination. There is a need to shift the emphasis to quality across all price points rather than quantity when it comes to managing and developing the supply of tourist accommodation in Eastbourne. Having a large supply of rooms and bedspaces do not in itself make the destination competitive, especially if what is on offer does not respond to market needs. If Eastbourne wishes to attract more quality and branded accommodation supply it will need to consider that this may mean a reduction in some of the existing independent supply in secondary locations within the current boundaries of the TAA.

Maximise the potential catalytic impact of flagship developments in Eastbourne. The current and pipeline flagship development projects have the potential to transform Eastbourne and realise the 2027 vision for the town. However, there is a need to communicate and promote the flagship developments proactively, especially the Devonshire Park Complex and the Sovereign Harbour Innovation Park, in order to stimulate investor confidence and attract investment in the tourist accommodation sector.

Create an enabling and supportive public sector environment. Eastbourne needs to manage the future supply and development of tourist accommodation so that it responds to changing consumer behaviour and market trends as well as business needs. This means EBC, tourist accommodation owners and operators as well as potential developers and investors need to work together to provide alternative solutions based on a robust evidence base. Thus, there is an urgent need to work collaboratively across the sector to collect regular market intelligence and key performance data to be used to inform the future planning and development of tourist accommodation. This will only be possible if tourist accommodation providers participate in a data collection system. This data can then be used to support all stakeholders throughout the lifecycle.

Signpost to business development support services. Many investors in the Eastbourne tourist accommodation sector have no previous hospitality sector-specific skills and thus need support to ensure that their business reaches its full potential. There are good resources available through industry organisations such as Tourism South East and Visit England. More locally Locate East Sussex provides a ranges of business support services that may be useful to tourist accommodation providers. There is an opportunity to signpost businesses to relevant business support resources and potential funding sources so they can maximise the potential of their business.

1 Introduction

1.1 Background to the study

- 1.1.1 In July 2014, Eastbourne Borough Council (EBC) commissioned Acorn Tourism Consulting Ltd to prepare a Tourist Accommodation Study to support the preparation of the Seafront Local Plan, which will form part of the Local Plan for Eastbourne.
- 1.1.2 The aim of the study is to provide the evidence base to assist EBC in assessing current and future demand for tourist accommodation in the town as well as review and amend the current accommodation retention policy in order to manage any future changes to supply.
- 1.1.3 The study reviews existing planning policy and provides up-to-date evidence to inform the development of planning policy in relation to the emerging Seafront Local Plan. From a tourist accommodation perspective the seafront is where the vast majority of the current supply is concentrated.
- 1.1.4 Ultimately, the study will be used to inform future planning decisions for new hotel and other visitor accommodation as well as change of use applications.
- 1.1.5 The scope of the study comprises the following deliverables:
- Progress report;
 - Draft final report – tourist accommodation study;
 - Final report – tourist accommodation study;
 - Technical report; and
 - Presentation of key findings.
- 1.1.6 The completed progress report was presented to EBC on 10 September 2014. A presentation of the desk review and outline findings was made to the Eastbourne Hospitality Association on 26 November 2014.
- 1.1.7 This document comprises draft final tourist accommodation study report.

1.2 Terms of reference

- 1.2.1 In order to prepare the tourist accommodation study the following terms of reference were agreed:
- Review of current policy and strategy documents;
 - Audit of current supply of hotel and other visitor accommodation in Eastbourne;
 - Assess likely future changes in demand for visitor accommodation in Eastbourne;
 - Assess gaps in existing accommodation provision;
 - Review planning issues surrounding accommodation retention and appeals relating to tourist accommodation;
 - Recommend policies, procedures and tests to assess future change of use applications;
 - Recommend best practice with regards to visitor accommodation retention;

- Establish market potential for new hotel and visitor accommodation supply in the short, medium and long term;
- Identify potential accommodation operators likely to invest in Eastbourne;
- Assess potential for investment/development and/or upgrading of existing accommodation; and
- Assess current demand for visitor accommodation relative to supply.

1.3 Methodology

1.3.1 In order to prepare the Eastbourne Tourist Accommodation Study we undertook the following:

- Stakeholder meetings with the relevant departments of EBC including planning, tourism, conferences and economic development.
- A desk review of tourism and visitor accommodation trends in UK as a whole and in seaside resorts specifically.
- A review of relevant current policy and strategy documents to establish the policy and strategic rationale for hotel and other visitor accommodation retention and development in Eastbourne.
- A review of planning issues surrounding tourist accommodation retention in Eastbourne and elsewhere in order to identify best practice examples.
- An audit of current tourist accommodation supply in Eastbourne, identifying changes over the last five years in terms of ownership, new openings, capital investment in existing stock, closures and change of use planning applications.
- Carried out an online survey with the tourist accommodation providers in Eastbourne identified as part of our desk review. The survey was circulated by the Eastbourne Hospitality Association in early January 2015. This was supplemented with telephone and face-to-face interviews with a cross-section of tourist accommodation providers resulting in 42 responses.
- Interviews with a selection of hotel property agents, hotel developers and others with relevant knowledge in order identify potential investors and gauge interest in investing in Eastbourne.

2 UK tourism trends

2.1 UK tourism volume and value

- 2.1.1 Although the UK economy is growing again, with consumer and business confidence improving, it is still a long way from a strong and sustained recovery.
- 2.1.2 According to VisitBritain, the tourism industry in the UK accounts for over £127bn per annum equating to around 9% of total UK GDP. At the same time tourism's value to the UK economy is growing at an estimated rate of 3.8% per annum. However, the world economy remains fragile and therefore the immediate prospects for the tourism industry are heavily dependent on future improvements/deterioration in prospective visitors' disposable income.
- 2.1.3 As may be seen from the table below, 2013 was a record year for inbound tourism to the UK with 32.9m international visitors spending £21bn in the economy. An increase of 13% on 2012, which also saw record figures, buoyed by major events such as the London Olympic Games and the Diamond Jubilee.
- 2.1.4 There were 26.8m inbound visits to Britain from January to October 2014, representing a 7.1% increase compared with the same period in 2013. The results continue the momentum from 2013, with inbound tourism likely to continue to grow stimulated by the UK's fine heritage, world-leading attractions, vibrant retail offering and creative industries which all appeal to an increasing number of international visitors. The current forecast suggests that international visitor numbers will be up by some 6% and visitor spend up by around 4% in 2014 making it another record-breaking year.
- 2.1.5 Wealthy consumers from emerging economies such as Asia and the Middle East, together with visitors from the highest-spending source markets: the USA, France and Germany, are driving growth in visits and spends from overseas.

UK visitors and expenditure (2009 to 2014 year to June)

	2009	2010	2011	2012	2013	2014 year to Oct	2012- 2013 % change
Domestic ¹ visitors (m)	122.5	115.7	126.6	126.0	112.6	96.7	-1.1%
Inbound ² visitors (m)	29.9	29.8	30.8	31.1	32.8	26.8	5.5%
Domestic visitor spend (£bn)	20.9	19.7	22.6	24.0	21.7	19.6	-1.4%
Inbound visitor spend (£bn)	16.6	16.9	17.9	18.7	21.0	16.7	12.3%
Total spend in UK on tourism (£bn)	37.5	36.6	40.5	42.7	42.7	36.3	0.0%

¹ Domestic defined as overnight domestic trips taken by residents of Great Britain.

² Inbound defined as overnight overseas visitors to the UK.

Source: Great British Tourism Survey 2014 latest available data

2.1.6 According to VisitEngland’s January 2015 Tourism Business Monitor both visitor accommodation and tourist attractions saw an improvement in visitor numbers in 2014, compared with 2013, with an average growth of 6%. However, this tailed off slightly towards the end of the year for accommodation, with fewer businesses growing their numbers during the Christmas and New Year period.

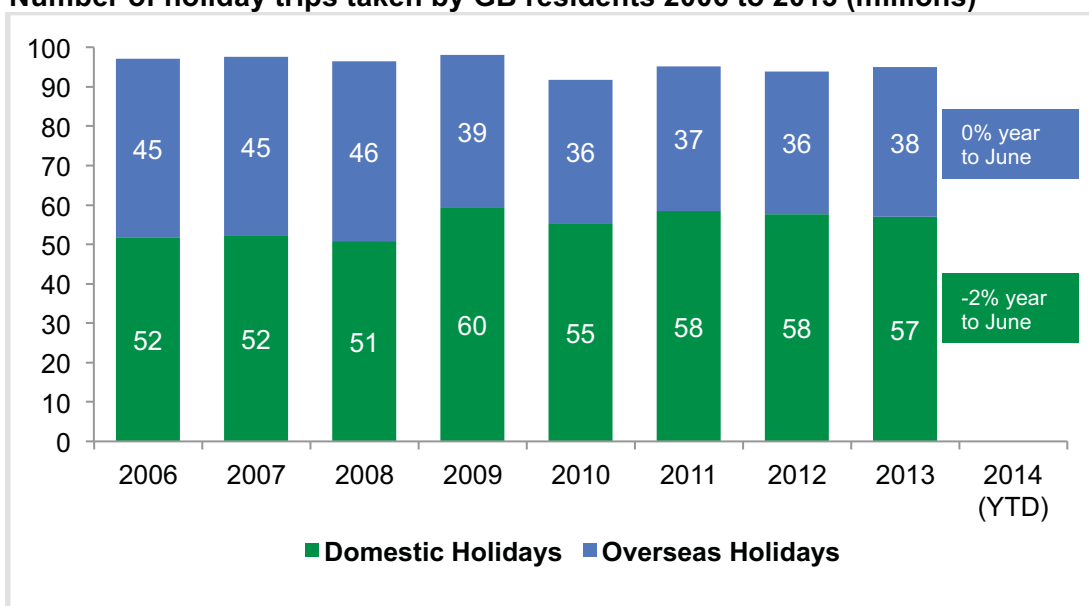
2.1.7 With regards to domestic tourism 2014 year-to-October performance suggests a 6.5% decline in the number of trips and a 2.5% decline in overall spend. The decline is explained by those with no children in the household, 16-24 year olds and social class DE taking fewer trips. On a more positive note, trips to the seaside were up by 3% for the year to June.

2.2 Staycation

2.2.1 The staycation phenomenon first emerged in the UK in 2008-09 in response to the economic recession. A staycation is defined as a holiday spent in one’s home country rather than abroad, or one spent at home involving day trips to local attractions.

2.2.2 Since late 2008, VisitEngland has been carrying out research to understand the impact of the economic downturn on tourism behaviour as well as identify the causes and future potential of the ‘staycation’ phenomenon. The chart below shows the number of holiday trips taken by GB residents between 2006 and 2014 year to June.

Number of holiday trips taken by GB residents 2006 to 2013 (millions)



Source: Visit England 2014 (latest available data)

2.2.3 As may be seen from the chart, the onset of the recession in late 2008 saw a significant increase in domestic trips (peaking in 2009) combined with a decline in the number of overseas holidays and that trend has more or less continued since.

2.2.4 On the surface, it may appear that the staycation is a simple substitution, with people switching to a holiday at home rather than going abroad. However, research by VisitEngland suggests that it is more complex than that. The growth in domestic holidays was not purely driven by necessity, but also by a group called ‘extras’. Extras may be described as those who started taking more domestic holidays without cutting back on overseas travel. This was partly driven by the extensive media

coverage of the staycation phenomenon at the time as well as a growing interest in localism and authenticity.

- 2.2.5 Consumers are now increasingly enjoying taking multiple trips through the year rather than waiting for a single 'big' holiday suggesting a more permanent change in behaviour. In other words, for most visitors, a domestic break is more than a second-choice option. However, this has also meant that trips have become shorter with a 17% increase in the number of one to three night breaks. Furthermore, the average domestic holiday-taker has become older and more affluent.
- 2.2.6 It may be that some of these changes are in part a reaction to the economic climate as taking shorter trips may be seen as a way to limit expenditure. The emphasis on value for money and discretionary thrift (eg using discount vouchers) is the norm for many, especially younger people, and is likely to stay entrenched and not dissipate once the economy has fully recovered.

Summary

- 2.2.7 There has been a notable change in holiday behaviour amongst British residents since 2008, whether switching, cutting back, or simply taking different types of breaks. It is unlikely that this change in behaviour will simply be reversed in line with the economy improving.
- 2.2.8 Even though domestic tourism declined in 2013 compared with 2012, the outlook for the staycation remains positive assuming that destinations and, in particular, accommodation providers are able to continue to offer an appealing high-quality product at the right price point. This is likely to involve adopting an innovative approach and adapting the product in order to embrace changing travel behaviours.

2.3 Seaside tourism context

- 2.3.1 According to the Department for Communities and Local Government (DCLG) more than 11m people live in coastal communities, ranging from major cities such as Brighton to smaller seaside towns like Whitstable. Key industries for these communities include fishing, shipping and increasingly creative industries alongside tourism.
- 2.3.2 Around 250,000 people work in seaside tourism in more than 150 resorts contributing around £4bn to the UK economy per annum making the industry an important economic driver. In 2013, 18.6m overnight trips were taken by British residents to the seaside. There were a further 128m day visits spending £4.5bn.
- 2.3.3 Tourism plays a vital role in making seaside resorts not only attractive places to visit, but having a range of visitor services and infrastructure also make them better places to live, learn and work.
- 2.3.4 However, there is still a perception, often driven by media, that most resorts are in decline and have been affected by Government welfare policies. According to VisitEngland's Seaside Resort Action Plan, seaside resorts present a vital opportunity to contribute to overall growth of England's visitor economy as they already have the accommodation stock and wider visitor infrastructure which, if modernised, could be better utilised and drive up value through extending overnight stays and visitor spend.

- 2.3.5 Many resorts have increasing resident, but not necessarily working, populations which can undermine the economic sustainability of a destination. Positive examples of resorts that have diversified economically include Bournemouth and Brighton and this in turn has supported the case for investing in both new and existing hotels. Both have been successful in promoting themselves as 'lifestyle' locations for new industries such as banking, insurance, high-tech and educational employers. The presence of such industries can deliver a range of complementary benefits to the tourism industry by stimulating demand for not only overnight accommodation, but also for business meetings, events and conferences. Furthermore, providing a year-round working resident population, which will use visitor-related infrastructure such as restaurants throughout the year thereby reducing the impact of seasonality.

Accommodation trends in seaside resorts

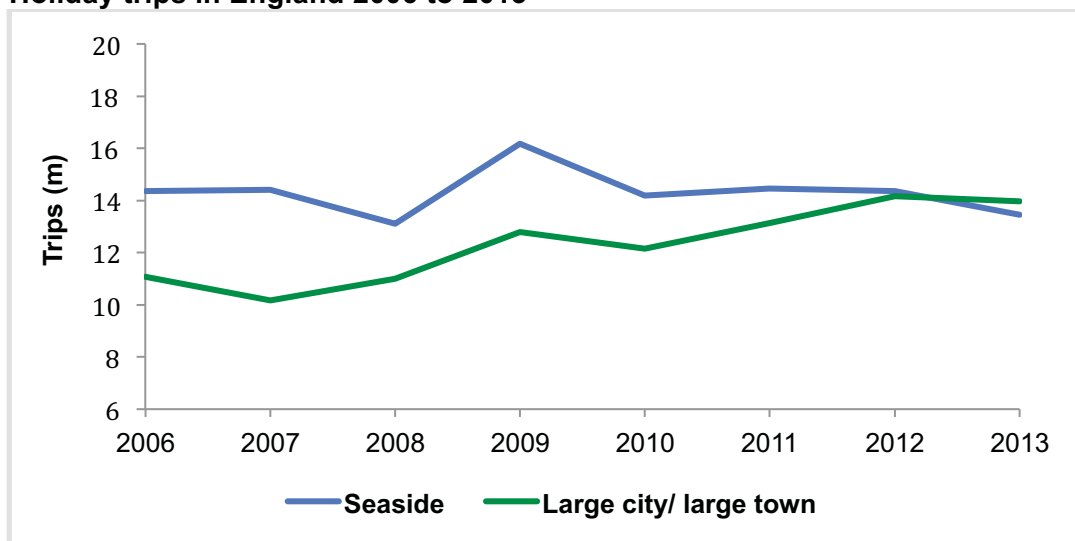
- 2.3.6 Many seaside resorts are fully developed physically, constrained by the sea and other geographical features, which mean there is limited scope for expansion apart from the redevelopment of existing under-utilised infrastructure. One of the greatest threats lies with uncontrolled or poorly planned conversion of traditionally large housing, former guesthouses and hotel stock to Houses of Multiple Occupancy (HMOs). These typically house economically inactive people who are generally dependent on state welfare. While it is necessary to have affordable housing for local people, creating a surplus of HMOs encourages inward migration without necessarily creating any economic benefits to the resort. We understand that there is some concern in Eastbourne that a proportion of lower-quality accommodation stock is at risk of entering the market for temporary accommodation initially by accepting benefit claimants.
- 2.3.7 Many resorts rely heavily on small to medium, established independent hotels. Unfortunately, independently owned hotels, especially at the two to three-star end of the market, tend to struggle competing with branded supply with some being forced to either convert or close. According to recent research by Hotel Analyst independent hotel supply has a history of being more likely to be reduced or converted, a trend that has accelerated during the recession. Although, this may not be a concern in Eastbourne at the present time, it is likely to become an issue in the medium to long term in line with changing demographics.
- 2.3.8 However, there is an opportunity to create more diversity in seaside accommodation by attracting budget chains, larger independent operators, boutique and alternative accommodation providers. Budget chains have access to better national occupancy data and can offer substantial short-term discounts, follow loss-leader strategies or displace internal customers, which can benefit other accommodation providers within a local economy. As resorts develop and re-invent themselves, there is still a significant opportunity for independents to provide a niche accommodation offer as well. Similarly, boutique and alternative accommodation providers tend to appeal to new markets and thus help increase overall demand for accommodation.
- 2.3.9 It is thought that there is some scope for more chains to buy up existing stock in seaside resorts and individual resorts need to be pro-active in appealing to them. However, the main challenge in attracting chains will be the ability to provide robust market intelligence and performance data to evidence demand as well as developing a less seasonal visitor offer.

- 2.3.10 An increase in short-breaks alongside the traditional one or two week holidays has resulted in increasing demand for self-catering accommodation. On the whole, seaside resorts have not developed the range of quality self-catering properties typically seen in rural areas and in cities.
- 2.3.11 However, seaside resorts do host a significant proportion of England’s self-catering and owner occupied caravan stock. By providing more high-quality self-catering accommodation, seaside resorts can match visitor expectations more closely as well as attract the increasing number of multi-generational families holidaying together.
- 2.3.12 Within this context Eastbourne has a significant stock of tourist accommodation ranging from hotels and guesthouses to holidays flats and self-catering properties. However, it is crucial that the accommodation stock remains fit-for-purpose and meets the requirements of current and future visitors to the area in terms of quality, type and quantity.

Trends in seaside tourism

- 2.3.13 After increasing by a quarter in 2009, the volume of holiday trips to the seaside has fallen back to pre-recession levels. This runs contrary to the volume of trips overall which has remained strong since its initial uplift in 2009. This may be explained in part by the purpose-built structure of many seaside resorts such as Bournemouth and Eastbourne. Although, many seaside resorts benefit from under-utilised capacity and readily available tourism infrastructure this is often not up to the quality and standards that modern-day visitors have come to expect. As a consequence many seaside resorts struggle to attract the more affluent and frequent domestic travellers.
- 2.3.14 Since 2008 city breaks have become more popular growing by 26%, as have rural holidays, up by 16%, while seaside and coastal destinations declined by 6%. Thus seaside resorts have not benefitted from the staycation phenomenon in general. Encouragingly, 2014 year-to-date figures suggest an improvement in the number of domestic seaside trips.

Holiday trips in England 2006 to 2013



Source: Visit England 2014

- 2.3.15 Interestingly, a number of seaside resorts, especially those with a good selection of more contemporary branded hotels such as Portsmouth, Plymouth, Brighton, Bournemouth and Southampton enjoyed very successful summer periods during 2013-14 with some enjoying double-digit growth in occupancy and room rate. This suggests that the availability of branded quality accommodation helps drive demand.
- 2.3.16 According to VisitEngland almost half of overnight stays at seaside destinations take place in the summer between July and September, although there is also a notable volume of off-peak trips. The high degree of seasonality does mean that seaside resorts are generally considered less attractive than cities from a hotel and wider accommodation sector investment perspective.
- 2.3.17 Around 44% of all domestic seaside trips, which involve an overnight stay, include camping/caravanning sites or a holiday camp.
- 2.3.18 However, despite the above seaside towns are considered to offer untapped potential to create vibrant economies and form an important part of the government's long-term economic plan to boost jobs and businesses around the country.
- 2.3.19 There is a general lack of knowledge among younger age groups as to the breadth of the seaside offer. In the case of Eastbourne it is likely that many younger people do not consider the destination as a potential gateway to the South Downs National Park (SDNP).
- 2.3.20 Within this context it is interesting to note that although Eastbourne has an extensive supply of hotels, guesthouses and self-catering accommodation stock, it does not currently have much of an unusual accommodation offer such as contemporary hostels, camping and glamping sites.

Summary

- 2.3.21 Seaside resorts tend to have assets that are under-utilised with potential to be updated and spearhead further private sector investment. Gaining a better understanding of contemporary visitor perceptions and expectations should help inform future development. There is a renewed interest in seaside resorts generated by projects such as pier refurbishments and major cultural investments like the Towner Gallery in Eastbourne and the Turner Contemporary in Margate.
- 2.3.22 Critical to the future success of seaside tourism in the UK will be the ability to manage the quality and quantity of visitor accommodation stock in order to remain attractive and appeal to a wider range of potential visitors. This in turn will enable seaside resorts to benefit from the growing international and domestic tourism demand in the UK.

2.4 South Downs National Park and rural tourism trends

- 2.4.1 As discussed, rural tourism has been one of the main beneficiaries of the staycation phenomenon. In view of Eastbourne's close proximity to the SNDP, in this section we review the key market and visitor trends to the SDNP.
- 2.4.2 Eastbourne is the eastern gateway to the SDNP. It is situated on the boundary of the National Park and is the most easterly point of the South Downs Way National Trail.

2.4.3 The SDNP is a major attraction and draws 46 million day visits annually¹. In 2011-12, the proportion of people staying in the South Downs on an overnight stay was 5%.² However an additional 17% were visiting the SDNP for the day but staying outside the National Park boundary.

2.4.4 The market for visitors staying in and around the SDNP is therefore substantial as may be seen from the following:

Market drivers

- The South Downs National Park (SDNP) attracts middle and upper income visitors looking for good quality, unusual accommodation at all price levels.
- A large proportion is staying outside the National Park but may be undertaking outdoors activities, particularly walking and cycling. Accommodation establishments that welcome walkers, cyclists and dogs are therefore increasingly popular.
- Although sustainable accreditation may not be a key driver, the use of local produce and the quality that sustainably accredited accommodation delivers appeals to this market.

Who visits the South Downs National Park?

2.4.5 Visitors are predominantly well off British couples travelling without children. In 2011-12 visitors in the ABC1 socio economic category accounted for 72% of all visitors to the National Park.



2.4.6 Visitors who were on holiday were most likely to come from London (12%). Of those that came from abroad (5%), they were likely to come from Germany (17%) or the Netherlands (14%).

2.4.7 These visitors primarily enjoy visiting the park's attractions and the outdoor activities it offers. Walking is the predominant outdoor activity with cycling, horse riding and some more extreme sports also being popular.

2.4.8 Such activities are considered to be less seasonal than traditional visits to seaside resorts and thus offer an opportunity to extend the season especially during spring and autumn.

¹ State of the National Park Report 2012.

² South Downs Visitor & Tourism Economic Impact Study, January 2013

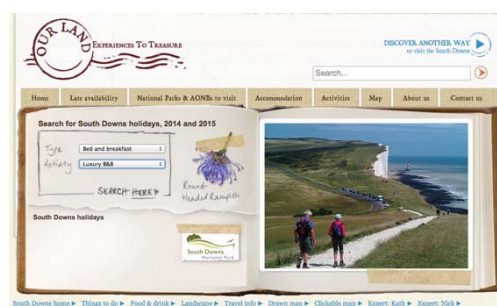
How does the SDNPA inform visitors about where to stay?

- 2.4.9 The (South Downs National Park Authority) SDNPA's strategic objectives in relation to visitors are to raise awareness of what is unique and special about the Park and encourage sustainability through business operation and visitor behaviour. The SDNPA delivers tourism-related activities through a range of projects that focus on responsible tourism and sustainable transport.
- 2.4.10 For specific tourism information the SDNP website directs visitors to the local destination management organisations including Visit Eastbourne. Visitor interested in overnight accommodation in the Park are directed to www.Our-Land.co.uk.

What Type of Accommodation Do They Want?

- 2.4.11 The Our Land website www.our-land.co.uk was set up to promote tourism-related businesses in protected landscapes who put the landscape at the heart of their business and operate along the principles of responsible tourism.
- 2.4.12 The website now includes well over 100 accommodation businesses located within or close to the SDNP boundary. The website offers a range of accommodation including:

- B&Bs
- Campsites – budget, eco
- Camping and holiday barns
- Country house hotels
- Eco-lodges
- Farmstays
- Glamping
- Hostels
- Luxury cottages
- Pubs with rooms
- Self-catering cottages
- Shepherd's huts
- Tree houses
- Yurts



- 2.4.13 The greatest demand has been for unusual accommodation such as tree houses, eco-lodges and yurts.
- 2.4.14 The type of accommodation promoted through Our Land reflects national trends in demand for visitor accommodation, providing quality, at a range of price levels, and authentic local experiences.

Accommodation occupancy levels

- 2.4.15 The 2011-12 Business Performance and Visitor Survey made estimates about occupancy levels in serviced and non-serviced accommodation. However the data collected was based on a very small sample size and should be treated with some caution.
- 2.4.16 The average annual occupancy rate for serviced accommodation was estimated to be around 49%, but for some properties could be as high as 94% in August and as low as 10% in January. Off-season, from October 2011 to March 2012, the average occupancy rate was 35% with high and shoulder season being around 60%.

2.4.17 Non-serviced accommodation is thought to generate higher occupancy rates. However, sample sizes were very small and anecdotal evidence indicated annual average rates of 65%, with some properties achieving 80%-90% in high season and an average of around 50%-55% in shoulder and low season.

Sustainability

2.4.18 Sustainability is a priority for the SDNPA, which is encouraging tourism businesses in the National Park to become accredited under the Green Tourism Business Scheme (GTBS).

2.4.19 For businesses within the National Park, sustainability is important. 44% of businesses surveyed as part of the Visitor & Tourism Economic Impact Survey (January 2013) said that sustainability was 'somewhat important' to their business, nearly half (49%) said it was 'very important'.

2.4.20 Although Our Land does not require businesses to have sustainability accreditation in order to become a member, all businesses have to make a 'promise' to the environment, community and landscape in order to be accepted. Visitor reviews are encouraged to ensure businesses meet expectations.

2.5 Meetings, incentives, conferences and events (MICE) tourism trends

2.5.1 According to Meetings Professionals International, the UK meeting industry contributed £58.4bn to the country's GDP in 2013.

2.5.2 The latest UK Events Market Trends Survey (UKEMTS) published in the summer of 2014 by industry specialist Bridget Baker Consulting, surveyed more than 400 UK conference venues, some 12% of the 3,500 'primary' UK venues that the researchers identified.

2.5.3 Although, the survey showed an estimated decline in actual events from 1.3m business events in the UK in 2012, to 1.25m in 2013, the actual number of delegates and delegate days were higher. There was also an increase in the rates paid for residential events.

2.5.4 Venue managers were more positive about the expected business levels for 2014, with 64% expecting an increase and 30% a similar level to 2013.

2.5.5 The survey of conference organisers 'The British Meetings and Events Industry Survey 2013/14' (BMEIS) was launched in December 2013. The report showed that the average corporate company surveyed organised five more events than the previous year, an average of 48 each and Not for Profit/Associations increased by eight events to 37 per organisation.

2.5.6 Corporate budgets for events were down, however associations had more money to spend. There continued to be a squeeze on residential events, down from 33% of all corporate events to 27% of all corporate events involving a residential stay. In advance of the next survey being issued in December, some findings have just been released for the situation over the past 12 months. It shows that association business has continued to grow, up some 38% on the number of events this sector held last year, to an average of 51 per organisation. This sector has historically been more price sensitive than the corporate sector, and budgets for events remained more or less static this year. No results are yet available for the corporate segment.

- 2.5.7 The findings for the association sector are supported by the findings of the ‘ Snapshot of the UK Association Buyer Trends 2013’ issued by Bridget Baker Consulting last year. It showed that around 59% of association events were related to training and education and the majority were for one day. More than three quarters were organising the same number of events in 2013 and around 17% were organising more.
- 2.5.8 In other research, BDRC reports that after a slow start in 2013, the volume of events grew by some 6.4% compared to 2012. Strong periods of demand were the spring, and October and December. So far this year, January 2014 was down on 2013 levels, but then the market improved with a particularly strong April. For the first seven months of this year, it is estimated that there has been a 2.5% increase in meetings held compared to 2013. Since 2011 however, day delegate rates have tumbled by some 12% in real terms to around £39.14 in the UK provinces.
- 2.5.9 Whilst there are signs that demand levels are returning in the UK conference market, the sector has undoubtedly been hard hit in recent years and venues have suffered as a result. The market looks set to continue to be price sensitive for the foreseeable future. For many venues management training is a critical part of their business mix. The Chartered Institute of Personnel and Development (CIPD) surveyed the views of more than 1,000 UK organisations in relation to their training budgets for the next 12 months (April 2014). They reported that half of public sector organisations had experienced funding cuts for learning and development over the past 12 months, although it varied considerably across corporate entities. The research showed that just 15% of the organisations expected the economic situation for their organisations to be better than the previous year and 46% about the same. These findings would impact their budgets for training going forward. Additionally the average training budget per employee continued to decline.
- 2.5.10 When compared to the same data for 2011 there are some more positive signs that the situation is improving, only 23% were expecting further cuts in learning and talent development over the next 12 months, 18% anticipating an increase and 48% expecting no change. As shown below the results for the private sector were more positive than the public sector.
- 2.5.11 Further research showed that encouragingly some 69% of organisations continue to use external conferences, workshops and events as part of their management training programmes. Despite this e-learning and internal on-the-job training continue to be the most used forms of training staff.

Summary

- 2.5.12 Despite market conditions improving, hotels have recently suffered from a decreased MICE market share, especially those located outside London where 30% of national meetings take place. Even though it is anticipated that MICE expenditure will increase by circa 3.7% in 2014, meeting activity still remains well below pre-recession levels.

2.6 Coaching tourism trends

- 2.6.1 The 2014 Mintel UK Coach Holiday report estimates that there were 5m overnight holiday trips involving coach/bus travel at home and abroad and the total value of all expenditure on these holidays is estimated to be in the region on £1.6bn.
- 2.6.2 According to the report, the coach holiday industry has suffered more than other travel sectors during the past five years. Coach holidays, in the main, did not benefit from the staycation/holiday switching behaviour that generally benefitted other domestic tourism sectors such as rural tourism, city breaks, holiday parks, campsites and self-catering accommodation.
- 2.6.3 In the five years ending December 2013, 13% of UK adults had taken some form of coach holiday. Coach holiday penetration among the over-65s is twice the population average – 27% of this age group have been in the past five years, compared to 10% of under-65s.
- 2.6.4 Some 41% of those who have taken a coach holiday over the past five years are currently retired. Between 2013 and 2018, the over-65 population is expected to rise by 9.7% and in the longer term the number of over-60s is forecast to rise by 45% between 2014 and 2034, reaching an estimated 21.7m. Especially fast growth is projected for the over-75 group which is expected to rise to 3.1m by 2034, boosted by the post-war baby boom and by rising longevity.
- 2.6.5 Socio-economically, the profile of coach holidaymakers is fairly broad, but over half of those who have been on a coach holiday in the past five years are C1/C2. Two thirds of adults have never been on a coach holiday and say they would not consider going. A further 15% of adults have never been on a coach holiday but would consider going on one in the future.
- 2.6.6 Attitudes towards coach holidays are generally positive among those who go on them – of those who have taken a coach holiday in the past five years, two thirds consider them to ‘offer good value for money’ while half agree they ‘offer a relaxing way to see different place’ and 37% see them as a great way to avoid transport hassles.
- 2.6.7 Once the economy fully recovers the prospects are positive due to the demographic boost of an ageing population. However, competition for the over-55 market is likely to be strong, but coach package tours offer a high level of convenience and a sense of ‘secure adventure’. Coach holidays are not going to be to everyone’s taste, but are likely to remain a thriving niche market in the short to medium term.
- 2.6.8 As with many other holiday segments, growth is likely to be highest at the premium and budget ends of the market respectively. Premium escorted tours offering more adventurous itineraries travelling on luxury coaches should see strong demand over the coming years and are more likely to appeal to affluent, travel-hungry baby boomers.
- 2.6.9 The Mintel report identifies particular scope for themed, special-interest, event-based and experimental tours, including inter-modal road/rail/water-based tours, offering opportunities for endless innovation and higher profit margins for added-value products involving tour guide expertise and exclusive experiences. This is supported by the fact that a quarter of all coach travellers (and a third of package coach holidaymakers) would like to take a luxury coach tour involving premium-style coaches and more upmarket hotels.

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- 2.6.10 A number of vertically integrated coach companies operate in Eastbourne including Shearings and Daish's Holidays.
- 2.6.11 In September 2014 following Shearings recent management buyout and investment partnership with the Moorfield Real Estate Funds, Shearings announced plans to invest £15m investment in hotel refurbishment over the next three years, with more than £5m planned for 2015. This is an increase of 40% compared with this year's spend as part of a plan to revamp more than half of Shearings 4,000 hotel rooms across the UK by the end of 2017. The investment follows a record summer with passenger volumes increasing by 2% resulting in hotel occupancy rates averaging 93%.
- 2.6.12 According to Shearings' commercial director consumer confidence appears to be up and in response the company is adding a range of added-value services and facilities to further improve customer experience. These include free wifi across hotels and coach interchanges as well as a suite of new mobile-optimised websites featuring improved functionality such as independent reviews to help customers when researching their holiday. Shearings currently have two hotels in Eastbourne: the Bay Burlington Hotel and the Bay Majestic Hotel.
- 2.6.13 Daish's Holidays was founded in 1979 and as well as expanding its number of hotels, Daish's Holidays has also gone on to launch a coach division enabling it to provide package holidays across the south coast of England including to the recently acquired Claremont Hotel in Eastbourne.

Summary

- 2.6.14 In view of national trends, the prospects for the coaching market in Eastbourne remain positive in the short to medium term. Vertically integrated coach companies who own and operate across the supply chain are likely to be the main beneficiaries of growth in coach holidays.
- 2.6.15 However, it is worth bearing in mind that many of the smaller independent hotels in Eastbourne typically attract the high-volume low-yield segment of the coach market rather than the premium end of the market. Interviews with a number of property agents indicated that some of these smaller establishments are struggling as the lower-end of the coach market is starting to decline. Furthermore, they are unable to compete effectively with the major vertically integrated coach companies such as Shearings and Daish's Holidays.

2.7 Emerging tourism trends

Local, authentic, social and sustainable

- 2.7.1 A number of trends such as the desire for more local, authentic, social and sustainable tourism experiences have emerged over the past five years partly in response to the recession.
- 2.7.2 According to VisitEngland's future trends for the next decade published in December 2013, the consumer behaviour trend for 'self-preservation' has become less focused on 'green' or environmental issues and more on causes and issues that strike a chord closer to home. Consumers are increasingly expecting businesses to meet basic environmental criteria without necessarily being willing to pay extra for it.
- 2.7.3 Local sourcing is seen as a key point of product differentiation with everything from art, guest supplies to food and drink ideally being sourced from within 30 miles in order for the operation to be truly sustainable.
- 2.7.4 On the whole, consumers are looking for more authentic experiences that connect with the local community in terms of arts, culture and food thus providing a memorable personalised experience.
- 2.7.5 One of the reasons why boutique hotels and more recently design-led hostels have become so popular is because their communal spaces including restaurants and bars tend to attract visitors as well as local people and residents thus providing great spaces for social interaction. Those who manage to get it right benefit from a high level of visitor satisfaction as well as gaining a competitive advantage.
- 2.7.6 An example of a hotel that excels at local sourcing is the award-winning Gallivant at Camber Sands. The owners describe the property as a restaurant with rooms inspired by the coastal motels you might find in California. The emphasis is firmly on serving delicious simple seasonal and local food with 90% sourced from within a 10-mile radius. A more detailed case study is presented overleaf.

Case study: The Gallivant

Location: Camber Sands, East Sussex

Site: former motel behind the extraordinary dunes and sandy beach at Camber Sands. Uninspiring building that has been transformed into a restaurant with rooms as opposed to a hotel with a restaurant. Bought at discounted value due to administration by current owner Harry Cragoe in 2010. Rooms and dining options have been upgraded.

Concept: 20 calm and relaxing rooms simply furnished in coastal colours with handmade driftwood furniture.

The name Gallivant comes from the verb to gallivant meaning to roam about in search of pleasure or amusement, often in search of food.

The owner describes the property as a restaurant with rooms inspired by the coastal motels you might find in California. It is a bit shabby chic, but above all relaxed and welcoming aiming to make guests feel calm and happy. Most guests come from London and Brighton to escape the crowds for one or two nights.

The emphasis is firmly on serving delicious simple seasonal and local food with 90% sourced from within a 10 mile radius. Hosts pop fine-dining events with Michelin-starred chefs.

Critical success factors:

- Understanding what audience to target
- Aligning the product offer and services to target audience
- Differentiating the product
- Delivering a product that exceeds customer expectations
- Working tirelessly at generating interest in the site/product



Award winning:

- Sunday Times: 2014 Top 100 Hotels for foodies
- Harpers Bazaar: 2014 best pet friendly hotel in the UK
- The Independent: 2014 Best seaside hotels
- Telegraph: 2013 Telegraph top 25 beach hotels

Digital trends and online travel agents (OTAs)

- 2.7.7 OTAs such as booking.com, Expedia and hotels.com together with the arrival of peer review site TripAdvisor (2000) and sharing economy site Airbnb (2008) have permanently changed the landscape when it comes to travelling and booking accommodation. Today, potential guests have instant access to best available room rates as well as consumer reviews of the accommodation they are booking which is a major change from five years ago.
- 2.7.8 OTAs were born online and have embraced the digital world as a new and very successful business platform taking full advantage of meta-search, automation and efficiencies. This in turn has shaken up the accommodation sector and forced prices down. Their easy to use and efficient booking processes, which work across multiple devices, appeal to today's time-strapped bargain-hunting consumers. It is estimated that some 40% of all hotel bookings are now made through mobile devices. There is no doubt that OTAs are here to stay.
- 2.7.9 For accommodation providers the OTAs provide a fantastic way to reach a target market, but with the risk of average room rate dilution and high commissions. Most accommodation providers like what OTAs do in terms of exposure to potential guests, but are not so keen on the costs with commissions of between 15% and 25%. Of course, independent hotels do not generally have the resources to compete effectively with OTAs. OTAs provide a large advertising platform and exposure, which an individual accommodation provider simply cannot afford.
- 2.7.10 However, OTAs do not provide the consumer with the whole picture in the way the actual property might be able to. Using an OTA the consumer's mind is on price and room, while the actual experience is much more about location, style and quality of the experience.
- 2.7.11 It is important for accommodation owners and operators to understand the potential benefits of OTAs and think of the commissions payable as a distribution cost while at the same time focusing on developing their own online presence through a high-quality website and social media in order to encourage direct interaction with potential and repeat guests. The use of social media should be seen as a low-cost, high-value option for individual accommodation providers looking to increase their exposure to existing and potential customers.
- 2.7.12 The best owners and operators are adapting to this changing environment accepting that it does not matter where a booking comes from, but rather the challenge is to give the guest the best possible experience and a reason to book directly when they return and write a positive review.
- 2.7.13 The increasing importance of digital media and online travel agents mean that quality is more important than ever when it comes to securing a competitive advantage. Our online survey confirmed that especially the smaller guesthouses and B&Bs rely heavily on OTAs with these generating on average 61% of their bookings compared with an average of 33% for hotel respondents. This is unsurprising, as larger hotels tend to have dedicated sales and marketing staff. Having reviewed a cross-section of Eastbourne accommodation providers' websites, it is worth noting that there is significant scope to develop and enhance the quality of the online customer experience in order to fully engage with the identified target audience.

Airbnb and the emergence of the sharing economy

- 2.7.14 Airbnb was founded by Brian Chesky and Joe Gebbia who found themselves short of cash when they moved to San Francisco in 2008. Thus they started to rent out airbeds in their living room, with a cooked breakfast included. Today Airbnb provides 6m guests a year with a place to sleep through its 500k plus listings in 192 countries offering, a huge variety of accommodation including boats, tepees, igloos and apartments.
- 2.7.15 According to PWC's 2015 hotel forecast, the sharing economy is a trend that has significant potential to drive down potential profitability in the traditional serviced accommodation sector. The potential negative impact on profitability has been likened by some observers to the growth of the budget hotel segment in the 1990s and the emergence of OTAs in the 2000s.
- 2.7.16 Sharing economy platforms such as Airbnb are growing rapidly and are expected to continue to do so and some of this growth could come at the expense of serviced accommodation providers. Such platforms provide new entrants and individuals with the opportunity to present travellers with non-serviced accommodation alternatives in great mass under a trusted brand. For small guesthouses and B&Bs, Airbnb offers a cheaper alternative to the OTAs as it only charges the host a 3% commission. However, guests also pay a commission between 6% and 12% to Airbnb, which does not appear to be putting consumers off. Indeed, consumers are increasingly willing to use sharing platforms as friends and family try it, creating a self-reinforcing feedback loop.

3 UK accommodation sector trends

3.1 Independent versus branded properties

- 3.1.1 In this section we present an overview of UK accommodation sector trends looking at some of the key drivers as well as the nature and structure of hotel supply.
- 3.1.2 According to AM:PM Hotel data and intelligence there were 567,597 hotel rooms in the UK and Ireland as of 30 September 2014, representing a 1% increase on the previous year. Within this context Eastbourne is currently ranked 26th in the UK with an estimated 53 hotels and 3,047 available rooms. This figure is slightly higher than our estimated supply figure as a couple of the hotels included are outside the EBC boundary and some larger guesthouses are included in the figure also. Nevertheless the AM:PM figure provides a good guide for comparison purposes.
- 3.1.3 In the table below, we present the seaside resorts ranked in the UK top 30 in terms of total hotel room supply. From the table it is evident that a number of other seaside resorts are ranked higher than Eastbourne in terms of total supply.

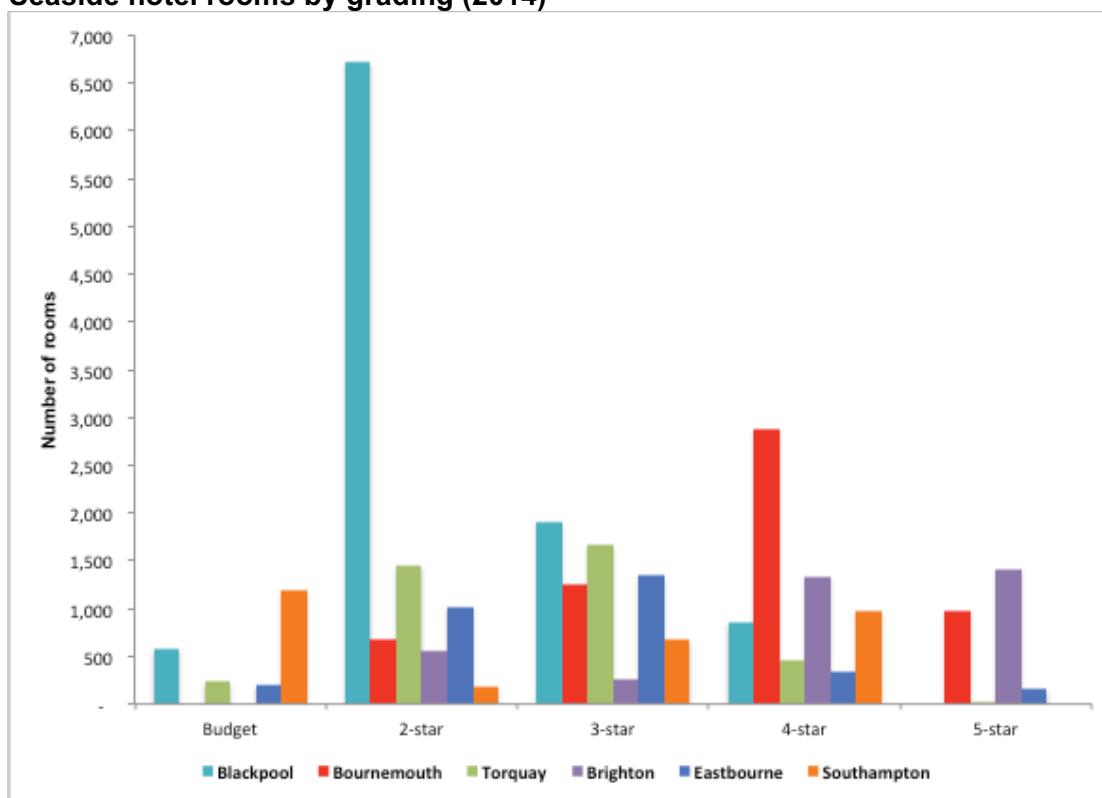
Selection of seaside resort hotel supply (2014)

Ranking	Location	Population	Hotels 2014	Rooms 2014	Rooms 2013	Change	Proportion of independent supply
6	Blackpool	141,976	253	10,091	10,150	(59)	75%
11	Bournemouth	186,744	106	5,782	5,817	(35)	51%
18	Torquay	49,094	76	3,826	3,733	93	58%
19	Brighton	275,762	58	3,716	3,716	-	37%
26	Eastbourne	99,704	53	3,047	3,032	15	63%
27	Southampton	239,358	40	3,012	2,915	97	13%

Source: AM:PM Hotel data and intelligence September 2014

- 3.1.4 It is worth noting that the UK hotel sector remains largely independent with a sizeable number of smaller establishments. This is especially true in the case of seaside resorts, which tend to have a higher proportion of independent hotels than UK cities as a whole. From the table above it is evident that Eastbourne has the second highest proportion of independent supply in a large seaside resort after Blackpool.
- 3.1.5 As brands continue to expand there is growing pressure on independents to improve their product offering which is likely to lead to some independent supply being reduced or converted into alternative uses.
- 3.1.6 In the following chart, we analyse the number of rooms by grading in each of the seaside resorts shown in the table above:

Seaside hotel rooms by grading (2014)



Source: AM:PM hotel data and intelligence 2014

- 3.1.7 With reference to the chart above, we note the traditional seaside resorts of Blackpool, Torquay and Eastbourne, which are heavily reliant on leisure demand, have a much higher concentration of hotel supply in the two- to three-star segment than those who have more diversified economies such as Brighton, Bournemouth and Southampton.
- 3.1.8 AM:PM hotel data and intelligence recently launched a database of hotel closures. The database incorporates details of more than 6,000 hotel closures, the majority of which were independent and two/three star at the time of closure. Furthermore, hotels affected by closure tend to be below 45 rooms whereas new-build properties typically have 65+ rooms in order to achieve good operational economies of scale.
- 3.1.9 The research identified hotel closures spanning the last two centuries, from a time when the UK had a population of only 14m; a life expectancy of 40, average working hours were double that of today; and transportation was poor. Demand for hotels is heavily driven by economic growth and the UK has prospered enormously over this period to the present day, so the industry has grown significantly in overall size. Within this context the impact of hotel closures varies significantly by region. The South of England has seen the biggest loss of room numbers, where coastal resorts such as Margate, Folkestone, Torquay, Newquay and Hastings feature prominently in the 25 locations where more than 1,000 rooms have closed.
- 3.1.10 Much has been written in recent years about the state and condition of many independent properties and it is likely that those who fail to meet modern standards will have to change in order to remain competitive. This is a trend that potentially has a significant implication for Eastbourne where almost two-thirds of total hotel supply remains independently owned and operated and is two- or three-star, or below.

3.1.11 In the table below we present the top ten hotel companies in the UK as of the end of 2013.

Top ten hotel companies UK (2013)

Company	Rooms	Hotels	Rooms (%)	Hotels (%)
Whitbread	58,656	383	21.2	18.0
IHG	39,609	281	14.3	13.2
Travelodge	37,911	517	13.7	24.2
Accor	25,998	197	9.4	9.2
Hilton	22,253	105	8.0	4.9
Marriott	13,548	67	4.9	3.1
Rezidor	10,075	50	3.6	2.3
Wyndham	9,466	95	3.4	4.5
GLH	8,279	36	3.0	1.7
De Vere	8,179	61	3.0	2.9
Total Top Ten	233,974	1,792	84.5	84.0
<i>Source: UK Hotel Analyst brand listing 2013</i>				

3.1.12 From the table it may be seen that Whitbread (Premier Inn) is the top brand for number of rooms while IHG and Travelodge are in second and third place respectively. The largest group of owned hotels (31.4%) is within the budget sector with both Whitbread and Travelodge in the top three companies for number of hotels and rooms.

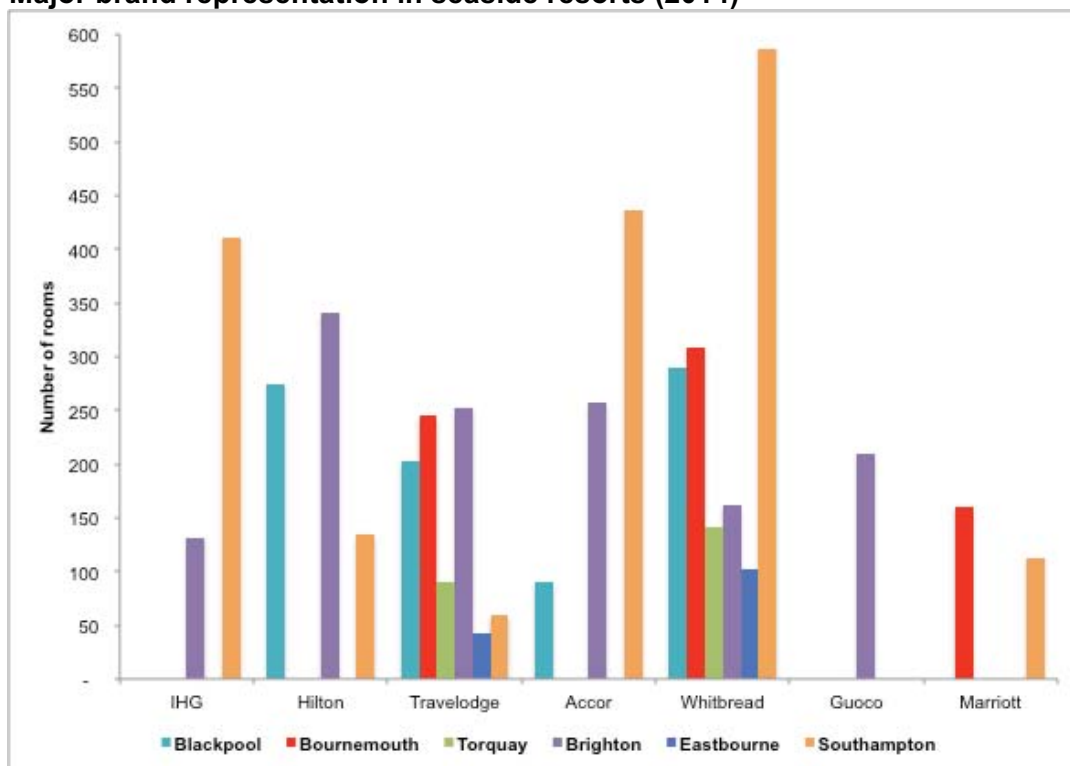
3.1.13 The budget sector is poised to continue its expansion, with Travelodge, Whitbread and Accor planning to expand their portfolios substantially. For example, Travelodge is aiming to take its room count above 50,000 while already sitting on top of the list when analysing the number of hotels. Similarly, Accor are planning to extend its UK network to 300 hotels over the next few years likely to be lead by the group's Ibis Styles and Mercure conversion brands. Meanwhile Whitbread are looking to increase their room count to 75,000 by 2018.

3.1.14 According to BDO's Hotel Britain 2014, branded hotels, especially budget, are exerting pressure on independent establishments, with the latter struggling to compete and many being forced either to convert or close. In the UK independent hotel supply has a long history of being more likely to be reduced or converted, a trend that has been accelerated during the recession.

3.3 Major brand representation in seaside resorts

- 3.3.1 Unlike, other seaside resorts like Brighton, Bournemouth and Southampton, Eastbourne has seen not much interest from the major brands with the exception of Premier Inn and Travelodge which have a small representation in the town. Especially, Brighton and Bournemouth have excelled at presenting themselves as attractive destinations for investment with a strong pipeline of major regeneration and development projects which in turn has attracted hotel sector investors including brands such as IHG’s Indigo, Hilton and Hampton by Hilton.
- 3.3.2 In the following chart we show the current representation of brands in a selection of seaside resorts.

Major brand representation in seaside resorts (2014)



Source: AM:PM hotel data and intelligence 2014

- 3.3.3 In the case of Eastbourne we understand there is concern amongst existing accommodation providers about the impact of the new Premier Inn in the town centre which opened in December 2014. As new supply comes on to the market there is always a risk of market saturation which could cause erosion of market occupancy and average achieved room rate at least in the short term.
- 3.3.4 However, there is also an opportunity for some of the smaller independent hotels in Eastbourne to invest and upgrade to a more boutique-style or restaurant with rooms type offer. It is encouraging to see developments such as the Ravilious and the Ambassador (to be relaunched as the Southdown Hotel in 2016) are embracing this opportunity.

3.4 Accommodation performance trends

3.4.1 In the table below we present the UK provincial hotel performance from 2008 together with PWC's forecast for 2014-15. It should be noted that the performance figures relate primarily to branded UK hotel stock in larger cities.

UK provincial hotel performance (2008-2013)

Provinces	Actuals						Forecast	
	2008	2009	2010	2011	2012	2013	2014	2015
Occupancy (%) ¹	69%	66%	69%	71%	70%	73%	75%	76%
ADR (£) ²	64.03	59.70	58.68	58.43	58.99	59.75	62.07	64.73
RevPar (£) ³	43.93	39.28	40.76	41.39	41.13	43.35	46.37	49.14
% change on previous year								
Occupancy	(3.5%)	(4.1%)	5.5%	2.0%	(1.6%)	4.0%	3.0%	1.6%
ADR	1.5%	(6.8%)	(1.7%)	(0.4%)	1.0%	1.3%	3.9%	4.3%
RevPar	(2.0%)	(10.6%)	3.7%	1.6%	(0.6%)	5.4%	7.0%	6.0%
<p>¹Occupancy is rooms sold divided by rooms available over any given period. ²ADR is the average daily room rate ie total room revenue divided by total rooms sold. ³RevPAR is revenue per available room also known as yield ie revenue per available room divided by rooms available.</p> <p>Source: PWC and STR Global 2014</p>								

3.4.2 Indications for 2014 year to August is that provincial hotels are benefiting from continued economic recovery boosted by an increase in inbound and domestic tourism as well as good summer weather. With occupancy expected to reach 75% this will be the highest for 14 years while ADR will still be below 2007/08 levels when taking inflation into account.

3.4.3 When drilling down into seaside resort performance there is limited data available apart from in the towns which benefit from good brand representation such as Brighton, Bournemouth and Portsmouth. These have all experienced good growth in occupancy and RevPar.

3.4.4 Based on the results of our online, survey which indicated an average annual occupancy of 56% and average achieved room rate of £65 for hotels in 2014, it is clear that Eastbourne suffers from the effects of seasonality to a greater extent than UK provincial hotels in general.

3.5 Development and investment trends

3.5.1 In view of the growing economy the pace of hotel development in the UK is beginning to pick up again even though the overall new supply situation remains relatively subdued.

3.5.2 According to AM:PM Hotel data and intelligence there were around 23,000 rooms in the pipeline at the end of June 2014 due to open by the end of 2015. Of these more than 10,000 are in London. As discussed earlier budget hotels continue to lead the charge accounting for around half of the pipeline.

- 3.5.3 In line with the discretionary thrift consumer trend a number of new limited service concepts have emerged such as 'pay as you go' and 'affordable or lean luxury' hotels as well as a new generation of stylish 'boutique' and 'flashpacker' hostels. In particular, maximising the use of bedroom space is proving essential in terms of shaping future product from both a consumer and investor point of view. This approach enables lower construction costs and higher returns on investments, as well as lower room prices and the 'something different' that consumers are always looking for.
- 3.5.4 Furthermore, an increasing number of serviced apartments are coming onto the market in larger cities. These include brands such as Adagio, Urban Vila, Roomzzz, Bridgestreet, Go Native, StayCity, Cheval, Marlin and Staybridge Suites.
- 3.5.5 Investors and operators are seeing provincial hotels as good value for money when it comes to driving investments and deals. In line with improvement in the economy the competition for sites in large UK cities from offices and residential development is intensifying, pushing prices up.
- 3.5.6 On the following pages we present a number of regional case studies including a coaching inn, a restaurant with rooms and a modern hostel in order to illustrate the quality and type of new tourist accommodation supply currently being developed in the UK and which have the potential to work in a destination like Eastbourne. We have selected these as examples of how low-quality small independent hotels may be upgraded and redeveloped in order to appeal to a broader market.
- 3.5.7 The Bell Inn, Ticehurst, East Sussex is an example of coaching inn that has been developed into 'iconic' community inn providing a local, but luxury dining pub with 11 rooms and events.
- 3.5.8 The Pig on the Beach, Studland Bay, Dorset is an example of a very successful restaurant with rooms concept.
- 3.5.9 Journeys Hostels, Brighton, Dover and London – an example of a contemporary hostel brand looking to expand in the South East.

The Bell Inn Ticehurst

Location: Ticehurst, Rother District Council, East Sussex

Site: An historic coaching inn located in the centre of the small village of Ticehurst, East Sussex. The landlady of 40 years had died, the property was in poor state of repair and change of use to residential was being considered.

Concept: Create a fun, icon community inn by restoring an historic property into a local but luxury dining pub with 11 rooms and events.

Development drivers:

- 'To make great places and then make them very viable'
- Localism and Individualism - using local produce, employing local people, hosting local events; with an Individuality that attract visitors
- To restore the heart of the community that was dwindling
- Target markets: local residents to the pub and restaurant, business and tourism visitors for the hotel rooms
- Events – weddings, parties, community events

Critical success factors:

- Being at the heart of the community
- The Bell has played a central role in reviving the local community and attracting new businesses
- The Bell has recently opened four new highly individual 'lodge' rooms in the garden, with rack rates of £190-240+pn
- The success of The Bell has been the inspiration for the development of a new brand led hotel business, Cathedral Hotels Ltd

Cathedral hotels development criteria:

- Location and demand
- Minimum of 40 bedrooms, restaurant, function, conference and event space
- Eastbourne is not 'on their radar' due to perceived lack of corporate demand and existing good hotels (eg The Grand) and over supply of mid-range hotels.



The Pig on the Beach

Location: Studland Bay on Dorset's World Heritage Coast.

Site: formerly the Manor House Hotel built in 1825, a Grade II listed property.

Development: Home Grown Hotels (Pig Hotels parent company) acquired an 80-year lease for £3m from the National Trust in July 2012. A £6.5m lengthy development process due to National Trust involvement and planning considerations. The Pig on the Beach opened in June 2014 and has been virtually fully booked every weekend since. On sunny days up to 200 walk-ins can turn up. All bookings via own website or phone.

Concept: Essentially a restaurant with rooms, but with hotel comforts such as well-stocked minibars and spa treatment rooms. Designed to offer a relaxed, modern take on the country-house hotel.

Rooms and food combining luxury with homely charm and attention to detail. 23 rooms and two treatment rooms designed in the Pig's shabby chic signature style.

The hotel sits comfortably within its local environment with food either homegrown or sourced within 25 miles creating a strong connection with the local community.

The Pig brand: Created by Hotel du Vin founder Robin Hutson in 2011. There are currently four hotels in the south of England including Southampton. Each property has its own identity, but they are all linked through the core value of the kitchen garden.

Future plans: to develop the brand organically to about ten properties as and when the right properties are identified.



Journeys Hostels

Location: Brighton, Dover and London Kings Cross

Sites: University towns, London and South East.

Development: Franchise model which involves assisting owner obtaining finance for conversion and access to booking service. Most recent hostel is conversion of former accommodation space into hostel which in turn supports pub. Equally relevant would be outdated hotel buildings.

Concept: Hostels that offer budget accommodation designed with the modern global traveller in mind. Unlike a budget hotel the hostels offer a real social space with a strong sense of community and fun which is what the true hostel experience is all about. Affordable, clean and comfortable.

Facilities:

- Lounge/café with TV, pool table, table football and board games
- Free wifi
- Free continental breakfast
- Free bed linen
- Towel hire
- Luggage storage
- 24 hour access and security
- Kitchen facilities
- Ironing facilities

Future plans: to develop the brand through franchising model. Eastbourne would be of interest if approached by the right property owner.



4 Overview of Eastbourne

4.1 Eastbourne economy

- 4.1.1 Eastbourne is a large town with a population of 99,704 in East Sussex. It is a gateway to the eastern end of the SDNP and benefits from over 4 miles of outstanding coastline. For an urban borough it has a significant natural environment of which a high proportion is downland. This natural environment with its panoramic views, areas of outstanding natural beauty and sites of special scientific interest, has over 485 hectares of open access land which is highly valued by residents as well as visitors.
- 4.1.2 Eastbourne is primarily a seaside resort with natural shelter provided by Beachy Head. Within its built environment, Eastbourne has a wide range of parks and gardens with significant areas of historic interest. Eastbourne also has a range of sports and leisure facilities including the international-standard tennis centre at Devonshire Park as well as theatres, exhibition space, Eastbourne Pier and the modern art Towner Gallery. The attractive seafront extends to the modern high-quality marina at Sovereign Harbour.
- 4.1.3 From a tourism, leisure and economic development perspective the following key development priorities have been identified:
- Supporting business growth within the local area;
 - Supporting a skilled workforce through education;
 - Improved road and rail infrastructure;
 - Improved sustainability;
 - Developing a strong brand for Eastbourne;
 - Creating a sustainable and desirable tourism and leisure destination; and
 - An outstanding gateway to the SDNP.
- 4.1.4 The long-term vision for Eastbourne is that by 2027 the town will be a premier coastal and seaside destination within an enhanced green setting. To meet everyone's needs Eastbourne will be a safe, thriving, and vibrant community with excellent housing, education and employment choices, actively responding to the effects of climate change.
- 4.1.5 Not only is Eastbourne an attractive town to visit and live in, but is also gaining a reputation as a dynamic business destination, which is supported by the fact that the South East Local Enterprise Partnership (SELEP) has identified the town as one of the South East's most important strategic growth locations.
- 4.1.6 Although, Eastbourne is mainly associated with tourism it is increasingly becoming recognised as business location with a number of successful world-leading businesses in sectors including engineering, manufacturing, creative and distribution have chosen the town as their base. According to the Eastbourne Guide there are currently around 2,600 businesses based in Eastbourne supporting 37,500 jobs.

4.2 Key development projects

4.2.1 Following our discussion with EBC's planning, tourism and economic development staff supported by our own research we have identified the following key development projects in Eastbourne:

- Legal & General's £90m investment in the town centre to extend the Arndale Centre. The extension will provide up to 24 new shops between the existing Arndale Centre and the railway station as well as allow some shops to expand into larger units. Seven new restaurants and a multiplex cinema will also be included in the development. Alongside Legal & General's proposals, EBC, East Sussex County Council, Stagecoach and Brighton & Hove buses have been working in partnership to look at ways to improve the pedestrian environment in Terminus Road.
- A £40m upgrade to the town's theatre and conference offer at the Devonshire Park Complex supported by a wide range of cultural events and activities to encourage investment in the cultural economy and growth of Eastbourne as a marketable destination. EBC has committed to deliver a vision for the Devonshire Park Complex by 2020 to transform this historic international event, conference and arts complex, into a year-round cultural destination for residents and visitors to the town. The development will include a full restoration of the Grade II* listed Congress Theatre, Grade II listed Winter Gardens and Devonshire Park Theatre as well as improvements to the facilities for the International Lawn Tennis events and a catering, conference exhibition, visitor and welcome centre. New public realm and improved links with the town centre and seafront will also provide a contemporary setting for the Towner Gallery.
- The new 25,000 sq ft Pacific House currently under construction, as part of the Sovereign Harbour Innovation Park, will create high-quality space for knowledge-based enterprises, bringing economic growth and helping to attract skills to the area. Due to open in 2015 Pacific House will accommodate up to 300 employees in the form of 60-70 small companies, fewer medium-sized firms or one or two large companies. These could be start-ups, existing local firms, established companies attracted from outside the area or a combination of all these.
- Investment is being sought to upgrade the A27 between Eastbourne and Lewes in order to improve connectivity to the A23/M23, Gatwick Airport and London as well as supporting business and housing growth plans.
- Town Centre: the railway site adjacent to the station provides a significant opportunity for a landmark mixed-use development including retail, housing, offices, hotel and community uses. Furthermore, the Post Office Site located adjoining Upperton Road – a key gateway into the town centre represents a significant opportunity for redevelopment.
- In August 2014 after the pier fire the government announced £2m support to help Eastbourne's tourism industry recover.
- By 2027 the development of Eastbourne Park will provide a unique, accessible and sensitively managed 'green heart' making a significant contribution to the social, economic, environmental and physical well-being of the local community and visitors. The park offers the potential to enhance the local economy through promoting sustainable tourism, leisure and recreational facilities. The park

proposals include a range of walking and cycling routes as well a visitor centre which would create a unique attraction and tourism focal point.

4.3 Tourism in Eastbourne

- 4.3.1 Tourism South East's Research Unit has carried out research to establish the economic impact of tourism in Eastbourne using the Cambridge model which provides an indication of the scale and importance of visitor activity in the area.
- 4.3.2 Using the Cambridge Model an estimated 695,000 staying trips were spent within the borough in 2013. This was made up of approximately 92% domestic visitors and 8% overseas visitors.
- 4.3.3 Compared to 2012, domestic overnight trips dropped by 5.7% whereas visits made by visitors from overseas increased by 6.9%. Total trip volume thus fell overall by 4.7%. This may be explained to a certain extent by the fact that seaside resorts generally experience a decline in the number of social class DE visitors which would have had an impact on Eastbourne also.
- 4.3.4 Overnight trips involved a total of 2.04m visitor nights spent in the borough, down by 5.2% compared to 2012. Domestic nights dropped by 6.6% whereas the volume of nights spent by overseas visitors remained similar to 2012.
- 4.3.5 Despite a drop in volume, trip expenditure was up. Staying visitors spent in total just under £160.8m on their trip, which represents a 6.6% increase on 2012. This suggests that albeit there was a reduction in volume Eastbourne was able to attract higher-spending visitors possibly also staying for longer.
- 4.3.6 Approximately 4.1m tourism day trips were made to Eastbourne in 2013 generating an additional £111m visitor trip expenditure. Compared to 2012, the volume of day trips increased by 2.0% and trip spend increased by 1.8%.
- 4.3.7 Total direct expenditure by visitors to Eastbourne is estimated to have been in the region of £261.3m in 2013 up 2.4% on the previous year. Direct expenditure is translated to £354.8m worth of income to local businesses through additional indirect and induced effects with multiplier effects generating a further £92.5m. Compared to 2012, this represents an increase of 2.2% in total tourism value.
- 4.3.8 The tourism-related expenditure is estimated to have supported 5,332 full time equivalent jobs and 7,316 actual jobs in Eastbourne, an increase of 2.2% compared to 2012. These jobs are spread across a wide range of service sectors from catering and retail to public service jobs such as in local government, and not just tourism. According to the Office of National Statistics, there are 37,600 jobs in Eastbourne indicating that tourism-related expenditure support around 19.5% of all jobs in the borough making tourism a key economic driver.

4.4 Meetings, conferences, exhibitions and events in Eastbourne

4.4.1 Eastbourne is an established MICE destination which benefits from a good range of conference and exhibition facilities including theatres, exhibition space and large stock of visitor accommodation. Eastbourne's main competitor from a MICE perspective is considered to be Bournemouth.

4.4.2 In the table below we present a summary of Eastbourne town conferences since 2004.

Eastbourne town conferences (2004-2014)

Year	Number of conferences	Number of delegates	Delegate days	Bednights	Economic value (£m)
2004	12	8,650	34	15,450	3.28
2005	20	12,050	63	24,940	5.47
2006	19	11,278	56	26,106	6.37
2007	11	8,275	34	16,468	4.22
2008	11	8,881	33	19,041	4.76
2009	18	13,230	50	21,860	5.98
2010	18	12,944	54	26,067	6.65
2011	19	14,385	54	28,625	7.33
2012	15	12,140	56	35,790	11.98
2013	23	14,800	63	26,142	10.24
2014	19	8,175	56	28,950	5.78 ¹

¹ year to date 2014 includes change in booking system

Source: Conference Eastbourne

4.4.3 The main characteristics of the conferences Eastbourne currently attracts may be summarised as follows:

- On average Eastbourne hosts between 18 and 20 conferences per annum. The majority of these are repeat conferences with fairly long lead times. There is a natural ceiling to the number of conferences that the town can host which is linked to seasonality – this is estimated to be approximately 20-24 conferences per annum. Furthermore, there is not necessarily a clear link between the number of conferences and bednights generated with the economic value generated.
- Typically, these are association, charity, political, religious and public sector conferences as opposed to the more lucrative corporate meetings segment. The average conference size was 643 delegates in 2013. However, conferences range in size from around 100 to some 2000 delegates.
- Conferences range in duration from one to five days and coincide with the main conference season in the UK ie from March to June and then again from September to November. Most conferences include the weekend.
- Eastbourne's main competitors from a conference destination perspective are considered to be Bournemouth and Brighton to a lesser degree. Both these destinations have a higher proportion of branded hotel stock making them more attractive to the less price-sensitive corporate meetings segment.

- Due to the nature of conferences in Eastbourne delegates are relatively price-sensitive when it comes to booking accommodation with a typical bed and breakfast rate ranging from £40-45 per person as opposed to a corporate rate which would typically be in the region of £80 based on sole occupancy.
- Conference Eastbourne currently has 32 members who pay a small membership fee of either £5 or £10 per bedroom per annum depending on the size of their accommodation establishment. Furthermore, a 10% commission payable on any conference bookings generated using the Groupmax accommodation booking system.
- In addition to the conference accommodation booking service, Conference Eastbourne also circulate venue requests to members which tend to be for small day and residential meetings.
- One of the constraints facing Conference Eastbourne in terms of attracting more corporate residential conference demand is the inability to accommodate all delegates in a single hotel as well as the lack of branded properties. The majority of corporates do not book two- or three-star independent hotels.

Events

4.4.4 Eastbourne is well known for hosting a number of high-profile annual events of which the key ones are highlighted below:

- May: Eastbourne's Magnificent Motors – annual event showcasing more than 500 vintage and classic cars, motorbikes and buses on the Western Lawns.
- May: Eastbourne Beer and Cider Festival – an annual three-day food and drink festival
- June: AEGON International ladies and mens tennis held annually at the Devonshire Park Complex.
- July: Extreme sports festival – the largest annual free extreme sports festival in the UK
- August: Airbourne – Eastbourne's international airshow held annually.
- September/October: Walking festival in Eastbourne and Wealden with 650 people participating in the second year of the event.
- October: Eastbourne's annual beer festival held at the Winter Gardens.
- October: Beachy Head Marathon held annually attracting some 1,500 runners.

4.4.5 In addition the Eastbourne theatres and the Towner Gallery run an extensive events programme. The theatres provide a good source of business for many of the hotels and guesthouses within close proximity.

4.4.6 Our online survey confirmed that the most significant events in terms of generating demand for tourist accommodation were the AEGON International Tennis and Airbourne. These events happen during the busiest part of the year and there is thought to be scope to develop further, especially active participation, events during the shoulder and low season in order to attract more demand and appeal to different and younger audiences.

Summary

- 4.4.7 Eastbourne is a well-established seaside resort and tourist destination in the South East hosting a range of high-profile annual events, especially the AEGON International Tennis and Airbourne attract a large amount of visitors. Tourism is an important economic driver in the town. However, a visitor study compiled in 2012 confirmed that Eastbourne needs to develop its product offer based on the gaps in the market supported by a strong brand identity. At the moment it would appear that there is a disconnect between Eastbourne's future vision and aspirations and the perception of the destination in the market place.
- 4.4.8 A number of key development projects are currently in the pipeline or in the process of being implemented. These in turn should enable Eastbourne to enhance its destination competitiveness and attract a greater proportion of the anticipated growth in domestic and inbound tourism to the UK. The proposed redevelopment of the Devonshire Park Complex is likely to have the most significant impact on the future development of the tourism and accommodation sector in Eastbourne. However, given the cultural focus we do not consider that the new development will create significant additional corporate demand which would be appealing to major midmarket and upscale hotel brands.

5 Tourist accommodation in Eastbourne

5.1 Total tourist accommodation supply

- 5.1.1 In the following section we present our analysis of the current supply of tourist accommodation in Eastbourne in terms of hotels, guesthouses, B&Bs and self-catering/holiday lets as of February 2015.
- 5.1.2 The analysis is based on a combination of sources including the Visit Eastbourne Accommodation Guide, individual accommodation providers' websites, media articles as well as Booking.com and TripAdvisor as well as our online survey.
- 5.1.3 In the table below we summarise the total supply of tourist accommodation in Eastbourne as of February 2015 according to type and grading.

Total tourist accommodation supply (2015)

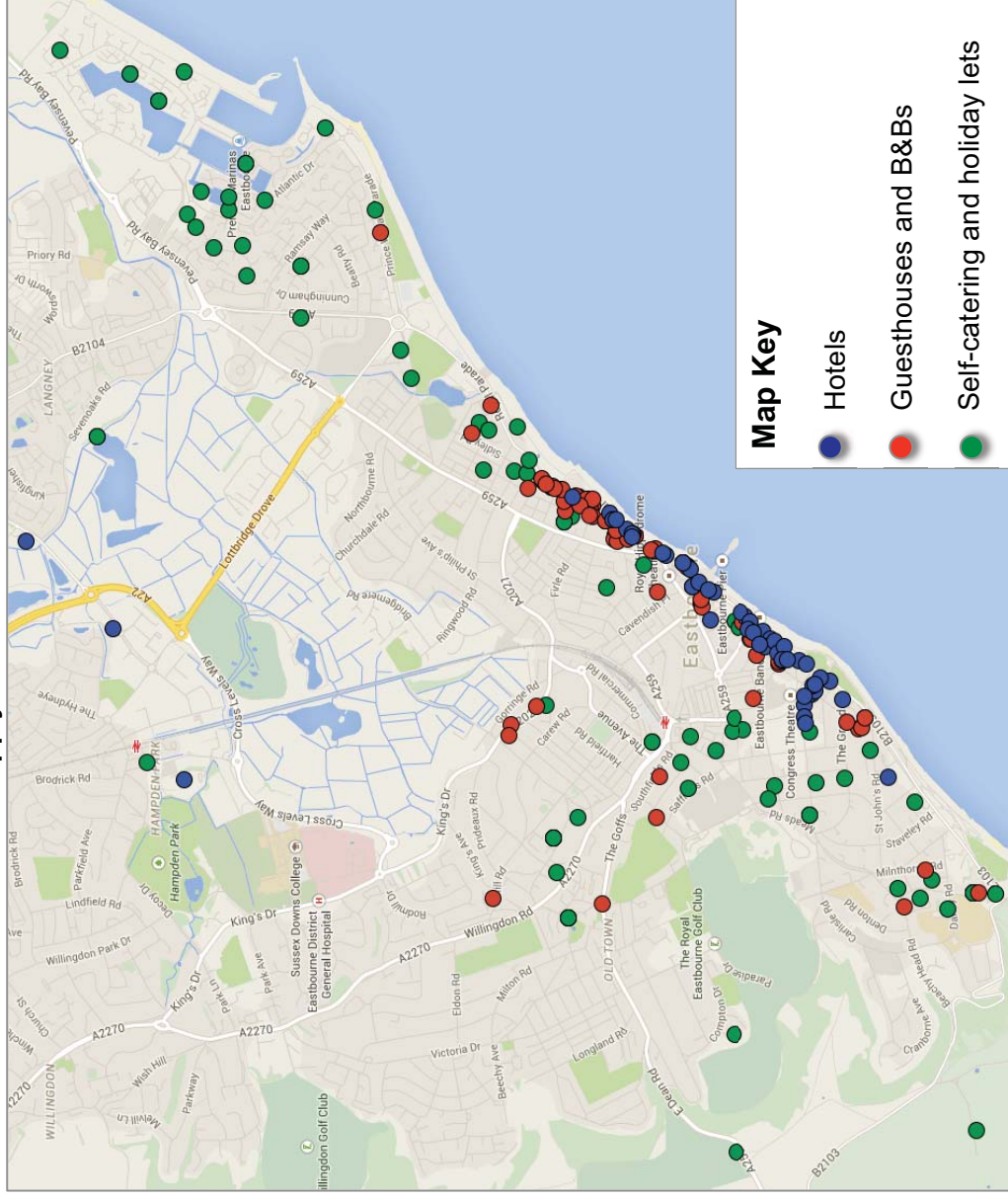
Grading	Hotels	Hotel rooms	Guesthouses & B&Bs	Guesthouse & B&B rooms	Self-catering & holiday lets units
5-star	1	152	3	13	-
4-star	2	200	18	173	6
3-star	11	669	4	39	-
2-star	5	310	-	-	-
Budget	3	154	-	-	-
EHA	12	700	9	74	102
Non-graded	12	657	26	187	36
Grand total	46	2,842	60	486	144

Source: Acorn research

Accommodation grading

- 5.1.4 There are three types of tourist accommodation inspection schemes currently in use in Eastbourne. These are:
1. The AA
 2. Quality in Tourism for Visit England
 3. Eastbourne Hospitality Association (EHA)
- 5.1.5 The AA and Visit England Quality in Tourism schemes both use star ratings ranging from one to five stars. In addition the AA awards gold stars to the very best of accommodation. Similarly the Quality in Tourism for Visit England awards Gold and Silver stars in recognition of exceptional quality. The EHA operates an inspection scheme where inspected properties must meet certain quality standards.
- 5.1.6 On the following map we illustrate the total current supply of tourist accommodation in Eastbourne. From the map it may be seen that hotels and guesthouses are concentrated heavily along the seafront and the immediately adjacent streets with 92% of supply located within the Tourist Accommodation Area (TAA). The only exception being self-catering and holiday lets which are more widely dispersed.

Total tourist accommodation supply



Source: Acorn research and Google Maps 2015

5.2 Hotel supply

5.2.1 Our research identified the following current supply of hotel accommodation located within the EBC boundaries:

Hotels by grading

Hotels by grading	Number of hotels	Total number of rooms	Proportion of rooms
5-star	1	152	5.4%
4-star	2	200	7.1%
3-star	11	669	23.5%
2-star	5	310	10.9%
Budget	3	154	5.4%
EHA inspected	12	700	24.6%
Non-graded	12	657	23.1%
Grand total	46	2,842	100.0%
<i>Source: Acorn research</i>			

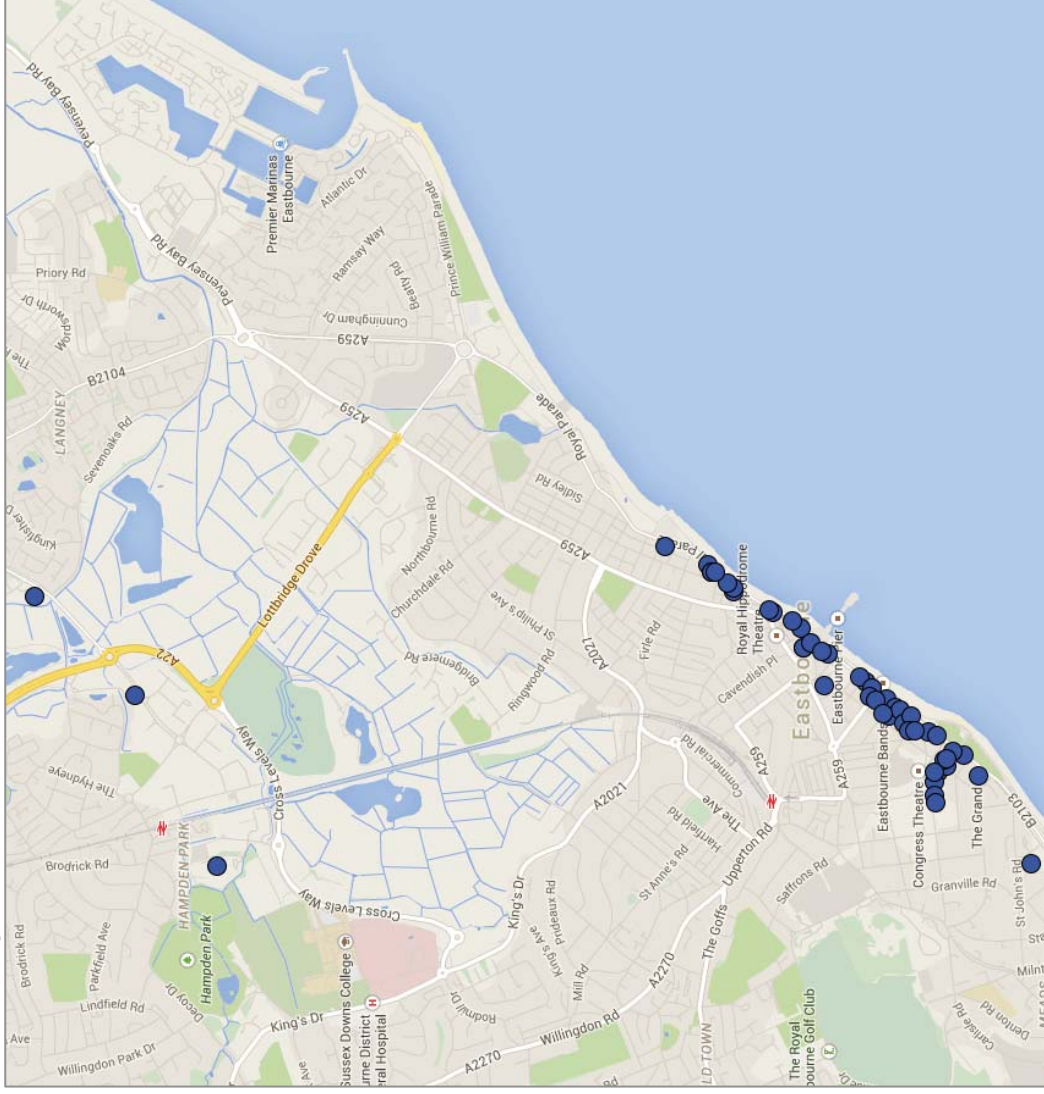
5.2.2 We note that the table and map overleaf include the new 65-room Premier Inn situated in the former Co-op building on Terminus Road in the town centre. The property opened officially in December 2014. Furthermore, it is worth observing that this conversion is located outside the boundaries of the TAA.

5.2.3 Eastbourne has one five- and two four-star hotels, but the majority of supply is concentrated towards the lower end of the market in the three-star, two-star, budget and non-inspected categories which currently represents around two thirds of total hotel room supply.

5.2.4 On the surface there would appear to be two fewer hotels and 168 rooms less compared with the previous accommodation sector study completed in 2009. However, according to our research seven hotels with a total of some 300 rooms are currently closed for a variety of reasons including renovation and refurbishment. This suggests that some of these establishments will be re-entering the market in the short to medium term, which will effectively mean a net increase in the supply of hotel accommodation.

5.2.5 On the following map we illustrate the current total supply of hotels in Eastbourne by location.

Total supply of hotels



Source: Acorn research and Google Maps 2015

- 5.2.6 Also included in the previous table, are five dedicated coaching hotels comprising 554 rooms. From the following table it may be seen that all of these hotels are operated and/or owned by specialist coaching companies:

Dedicated coaching hotels

Name of hotel	Grading	Total number of rooms	Owner/Operator
Queens Hotel	2-star	125	Leisureplex
Imperial Hotel	EHA inspected	112	Holdsworth Hotels
Bay Burlington Hotel	Non-graded	150	Shearings/Bay Hotels
Bay Majestic Hotel	Non-graded	95	Shearings/Bay Hotels
Claremont Hotel	Non-graded	72	Daish's
Grand total		554	

Source: Acorn research

- 5.2.7 As may be seen from the table above dedicated coaching hotels account for around 20% of total hotel room supply in Eastbourne. Obviously, other hotels generate a proportion of their demand from coach tours also. However, it should be noted that it is difficult for independent hotels to compete effectively with the specialised coach operators as they are not able to offer the same range of dedicated facilities and services and nor do they benefit from a vertically integrated operational model.

Boutique hotels

- 5.2.8 There are no hotels in Eastbourne that are officially graded as boutique hotels. However, the Waterside Boutique Hotel and the Da Vinci Hotel market themselves as boutique properties.
- 5.2.9 There have been no further boutique hotel entrants to the Eastbourne hotel market since 2009.
- 5.2.10 The Ambassador Hotel is currently undergoing a £3m major renovation and refurbishment and is due to reopen as the Southdown Hotel in early 2016. The renovated town house property will comprise 30 rooms, a private cinema and a brasserie with a named chef. It will be managed by Premier Cru on behalf of its Kuwaiti owners.

Budget hotels

- 5.2.11 In terms of budget hotels in Eastbourne the most significant changes to the market since 2009, are the 2012 sale of the Travelodge on the seafront (now the Shoreview Hotel). The hotel was sold as part of a financial restructuring of the Travelodge business that included the disposal of 49 properties. Also, Premier Inn has invested in a second property in Terminus Road which opened in December 2014.
- 5.2.12 Travelodge still maintains a property within the boundaries of EBC; the previous Inkeeper's Lodge which was acquired in July 2010. The property formed part of Travelodge's acquisition of the 52-hotel Inkeeper's Lodge portfolio from Mitchells & Butlers. The property is due to be refurbished during summer 2015 in order to bring it up to Travelodge's current brand standards.

- 5.2.13 The Big Sleep design-led budget hotel is not officially graded as a budget hotel, but rather inspected by the EHA.
- 5.2.14 Finally, there is the non-graded David Lloyd in the Hampden Park area on the outskirts of the town.
- 5.2.15 In view of the above we estimate that there are currently 223 branded-budget rooms within EBC equating to just under 7% of the total number of available rooms.

5.3 Hotel supply by location

5.3.1 Furthermore, we have analysed supply according to the following three location zones:

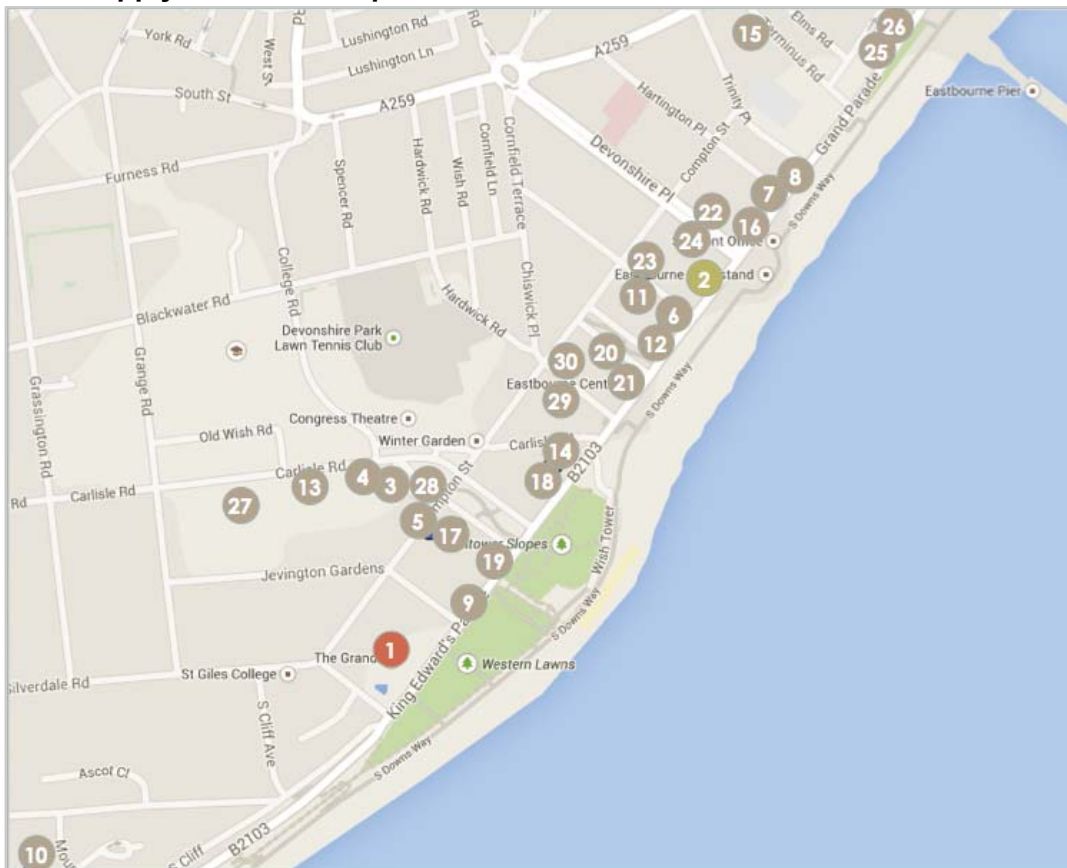
1. Hotel supply – west of the pier
2. Hotel supply – east of the pier
3. Hotel supply – Eastbourne outskirts

5.3.2 It is evident from our analysis that at the present time around 94% of total hotel supply is located within the TAA. Any hotels situated outside the Tourist Accommodation have been highlighted in green. The only hotels located outside the TAA are the aforementioned budget hotels.

Hotel supply – west of the pier

5.3.3 We have identified 30 hotels that are located to the west of the pier. With the exception of the new Premier Inn in Terminus Road, all of these are located within the boundaries of the existing TAA.

Hotel supply – west of the pier



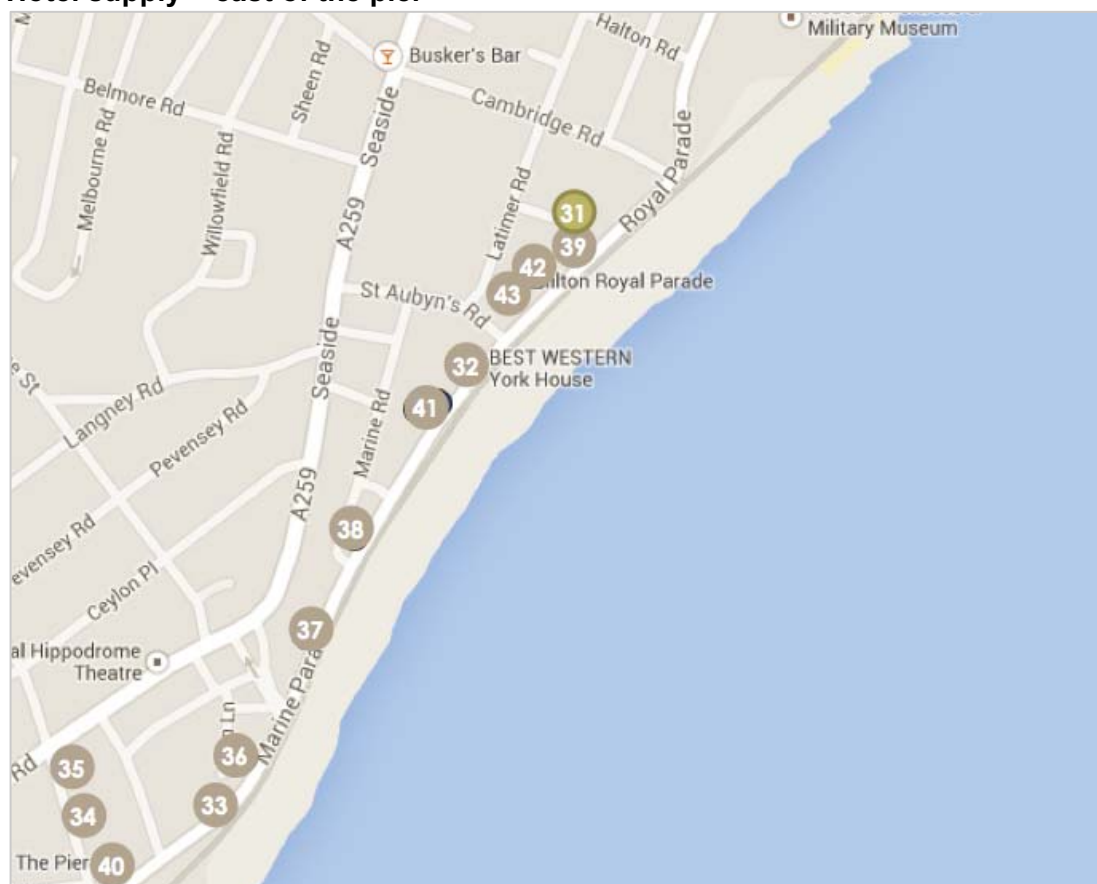
Source: Acorn research and Google Maps 2015

Map key	Hotel name	Hotel grading	Number of rooms
1	Grand Hotel (Elite Hotels)	5-star	152
2	Cavendish Hotel (Bonnington)	4-star	119
3	Courtlands Hotel	3-star	45
4	Devonshire Park Hotel	3-star	35
5	New Wilmington Hotel	3-star	40
6	Albany Lions Hotel	3-star	60
7	Mansion Lions Hotel	3-star	95
8	Chatsworth Hotel	3-star	47
9	Best Western Lansdowne Hotel	3-star	101
10	Hydro Hotel	3-star	83
11	Palm Court	3-star	38
12	West Rocks Hotel	2-star	50
13	The Congress Hotel	2-star	62
14	Alexandra Hotel	2-star	38
15	Premier Inn (Whitbread)	Budget	65
16	Cumberland Hotel	EHA	72
17	The Ellesmere Hotel	EHA	15
18	Oban Hotel	EHA	30
19	Big Sleep Hotel	EHA	50
20	Da Vinci Hotel	EHA	20
21	The View Hotel (managed by Interstate)	EHA	126
22	Imperial Hotel	EHA	112
23	Hadleigh Hotel	EHA	62
24	Haddon Hall	EHA	75
25	Bay Burlington Hotel	n/a	150
26	Claremont Hotel	n/a	72
27	Arundel Private Hotel	n/a	30
28	Park View	n/a	12
29	Princes Hotel	n/a	44
30	Fairlands Hotel	n/a	27
Total number of rooms			1,927
Total number of rooms as a percentage of total supply			67.8%
<i>Source: Acorn research</i>			

Hotel supply – east of the pier

- 5.3.4 We have identified 13 hotels located to the east of the pier. Only two hotels located west of the pier the hotels are situated outside the boundaries of the existing TAA – namely the Afton Hotel and Savoy Court Hotel. The hotels are shown on the following map:

Hotel supply – east of the pier



Source: Acorn research and Google Maps 2015

Map key	Hotel name	Hotel grading	Number of rooms
31	The Langham Hotel	4-star	81
32	Best Western York House Hotel	3-star	75
33	Queens Hotel	2-star	125
34	Afton Hotel	2-star	56
35	Savoy Court Hotel	2-star	29
36	Marine Parade Hotel	EHA	29
37	Shore View Hotel	EHA	90
38	Eastbourne Riviera Hotel	n/a	36
39	Hilton & Royal Parade	n/a	110
40	The Pier Hotel	n/a	31
41	Waterside Boutique Hotel	n/a	18
42	East Beach Hotel	n/a	32
43	Bay Majestic Eastbourne	n/a	95
Total number of rooms			807
Total number of rooms as a percentage of total supply			28.4%
<i>Source: Acorn research</i>			

Hotel supply – Eastbourne outskirts

5.3.5 There are only three hotels, all budget, located on the outskirts of Eastbourne and these are shown in the table below:

Hotel name	Hotel grading	Number of rooms
Premier Inn Eastbourne, Willingdon Drove	Budget	47
Travelodge, Willingdon Drove	Budget	42
David Lloyd Lodge, Broadwater Way	n/a	19
Total number of rooms		108
Total number of rooms as a percentage of total supply		3.8%
<i>Source: Acorn research</i>		

5.3.6 It may be seen from the table above that we have excluded the 40-room Premier Inn located at Polegate as this is outside the boundaries of EBC. However, it is worth noting that the property is promoted as being situated adjacent to the national cycle network as well as the SDNP and thus offering an ideal location for an active country escape.

5.4 Changes to hotel supply

5.4.1 There have been a number of changes to hotel supply in Eastbourne over the past five years which is in line with the overall UK picture. The number of transactions has remained quite good despite the ongoing economic recession. Recent changes to hotel supply include:

- The Ambassador Hotel & Lathom House were sold in 2012 with a guide price of £2.2m. Both properties are currently closed and the owner Kuwait European Holding Company has just announced plans to invest £3m to carry out a complete renovation and refurbishment programme prior to relaunching the property as the Southdown Hotel in early 2016. The hotel will comprise 30 rooms, a private cinema and a restaurant with a named chef and will be managed by Premier Cru.
- The Best Western York House is currently refurbishing all of its rooms.
- The View (previously Eastbourne Congress) owned by Unite is currently being upgraded with refurbished rooms and public areas with a total investment in excess of £3m. The property is managed by Interstate and is being repositioned as Eastbourne's leading contemporary hotel.
- The 38-room Palm Court in Burlington Place is currently being marketed by Fleurets with a guide price of £1.25m having carried out a general upgrade and refurbishment.
- Fleurets have been marketing the 62-room Hadleigh hotel with a guide price of £1.95m and the property is currently sold subject to contract.
- The 27-room Fairlands Hotel is currently on the market for £900k with Knightsbridge due to the current owners wishing to retire. It is being promoted as

an established coaching hotel. The property has recently had its lift upgraded, the exterior painted and windows replaced.

- The Glastonbury is currently closed following a fire in February 2014.
- Lions Hotels sold its 72-room Claremont property to Daish's Holidays in January 2013. Following extensive refurbishment the hotel reopened in early 2014.
- The 47-room West Rocks Hotel was sold for an undisclosed sum in January 2014. The new owners have invested £500k in a complete programme of renovation and the property now has 50 rooms.
- Christie+Co sold The Hilton & Royal Parade 2010 off a guide price of £2.5m to Dr Ram Aggarwal and his son Ankur. The quality of the business meant that the hotel attracted multiple bids. The new owners have invested over £1m in an extensive renovation and refurbishment programme including rooms, public areas and a new restaurant.
- The Cumberland Hotel has refurbished all its rooms, carried out repairs to the roof, installed a new heating system as well as a new alarm system.
- The Grand Hotel has carried out general repairs and refurbishments to its boilers, kitchens and pool.
- The Devonshire Park Hotel has carried general refurbishment and systems upgrades.
- The Queens Hotel has seen an investment of £0.5m.
- The Cavendish Hotel has had its lounge and function rooms refurbished as well as repairs to the roof and windows carried out.
- The Chatsworth Hotel owned by Lions Hotels is currently on the market with Colliers International for offers in the region of £3m. The hotel is available on a joint basis with The Mansion Hotel or individually due to the owner's plans to downsize his business commitments.
- The redevelopment and conversion of the former Co-op building into the 65-room Premier Inn Eastbourne Town Centre which opened in December 2014. At the same time the Premier Inn at Polegate has had its rooms upgraded to the new generation bedrooms featuring 40" flat screen TVs and bathrooms with large showerheads.
- The Langham Hotel Eastbourne, owned by the Kirby family who has spent an estimated £1.5m improving the services and standards since 2007, was awarded an AA 4-star grading at the end of 2013.
- The Shore View Hotel opened in 2012 following a £500k extensive refurbishment programme. The property was previously the Travelodge Eastbourne Town Centre, but was disposed of by Travelodge as part of their financial restructuring. It is thought this was partly due to the fact that the property was not performing in line with Travelodge's expectations.

- The Heatherleigh Hotel is currently closed for refurbishment and was on the market in 2012.
- The Big Sleep design-led budget group was put up for sale in 2012 with a guide price of £1.6m for the Eastbourne property.
- Stirling House, a former 22-room hotel, was sold to a local property developer in 2011.

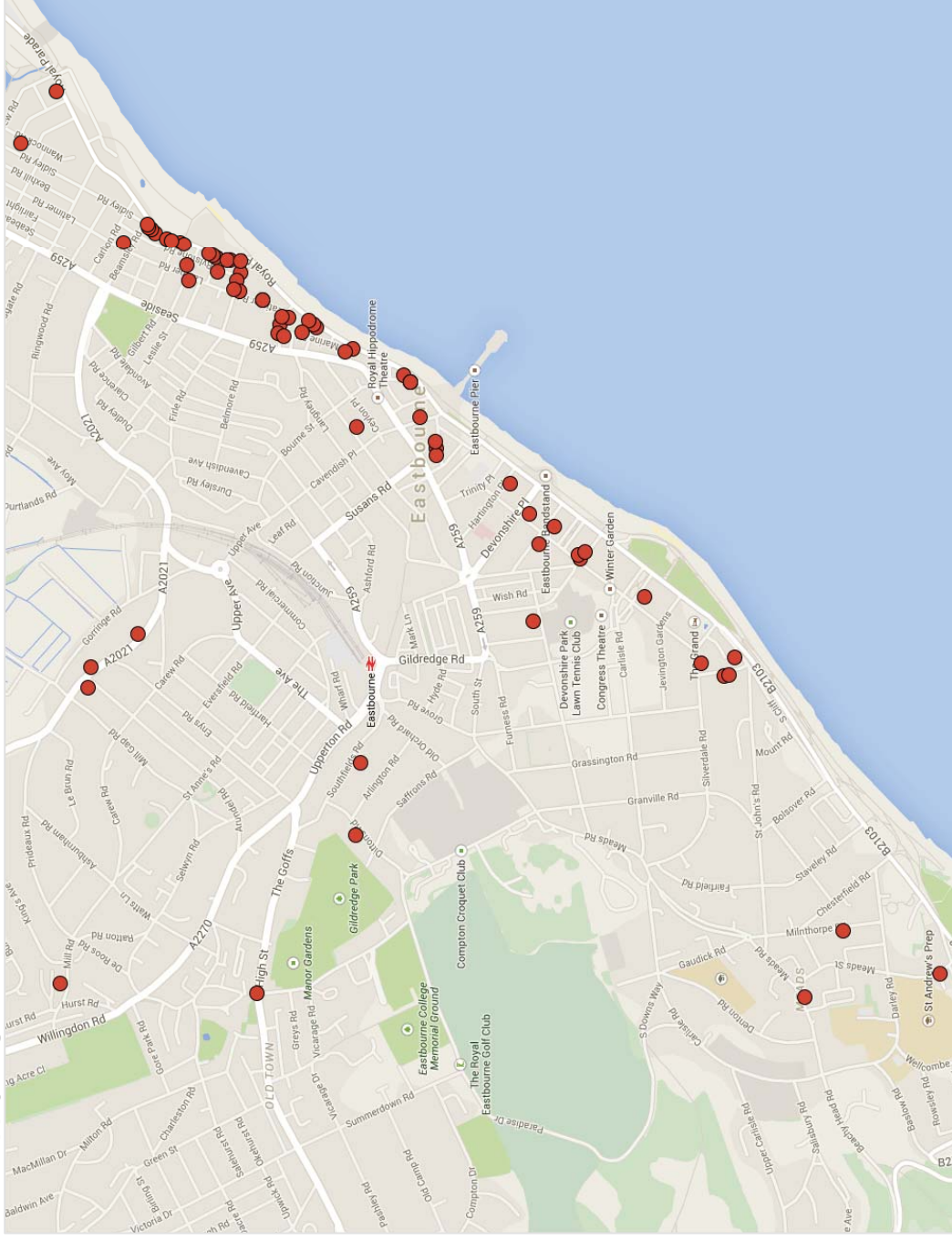
5.5 Guesthouse and B&B supply

- 5.5.1 Our research identified the following current supply of guesthouses and B&B accommodation located within the EBC boundaries:

Guesthouses & B&Bs by grading	Number of properties	Total number of rooms	Proportion of rooms
5-star	3	13	2.7%
4-star	18	173	35.6%
3-star	4	39	8.0%
EHA inspected	9	74	15.2%
Non-graded	26	187	38.5%
Grand total	60	486	100.0%
<i>Source: Acorn research</i>			

- 5.5.2 From our analysis we conclude that the number of guesthouses and B&Bs has reduced from 70 in 2009 to 60 in 2015. This equates to an estimated 53 rooms lost which is approximately 11% of total guesthouse and B&B supply or 1.2% of the total number of rooms in hotels, guesthouses and B&Bs. It should be noted that the Halcyon Private Hotel no longer operates as guest accommodation, but rather as emergency housing for benefit claimants.
- 5.5.3 We note that only three properties are five-star and while there is a good supply of four-star guest accommodation (18 properties), approximately two thirds of the total supply of guesthouses and B&Bs are graded three-star and below. 38.5% of total supply is currently not inspected. However, compared with hotel supply it may be concluded that the overall quality of guesthouses and B&Bs is higher with 46.3% being three-star or above.
- 5.5.4 In terms of guesthouses and B&Bs at the present time 79% of these are located within the boundaries of the existing TAA. Any guesthouses and B&Bs situated outside the TAA have been highlighted in green. This suggests that there is demand for products of the right quality and market positioning outside the main seafront area.
- 5.5.5 On the map overleaf we illustrate the total supply of guesthouses and B&Bs in Eastbourne with the exception of the Belle Tout Lighthouse which is located near Beachy Head. This property enjoys a unique setting and this is reflected in the premium tariff charged.

Total supply of guesthouses and B&Bs



Source: Acorn research and Google Maps 2015

5.6 Guesthouse and B&B supply by location

5.6.1 Furthermore, we have analysed supply according to the following three location zones:

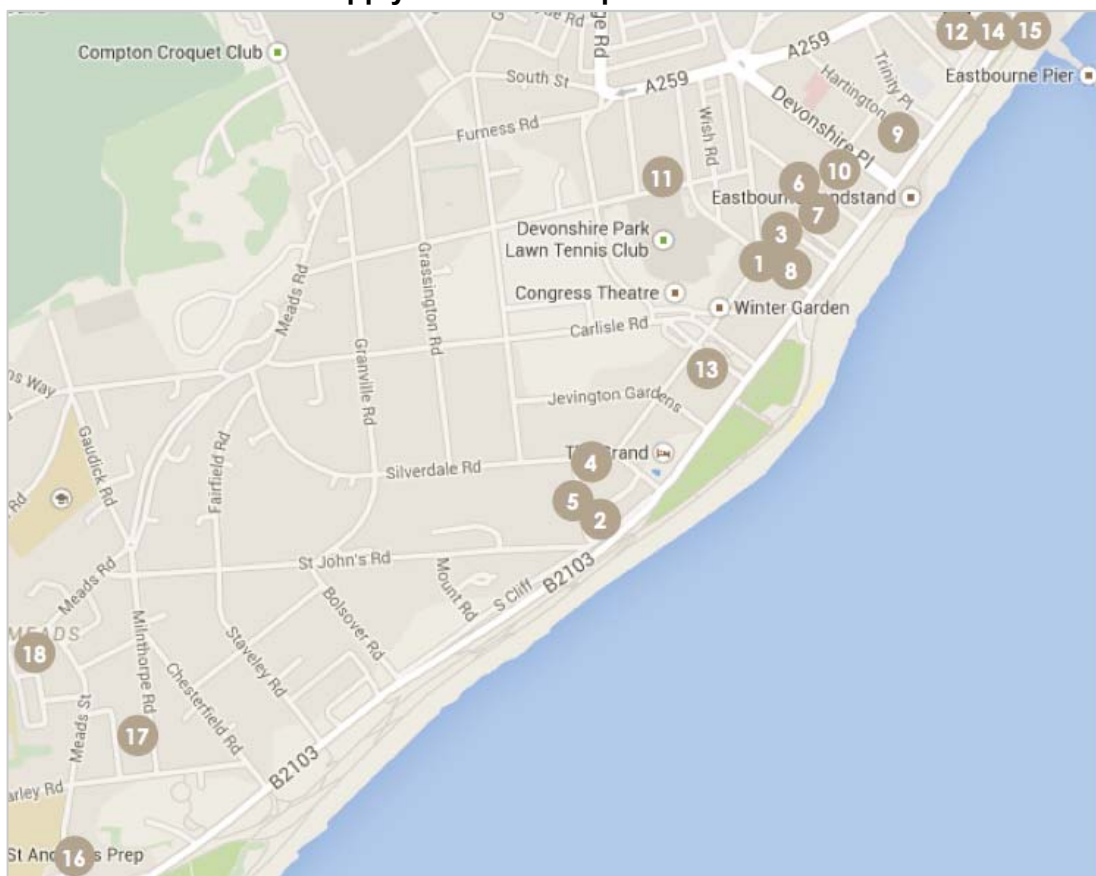
1. Guesthouse and B&B supply – west of the pier
2. Guesthouse and B&B supply – east of the pier
3. Guesthouse and B&B supply – Eastbourne outskirts

5.6.2 It is evident from our analysis that at the present time the majority of total guesthouse and B&B supply is located either within or directly adjacent to the TAA. Only eight guesthouses and B&Bs are located on the outskirts of Eastbourne.

Guesthouse and B&B supply – west of the pier

5.6.3 We have identified the following 18 guesthouses and B&Bs located to the west of the pier. With the exception of the Ravillious, the Sheldon and three properties situated in the Meads (The Pilot Inn, The Meads and Beachy Rise Guesthouse), all of these are located within the boundaries of the existing TAA. This means that some 79% of all guesthouses and B&Bs are situated within the TAA.

Guesthouse and B&B supply – west of the pier



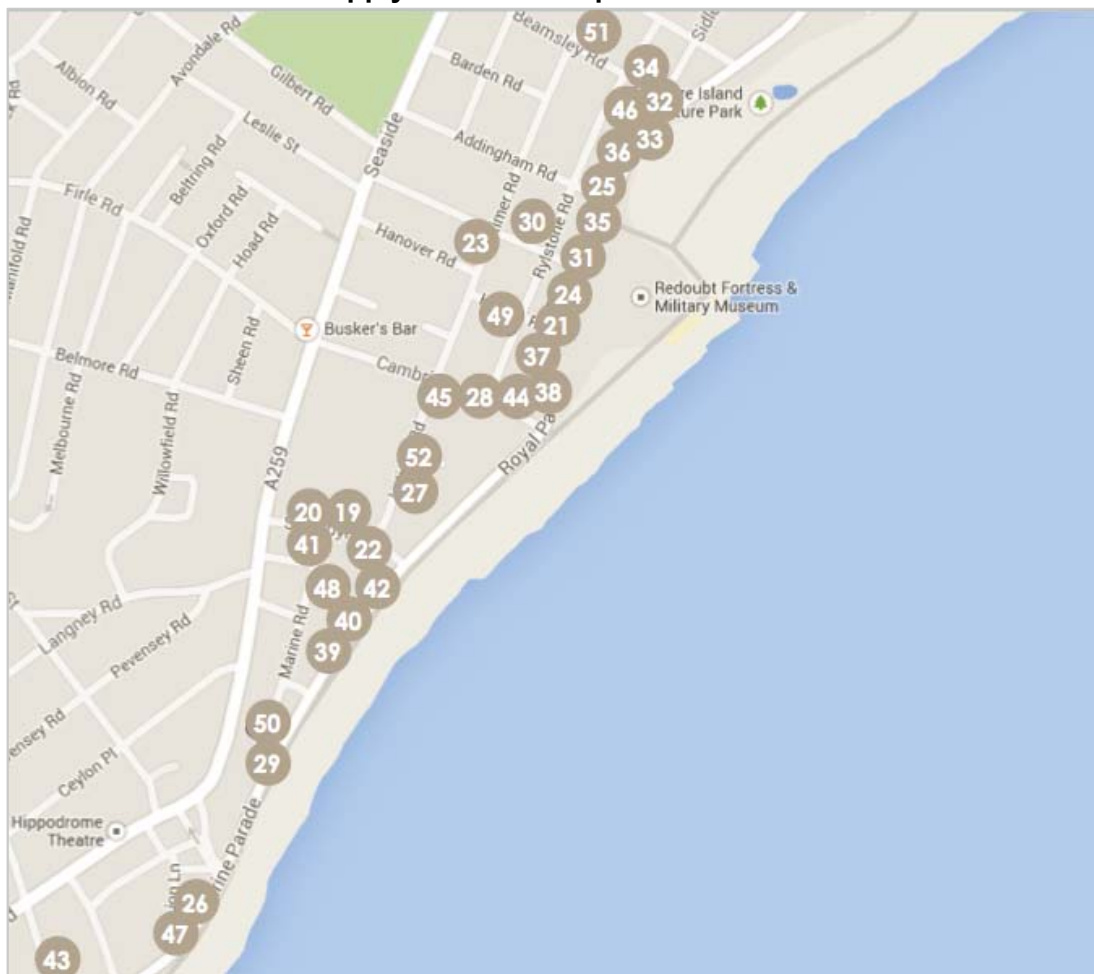
Source: Acorn research and Google Maps 2015

Map key	Guesthouse/B&B name	Grading	Number of rooms
1	The Mowbray	4-star	13
2	The Brayscroft House	4-star	6
3	The Berkeley	4-star	13
4	The Cherry Tree	4-star	9
5	Southcroft	4-star	6
6	The Sheldon	4-star	20
7	Arden Guest House	4-star	10
8	The Sherwood	4-star	11
9	The Guesthouse East/The Running Inn	4-star	7
10	Vernon House	n/a	25
11	Ravilious	n/a	11
12	Bay Tree Guesthouse	n/a	6
13	17 Wilmington Square	n/a	12
14	Family Lodge Guesthouse	n/a	6
15	Ambleside Private Hotel	n/a	5
16	The Pilot Inn	n/a	2
17	The Meads	n/a	2
18	Beachy Rise Guesthouse	EHA	5
Total number of rooms			169
Total number of rooms as a percentage of total supply			34.8%
<i>Source: Acorn research</i>			

Guesthouse and B&B supply – east of the pier

- 5.6.4 We have identified the following 34 guesthouses and B&Bs located to the east of the pier. The vast majority of these are situated within the TAA with the exception of the Bella Vista, the Nirvana and Latimer House.
- 5.6.5 In contrast to the hotels just over half of the guesthouse and B&B supply is concentrated to the east of the pier. That said this area has a more residential feel to it especially towards the outskirts of the town.

Guesthouse and B&B supply – east of the pier



Source: Acorn research and Google Maps 2015

Map key	Guesthouse/B&B name	Grading	Number of rooms
19	Loriston Guesthouse	5-star	6
20	Albert & Victoria	5-star	4
21	The New England	4-star	10
22	Gyves House	4-star	6
23	Bella Vista	4-star	9
24	Bay Lodge	4-star	10
25	Devonia	4-star	7
26	The Royal	4-star	10
27	Ivydene	4-star	14
28	Eastbourne Reymar	3-star	17
29	Sea Beach House	3-star	9
30	The Nirvana	3-star	8
31	Ebor Lodge	EHA	6
32	Garfield Guesthouse	EHA	5
33	The Langtons	EHA	9
34	The Marina Guesthouse	EHA	15
35	Basset House	EHA	6
36	Coast	EHA	6
37	Seaview	EHA	10
38	Breakers Guest House (Kenway Seafront)	n/a	7
39	Tudor House	n/a	8
40	Atlanta	n/a	9
41	Boyne Guest House	n/a	6
42	St Omer Guest House	n/a	10
43	Cromwell House	n/a	8
44	Pebble Beach B&B	n/a	6
45	Merrywood Guest House	n/a	8
46	The Meridale Guest House	n/a	6
47	Mermaids Guest House	n/a	9
48	Sea Breeze Guest House	n/a	7
49	Westways Guest House	n/a	7
50	Hotel Iverna	n/a	6
51	Latimer House	n/a	2
52	Malvern House Private Hotel	n/a	8
Total number of rooms			274
Total number of rooms as a percentage of total supply			56.4%
<i>Source: Acorn research</i>			

Guesthouse and B&B supply – Eastbourne outskirts

5.6.6 There are eight guesthouses and B&Bs on the outskirts of Eastbourne and these are shown in the table below:

Guesthouse/B&B name	Grading	Number of rooms
Ocklynge Manor	5-star	3
Camelot Lodge	4-star	6
Bramble Guest House	4-star	6
The Lamb Inn	n/a	3
Ashley Grange Hotel	n/a	6
Belle Tout Light House	n/a	6
Eastbourne Beach Holiday House	n/a	3
Far End Guest House	n/a	10
Total number of rooms		43
Total number of rooms as a percentage of total supply		8.8%
<i>Source: Acorn research</i>		

5.7 Changes to guesthouse and B&B supply

5.7.1 There have been many changes to guesthouse and B&B supply in Eastbourne over the past five years. This is partly driven by the recession leading to an increasing number of people looking for a career/lifestyle change. From our research we have identified the following changes:

- The Eastbourne Reymar has recently been sold for £125k on a leasehold basis with an annual rent of £28k assuming a 10-15 year lease. The new leaseholders are investing refurbishing the kitchen and adding to the fixtures and fittings.
- The New England is currently on the market for offers in the region of £875k.
- The Garfield Guest House is currently on the market for offers in the region of £380k due to the owners wishing to retire.
- The Cherry Tree is currently on the market for £595k.
- The St Omer Guest House was sold for £545k in July 2014 due to the owners taking retirement.
- Beach Haven was sold for £315k in July 2014 and is currently closed.
- The Meridale was sold in May 2013 for £400k and again in July 2014 for £380k.
- The Bay Tree Guest House was sold for £380k in July 2014. The new owners plan to update all the bedrooms.
- The Gladwyn Hotel has undergone a complete refurbishment and is as of June 2013 trading as the Ravilious. It is operated by the same team as the Da Vinci boutique hotel.

- The Southcroft Guest House was sold for £475k in October 2013.
- The Ebor Lodge was sold for £475k in October 2013 due to the owner taking retirement.
- Boyne House was sold in 2011 and again in July 2013 for £350k, with most recent new owner planning to carry out a detailed refurbishment.
- Pebble Beach was purchased by the current owners in 2012 and was launched in 2013 following major refurbishment.
- Breakers Guest House was purchased by the current owners in 2012, who have spent a year and invested circa £120k in completely renovating the property.
- The Manse B&B closed in October 2013 due to the owners relocating to Honfleur in France.
- The Sheldon was sold for £145k on a leasehold basis in December 2012.
- The Rosedale was sold for £200k in August 2012 with the new owners planning to convert the former guesthouse into student accommodation.
- Gyves House was sold for £400k in July 2012.
- The Hotel Marina was sold in November 2011. It is undergoing extensive refurbishment and is now known as the Marina Guest House.
- The Mayvere was marketed by Clive Emson in June 2011 with a guide price of £180-200k. We understand that this property is currently closed.
- The former Aintree Guest House was sold in May 2011 with the new owners looking reestablish it as a guesthouse.
- The Guesthouse in Elms Avenue was sold in April 2011 for an undisclosed sum.
- Cambridge House was sold in February 2011 for an undisclosed sum. We understand that this property is currently closed.
- The Belle Tout Lighthouse at Beachy Head was purchased by its current owners in 2007 and launched 2010 following an investment in excess of £1m.
- The Langtons was sold for £430k in July 2009. It has since had new bathrooms, roof repairs, new windows, general redecoration as well as new carpets, furniture and soft furnishings.
- The Meads Guest House opened in 2009.
- The Mowbray has had all its rooms and five bathrooms refurbished. The exterior has been painted and windows repaired. Also a new guest bar, kitchen, fire alarm system and new hard wiring equating to a £100k investment.
- Coast has had its roof repaired and a new patio created.

- The Atlanta Guest House are currently refurbishing all rooms and adding a new boiler.
- The Brayscroft House has had a new boiler, water softener, light fittings, reupholstered furniture in the rooms as well as been redecorated throughout.

5.8 Self-catering and holiday lets supply

- 5.8.1 Our research identified the following current supply of self-catering and holiday lets accommodation located within the EBC boundaries:

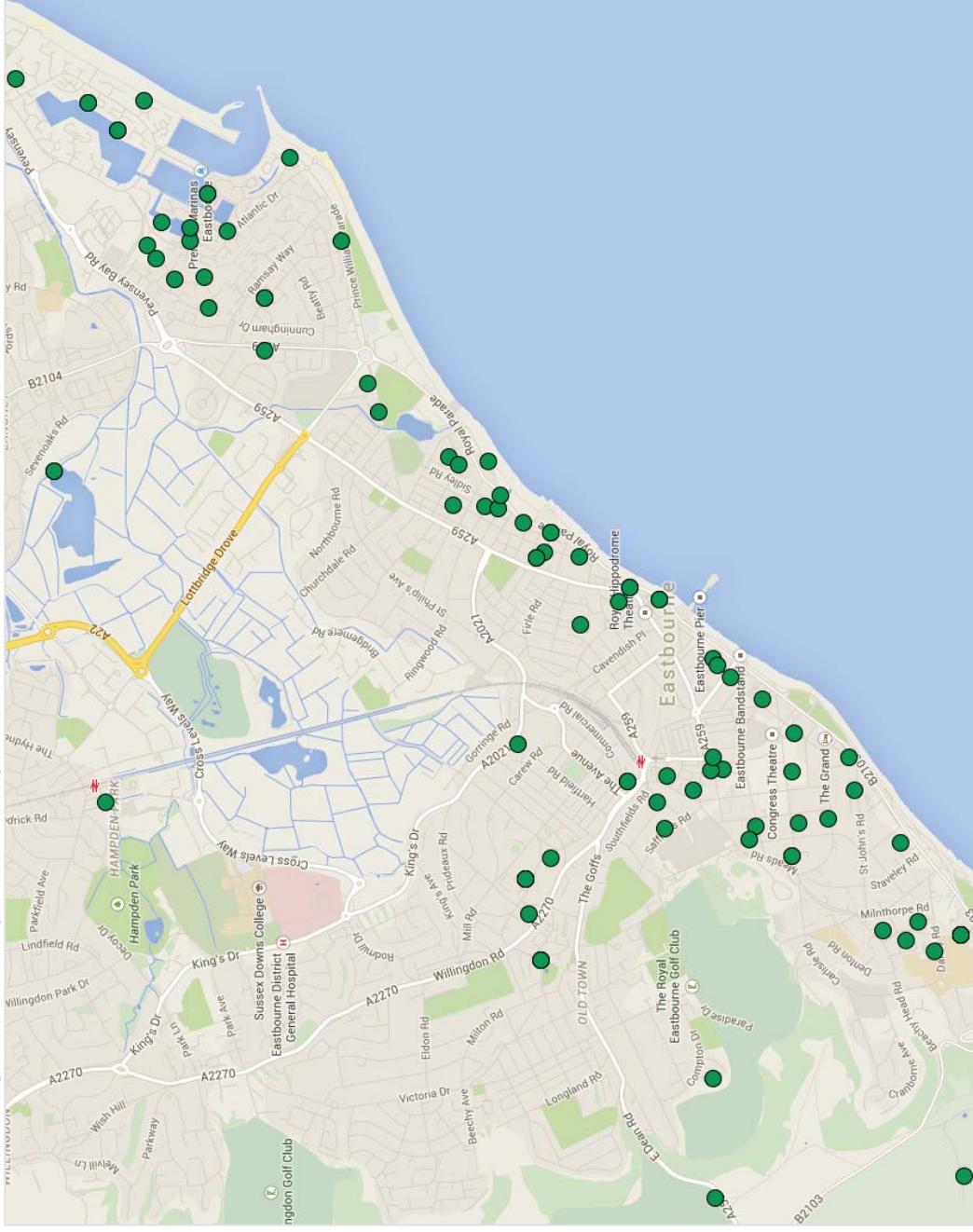
Self-catering and holiday lets	Number of units
4-star	6
EHA inspected	102
Non-graded	36
Grand total	144
For comparative purposes listed on:	
TripAdvisor	97
Airbnb	53
Booking.com	11
<i>Source: Acorn research</i>	

- 5.8.2 We have included the number of self-catering and holiday lets available on TripAdvisor, Airbnb and Booking.com as a comparison with the number of units included in the Eastbourne Accommodation Guide. Obviously, sites like Airbnb and Booking.com tend to fluctuate on a daily basis whereas TripAdvisor is a better indicator of total available supply.
- 5.8.3 We note that only six properties are four-star graded while two properties are not inspected and the remaining 102 are inspected by the EHA. Furthermore our research identified seven holiday flat operations offering a total of 35 units.
- 5.8.4 We have identified two holiday apartment complexes that were sold in 2011, namely the Courtney House Holiday Apartments and the Carlisle Court Holiday Apartments. The new owners are intending to convert the latter property into a boutique guesthouse.

5.9 Self-catering and holiday lets supply by location

- 5.9.1 On the map overleaf, we illustrate the location of the self-catering and holiday lets accommodation in Eastbourne. It is evident from the map that self-catering accommodation and holiday lets is much more widely dispersed across EBC, although there is still a marked concentration in and around the TAA, while the Meads and Sovereign Harbour are also popular locations.

Self-catering and holiday lets supply

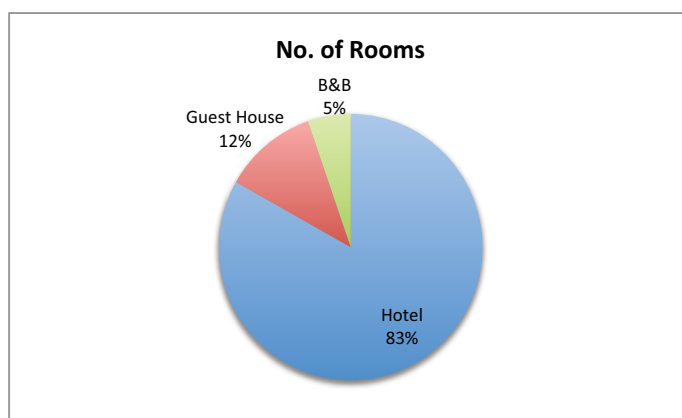


Source: Acorn research and Google Maps 2015

6 Eastbourne tourist accommodation performance

6.1 Online survey response

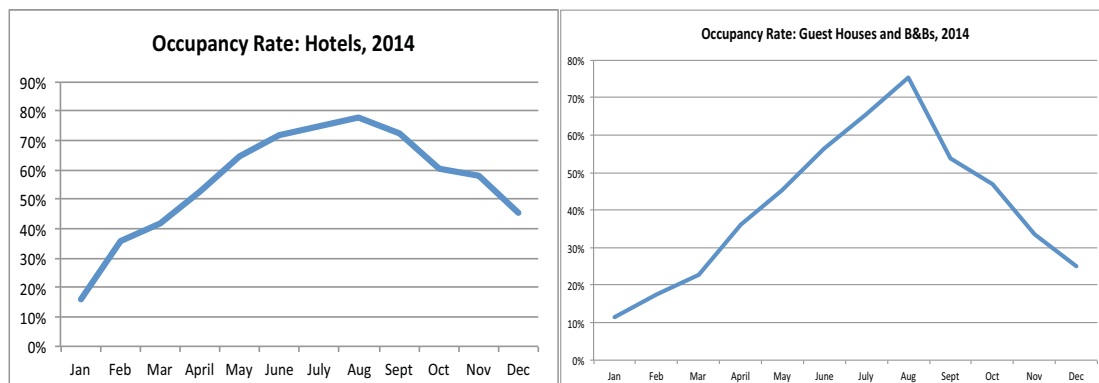
- 6.1.1 In this section we present an overview of the current tourist accommodation performance in Eastbourne based on our online survey, face-to-face and telephone interviews completed in early 2015, which together resulted in 42 responses. This represents 36% of the current total supply of hotel, guesthouse and B&B rooms in Eastbourne. The response rate can be considered to provide a representative sample of the sector. The detailed results of the online survey are presented in our technical report. However, it should be noted that a number of the vertically integrated coaching hotels, which anecdotal evidence suggests run at high occupancy levels all year round, have not completed the survey.
- 6.1.2 The online accommodation survey can at best provide a snapshot of the Eastbourne tourist accommodation performance as it only covers the actual performance during 2014. We cannot emphasise strongly enough the need to monitor performance on a regular basis in order to identify trends to inform the future development of the tourist accommodation sector in Eastbourne.
- 6.1.3 The online survey responses in terms of the serviced number of rooms represented is shown in the chart below. In terms of non-serviced accommodation 60 units were represented in the online survey.



Source: Acorn online survey 2015

6.2 Annual occupancy

- 6.2.1 In the following charts we present the 2014 annual achieved occupancy rate based on the aforementioned online survey responses. The annual average occupancy for all serviced accommodation was 54% compared with 57% for self-catering establishments.



Source: Acorn online survey 2015

- 6.2.2 From the charts it may be seen that, although, both hotels and guesthouses/B&Bs suffer from the effects of seasonality, this is much more pronounced in the guesthouse/B&B segment of the market. Hotels are better able to manage their inventory and attract business during the shoulder and low season. In view of the above, it is unsurprising that some of the smaller guesthouses and B&Bs close during part of the low season.
- 6.2.3 A quarter of the hotel respondents stated that occupancy has declined over the past five years, with the remainder stating that occupancy is now higher (42%) and about the same (33%).
- 6.2.4 With regards to guesthouses and B&Bs 32% of respondents indicated that occupancy has dropped over the past five years with 5% stating that occupancy is significantly higher, 42% that it is higher and 21% that it is about the same. From the survey data and our interviews it would appear that those guesthouses and B&Bs that have had a change in ownership and/or been the subject of refurbishment have seen an improvement in occupancy over the past five years. This may be explained by an improvement not only in the physical quality of the accommodation, but also that a change in management, marketing and quality of service tend to lead to a higher occupancy and average room rate.
- 6.2.5 In terms of self-catering accommodation 17% of respondents reported a decrease in occupancy over the past five years, while 50% considered occupancy to be about the same and 33% considered it to be higher. This is slightly disappointing in view of the growing national demand for self-catering accommodation and is perhaps indicative of some of the available self-catering accommodation not being of the quality that consumers seek.

6.3 Average achieved rate

- 6.3.1 In the table below we present the average achieved room rate in 2014 based on our online survey responses. From the table it may be seen that there is some variation between the low and the high season, especially in the hotel segment where yield management is more widely practised.

Average achieved room rate (2014)

Average achieved room rate	All establishments	Hotels	Guesthouses	B&Bs
Low season	£54	£56	£50	£60
High season	£71	£78	£64	£79
Annual average	£61	£65	£57	£64

Source: Acorn online survey 2015

6.3.2 Interestingly, the B&Bs achieve the highest average rate and indeed one such establishment significantly outperformed the average achieving more than double the sample average.

6.3.3 With regards to self-catering the annual average achieved unit rate per day was £104 with a low season average of £62 and a high season average of £113.

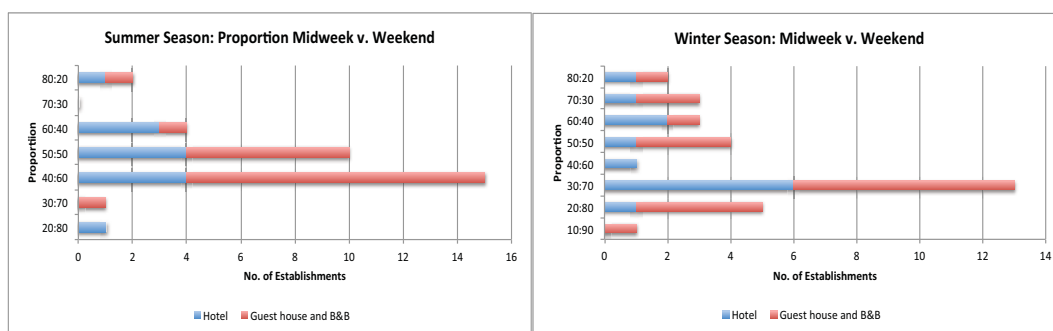
6.3.4 On the whole the average achieved rates have fared well over the past five years despite the economic recession with only four hotel, guesthouses and B&Bs reporting a decline with most respondents reporting stable or higher achieved room rates. Similarly, self-catering respondents reported stable unit rates.

6.4 Number of nights business is turned away

6.4.1 In terms of the number of nights that business was turned away, due to an accommodation establishment being fully booked, the average for serviced accommodation was 30 nights and 35 nights for non-serviced accommodation during 2014. Typically, this occurs during the high season and when major events such as the AEGON International Tennis and Airbourne take place. However, with the increasing number of bookings being made via OTAs it is difficult to assess the ‘real’ number of fill nights as owners/operators are only aware of direct booking enquiries.

6.5 Weekly demand pattern

6.5.1 In the following charts we present the weekly demand patterns for hotels, guesthouses and B&Bs during summer and winter season in 2014 as reported by the online survey respondents:

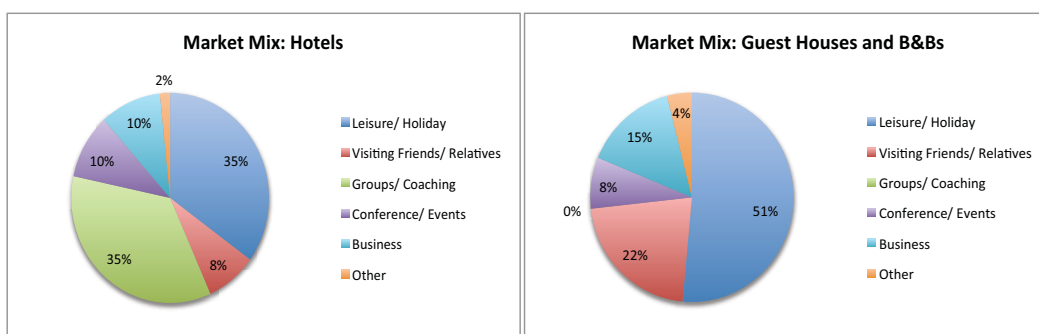


Source: Acorn online survey 2015

6.5.2 From the charts it is evident that guesthouses and B&Bs derive more of their business at the weekends than during midweek, this is especially true during the winter season. This may be explained by the fact that guesthouses tend to attract more leisure-driven demand whereas hotels attract a greater proportion of corporate, groups and MICE demand which tends to occur during the week.

6.6 Market mix

6.6.1 In the charts below we show the 2014 market mix for the hotel, guesthouses and B&B respondents to our online survey. The 2014 market mix for guesthouses and B&Bs confirms our earlier observation that these are more dependent on leisure and VFR demand unlike the hotels who attract a more varied business mix. However, it is clear that a number of the hotels included in the sample are highly dependent on coach business and although this may help fill rooms, particularly, during the low season it is often at a very low room rate.



Source: Acorn online survey 2015

Unsurprisingly, self-catering accommodation respondents derived over 80% of their business from leisure and VFR visitors in 2014.

6.7 Future outlook

On the whole the accommodation providers who responded to the survey anticipate demand to remain stable or improve in 2015. That said, there is concern about there being too many rooms available in Eastbourne which may force some accommodation providers to accept benefit claimants during the low season in future in order for their businesses to survive. Furthermore, OTAs have had a major impact on booking patterns with fewer direct bookings resulting in accommodation providers having to pay commissions.

7 Assessment of developer and investor interest

- 7.1.1 As part of our research we contacted a number of property agents, developers and potential investors in order to gauge the level of interest in Eastbourne. These ranged from large multi-national brands to hostel operators and from restaurant with rooms to small-scale independent hotel owners.
- 7.1.2 The Eastbourne property transaction market has remained very active over the past five years, particularly in the guesthouse and B&B sector. This is driven by a number of factors including people looking for a lifestyle change or a second career as well as people wishing to semi-retire with a home and income business. Often buyers have no prior hospitality-sector specific experience and are relocating from another part of the UK or abroad.
- 7.1.3 The majority of demand is for the smaller owner-operated businesses that combine both aspects of home and income. They typically range in size from 6-12 bedrooms and are valued in the region of £350-£500k. Quality and standards are increasingly important in the digital age in order for accommodation establishments to trade successfully. There is a general pattern indicating that new owners tend to invest in upgrading and reposition their property in order to compete more effectively.
- 7.1.4 Within this context Eastbourne is seen as an attractive destination not too far from London with a good climate. Furthermore, Eastbourne is considered less seasonal than Cornwall and Devon. When compared with Brighton, property prices are more accessible and competition for business is seen as less aggressive. At the present time Eastbourne is considered to be more attractive than other coastal resorts including Hastings, Folkestone and Margate.
- 7.1.5 Larger independent hotels fare less well in terms of investment appeal for a number of reasons including intense competition particularly towards the lower end of the quality spectrum. Furthermore, the market for smaller independent coaching hotels has declined in recent years and thus there is a potential oversupply of accommodation that previously catered for this market segment. This in turn affects profitability and it becomes increasingly difficult to maintain a quality product offering that appeals to individual visitors booking directly. However, there is significant interest in such properties from residential developers looking to convert.
- 7.1.6 Unsurprisingly, our research revealed limited interest from major brands and chains, except budget operators. The reasons for Eastbourne not making it onto the target list have not changed over the past five years and include:
- Leisure-driven market
 - Limited corporate demand
 - Seasonality of demand creating a ceiling in terms achievable average room rate and occupancy
 - Population less than 100,000
 - 180 degree catchment area
 - Perceived oversupply of two- to three-star independent hotels
 - Lack of market intelligence and performance data to inform investment decisions
- 7.1.7 An example of this is the Sovereign Harbour Site 1, which has been promoted for a number of years without any genuine interest from larger operators primarily due to the lack of corporate demand as well as the perceived remoteness of the location.

- 7.1.8 On the contrary, speaking to a number of smaller more entrepreneurial owner/operators revealed that they may be interested in Eastbourne were they able to identify the right property at a reasonable price. These could be small groups wishing to add to their portfolio. Overleaf, we present a case study of the Sands Hotel Margate to illustrate the type of investor and investment which could work in Eastbourne also.
- 7.1.9 Similarly, it is thought that Eastbourne has the potential to attract one of the new generation hostel operators due to its proximity to the SDNP and relatively easy access from London. This would most likely take the form of a conversion of an existing property and a franchise agreement.

Summary

- 7.1.10 In view of the current large-scale development projects in Eastbourne we consider that this may be an opportune time to appeal to some of the more entrepreneurial investors as well as those budget operators who are currently not present in the market place. Eastbourne will need to communicate its vision, development plans and aspirations to the hotel development, investment and operator community in order to attract these to the town.
- 7.1.11 There is an opportunity for new entrants to provide a differentiated and distinct product offer. This could be in the form of alternative accommodation such as a contemporary hostel or high-quality self-catering appealing to those wishing to go on a multi-generational holiday. Any such developments would help attract a broader range of visitors to Eastbourne thereby enhancing the destination's overall competitiveness.

8 Assessment of future market potential

8.1.1 Having carried out our review of the prevailing UK tourism and accommodation sector trends together with completing the online survey and face-to-face interviews with tourist accommodation providers in Eastbourne we make the following comments with regards to the future market potential for tourist accommodation:

- Eastbourne is an attractive seaside resort that lies at the foot of the SDNP. It is renowned for key events such as the AEGON International Tennis and Airbourne which occur during the peak summer months. As a seaside resort Eastbourne tends to do very well during the summer, especially if the weather is good, but demand drops significantly during the low season.
- In order to minimise the effects of seasonality we consider that Eastbourne should seek to develop a wider range of events during the off-season that would generate additional demand for overnight accommodation. Popular events such as the Beachy Head Marathon and Extreme involve active participation and tend to appeal to a younger audience. The growing popularity of endurance events such as triathlons, cycling races, colour run and 'Tough Mudder' fit well with Eastbourne's natural environment and could take place outside the main season.
- With regards to conferences many of the accommodation providers who were interviewed and responded to the online survey did not consider there to be significant benefit from the current type of conferences hosted by the town. Indeed, it was felt that there is a need to focus on the higher value corporate day and residential meetings segment. The availability of branded midmarket hotels, especially in the Devonshire Park area, would help in attracting this segment.
- Due to the relatively low level of midweek corporate demand, there is an opportunity to develop packages targeted at 'empty nesters' and others who are free to travel midweek. Again using the close proximity to the SDNP as a way to attract walkers and cyclists. Another opportunity is to create spa/wellness and quality theatre packages which are not weather dependent and therefore well suited for the shoulder and low season. It is important to bear in mind that if the tourist accommodation providers were busier during the shoulder and low season then that would bring wider economic benefits eg in terms of supporting local restaurants, cafes and retailers.
- Our research did not indicate a high level of commitment to sustainability with only two accommodation providers being part of Tripadvisor's Green Leaders Programme and none being members of the Green Business Tourism Scheme. In view of the emerging trend for local, authentic, social and sustainable as well as Eastbourne's proximity to the SDNP we believe there is a significant opportunity for tourist accommodation providers to embrace sustainability and use this as a driver to attract new sources of demand. Of course, sustainability does not only refer to the operational side of the business, but also the building/s where there is often scope for improvement.
- Our research concluded that there has been no new supply within the boundaries of TAA in the recent past, but rather new development has occurred on the outskirts and elsewhere in the town. Thus there is a need to consider how new development areas, such as the town centre and Sovereign Harbour, outside the

TAA affects supply within the area. The development of new accommodation supply is seen as valuable in order to diversify and appeal to new sources of demand, but at the same time it is important to avoid over saturation of tourist accommodation supply within the TAA. In practice, this means a more flexible approach to change within the TAA is required so that a gradual upgrade of the overall quality and supply of tourist accommodation is allowed to happen.

- There is an increasing demand for the provision of high-quality self-catering accommodation in the UK to match contemporary visitor expectations as well as attract the increasing number of multi-generational families holidaying together. As may be seen from our earlier analysis self-catering accommodation tends to be more widely distributed throughout EBC and this trend is likely to continue. Eastbourne's proximity to the SDNP offers significant scope to develop this type of offer.
- The major new developments will not necessarily grow corporate demand to the extent that branded midmarket and upscale hotel operators will wish to be represented in Eastbourne. Especially, as there is a perceived to be an oversupply of independent hotels who drive the market occupancy and average room rate down particularly during the low season.
- There is a need to upgrade the supply of tourist accommodation in order to meet future market needs. However, due to Eastbourne being a highly seasonal destination this does not necessarily mean expanding the number of available rooms, but rather focusing on diversifying the product and enhancing the overall quality. It is essential to bear in mind the difficulty and potentially prohibitive costs associated with developing and renovating historic and listed buildings. In terms of attracting brands this is a barrier as it is often difficult to retrofit a historic building to meet brand standards in terms of the size and number of rooms as well as other facilities.
- Therefore, the main challenge will be to find a long-term solution to properties with between 10 and 50 rooms that are too large for a lifestyle business, but at the same time too small to operate efficiently as a mainstream commercial hotel. Unless, some of these properties are allowed to change over time, there is a risk of the market becoming saturated with poor quality and out-dated stock which in turn is likely to dilute market occupancy and average achieved room rate.
- In the medium to long term Eastbourne needs to develop its accommodation stock from the bottom up, ranging from new generation hostels to budget, upper tier budget, restaurant with rooms to independent boutique hotels in order to appeal to a wider range of visitors and respond to market trends. A gradual development of the tourist accommodation sector will help provide robust evidence of market appeal as well as establish occupancy and average room rate potential.
- We understand that a rebranding exercise for Eastbourne is currently under way. It is important that the future development of the tourist accommodation stock is closely aligned to the brand and wider aspirations for Eastbourne in order to avoid mixed messages and ensure the future accommodation provision is fit for purpose. Furthermore, the accommodation providers will be important brand ambassadors as they are one of the key points of interaction for overnight visitors to the town. Many of the smaller establishments are owner operated with great personalities that enhance a personalised experience.

The Sands Hotel

Location: Margate, Thanet District, Kent

Site: former derelict building on the seafront with unusual dual aspect overlooking both Blue Flag beach and the High Street within close proximity of the Turner Contemporary. Had planning consent for residential development. Building was purchased at auction in 2011 and opened as hotel in 2013 following a complete restoration.

Concept: 20-room AA 4-star town house boutique hotel with 50-cover two-rossette restaurant.

Development drivers:

- Catalytic flagship regeneration projects including Turner Contemporary, domestic HS1, general town improvements and redevelopment of Dreamland resulting in improved business confidence.
- Gap in the market – Margate had a dearth of quality hotels.
- An enabling and supportive public sector environment in terms of planning, funding and project delivery.

Critical success factors:

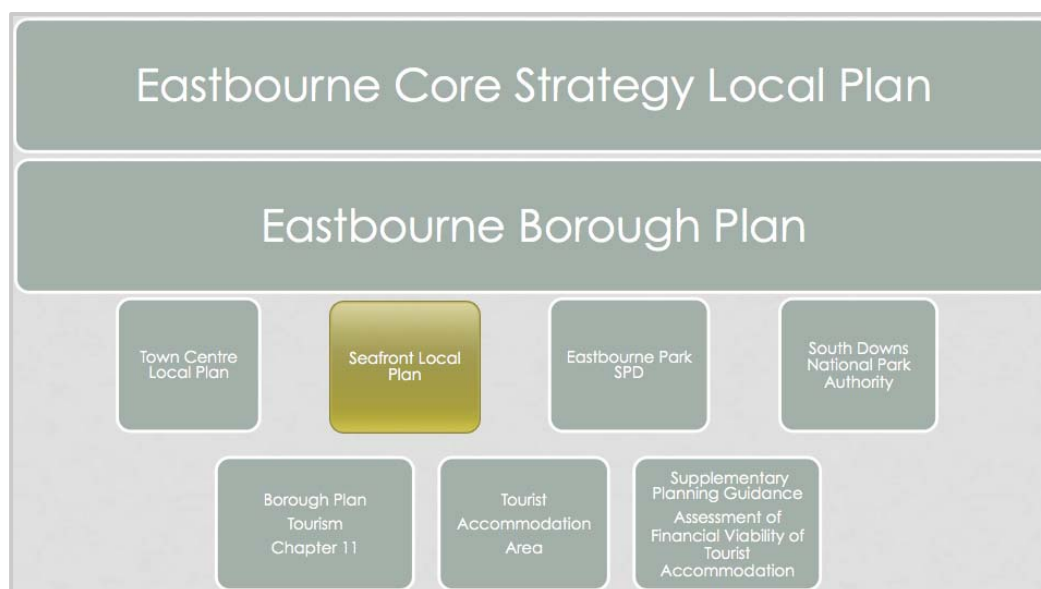
- A clear and realistic business plan that was implemented.
- Design and build contract that was delivered on budget and on time.
- Marketing and PR without using OTAs during the initial launch phase.
- Professional approach combined with effective stakeholder engagement.
- Build it and they will come was true in the sense that the hotel has attracted a good level of latent corporate demand previously staying in Canterbury.



9 Planning policy framework review

9.1 Planning policy framework overview

9.1.1 In this section we review the current planning policy framework in terms of how it affects current and future tourist accommodation stock in Eastbourne. In the diagram below we present EBC's current planning policy framework:



9.1.2 With regards to managing the future supply of tourist accommodation the following are of particular relevance and thus reviewed in more detail below:

Core Strategy – Policy D3: Tourism and Culture

9.1.3 The policy highlights the importance of the entertainment, cultural and sports facilities to the economic prosperity of Eastbourne is recognised. It states that the Council will support the preservation and enhancement of these through the following measures:

- Resist the loss of visitor accommodation through the retention of a tourist accommodation area and protection policy;
- Support the appropriate upgrading of existing hotels and holiday accommodation to provide improved facilities for visitors as well as supporting proposals for additional accommodation in sustainable centres³;
- Recognise the value of the SDNP as a visitor and recreation asset and work with the Park Authority, to protect the area from development which would damage or adversely affect its character and/or appearance;

³ The sustainable centres are the Town Centre and Sovereign Harbour

- Support the retention and enhancement of the entertainment, cultural and sports facilities in Eastbourne through development management measures resisting changes which would lead to a downgrading in the town's cultural integrity and/or appearance;
- Prepare a strategy for the future of the seafront area through the production of a Seafront Area Action Plan; and
- Promote the development of the Wish Tower restaurant to provide and enhanced asset for the benefit of residents and visitors.

9.1.4 The core strategy goes on to explain that Eastbourne has over 7,500 bed spaces (2008), and is one of the largest accommodation providers in the South East. Maintaining a large stock of accommodation is an important element to supporting the town's tourism and conference roles. The Council recognises that overnight visitors contribute considerably more to the local economy than day visitors and the Council will seek to protect and enhance the quality of the resort's existing accommodation stock as well as supporting measures to enhance the levels of accommodation where appropriate.

Seafront Local Plan

- 9.1.5 The Seafront Local Plan will focus on the provision of a framework for the physical, social and economic development of this area. The purpose of the Seafront Local Plan will be to enhance the physical environment, improve the visitor interest, value, access and safety, and to strengthen the role of tourism. It will look at the character and uses of each part of the seafront area as well as aim to improve the overall function of the seafront.
- 9.1.6 The main purpose of the tourist accommodation study is to inform the emerging seafront local plan. From a tourist accommodation perspective the seafront is where the vast majority of the current stock is concentrated.
- 9.1.7 One of the main issues that will need to be addressed during the preparation of the Seafront Local Plan is tourist accommodation. From our analysis it is clear that Eastbourne has a large stock of hotels and guesthouses, together with a number of holiday flats and self-catering accommodation. As an economy that is heavily dependent on tourism, it is important that a sufficient quantity and quality of tourist accommodation is provided to enhance the offer of the resort.

Borough Plan: Tourism Chapter 11

9.1.8 The tourism chapter forms part of the Eastbourne Borough Plan (2001-2011) and was adopted more than ten years ago in September 2003. It was prepared taking into account the objectives of EBC's tourism strategy statement at the time and bearing in mind the economic contribution of tourism to the town. Accordingly the corporate aims are:

- To develop a strong and sustainable local economy, encouraging business and investment into Eastbourne.
- To enhance the opportunities for enjoyment within Eastbourne through active pursuits and simple relaxation.

9.1.9 The associated corporate objectives are:

- Promote Eastbourne as a place for business investment and as a tourist destination.
- Work with all agencies and landowners to retain and grow existing businesses.
- Maintain quality spaces for relaxation and play.
- Develop and promote art and heritage activities.
- Develop and promote a wide range of events for residents and in support of the tourism industry.

9.1.10 In view of the above the main policy objectives are:

1. To retain a stock of serviced and unserviced tourist accommodation which will support Eastbourne's role as a major resort.
2. To retain and provide for a diverse range of tourist attractions and facilities.

9.1.11 The document goes on to state:

9.1.12 'Maintaining the stock of serviced establishments is vital if Eastbourne is to seek to capitalize further on the increasing trend toward short-break holidays, especially for older couples with grown-up families. This stock is also important in the market for conferences and business-related tourism. It is therefore important to continue with the policy of retaining holiday accommodation in the areas of the town where visitors expect to find such accommodation. In itself it would appear that the loss of one property providing serviced accommodation does not materially affect the stock of such accommodation available. However, it is the cumulative effect of allowing a number of establishments to disappear that is of concern and which could, if uncontrolled, significantly affect Eastbourne's role as a major resort.'

9.1.13 'It is recognised that in exceptional circumstances the continued use as holiday accommodation may not be appropriate. In particular the council accepts that tourist accommodation may no longer be financially viable, but it is important that objective criteria are available to enable proper consideration of such proposals in order to ensure that viable tourist accommodation establishments are retained. In addressing these criteria the council would wish to see a full exploration of a property's suitability for modernisation or for conversion into unserviced accommodation, as their continues to be high demand for high quality self-catering accommodation.'

Tourist Accommodation Area

9.1.14 As may be seen from the following map, the TAA runs along the seafront extending a couple of streets behind in key locations.

9.1.15 Within the TAA planning applications will be refused for proposals which are incompatible with the tourist accommodation use. In considering proposals for development within this area regard will be made to the different lifestyles and special requirements of tourists. This consideration will include the following:

- a) The effect on residential and visual amenity;
- b) The likely hours of operation;
- c) Safety and security implications.

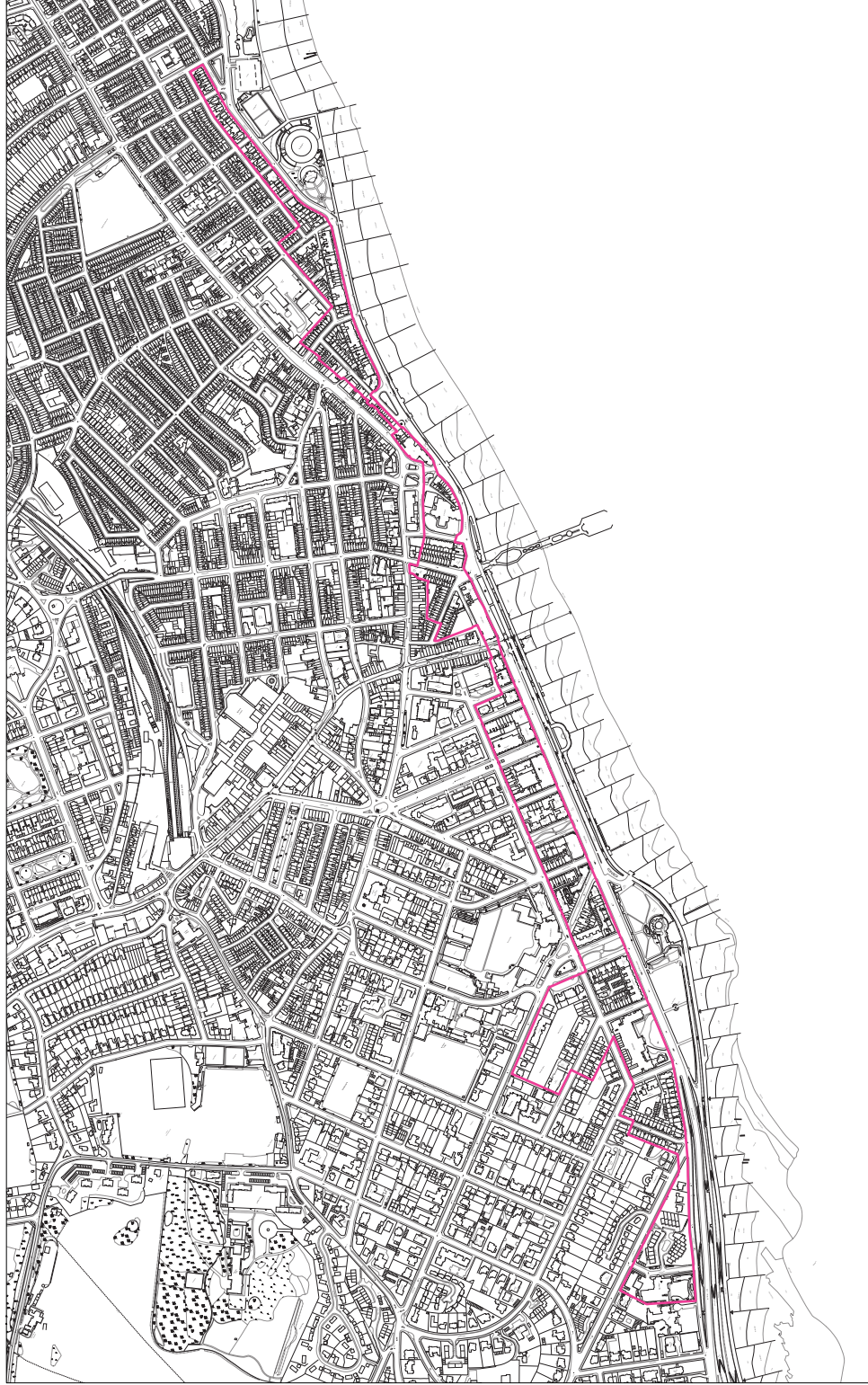
9.1.16 In the following table we present an analysis of the current supply of hotels, guesthouses and B&Bs in relation to the TAA:

Existing accommodation outside Tourist Accommodation Area

Property Name	Property grading	Number of rooms
Hotels		
Premier Inn Town Centre	Budget	65
Premier Inn Willingdon Drove	Budget	47
Travelodge Willingdon Drove	Budget	42
David Lloyd Lodge	n/a	19
Total hotels outside TAA	4	173
6.1% of total hotel rooms (2,842)		
Guesthouses and B&Bs		
The Sheldon	4-star	20
Ravilious	n/a	11
The Pilot Inn	n/a	2
The Meads	n/a	2
Beachy Rise Guesthouse	EHA	5
Bella Vista	4-star	9
The Nirvana	3-star	8
Latimer House	n/a	2
Ocklynge Manor	5-star	3
Camelot Lodge	4-star	6
Bramble Guest House	4-star	6
The Lamb Inn	n/a	3
Ashley Grange Hotel	n/a	6
Belle Tout Lighthouse	n/a	6
Eastbourne Beach Holiday House	n/a	3
Far End Guest House	n/a	10
Total guesthouses and B&Bs outside TAA	16	102
21.0% of total guesthouse and B&B rooms (486)		
Total supply outside TAA	20	275
8.3% of total supply (3,328)		
<i>Source: Acorn research</i>		

9.1.17 From the table it is evident that all recent purpose-built supply eg the budget hotels have been developed outside the TAA. This suggests that the TAA does not help attract new investment in budget nor higher quality branded hotels. Rather investors are driven by the availability of suitable sites in locations that fit their investment criteria and brand profile.

Tourist Accommodation Area



Tourist Accommodation Area

Scale
0 60 120 180 240 metres

Scale: 1:7000 @ A3
X: 561512 Y: 98841

14 August 2014



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Supplementary Planning Guidance: Assessment of financial viability of tourist accommodation

- 9.1.18 The Tourist Accommodation Supplementary Planning Guidance (SPG) was adopted in December 2004 to provide additional detail on the accommodation retention policy in terms of demonstrating that the continuing use of buildings as tourist accommodation is not viable.
- 9.1.19 Within the TAA, illustrated on the previous page, planning permission will not be granted for the redevelopment or change of use of tourist accommodation to any other use. In this policy 'tourist accommodation' means serviced accommodation (Class C1 use) and unserviced tourist accommodation.
- 9.1.20 Only in exceptional circumstances will planning permission be granted for any other use. This means that the applicant must demonstrate that the continuing use of land as tourist accommodation is not viable.
- 9.1.21 The following factors to be taken into consideration are set out in the policy:
- a) the location of the premises;
 - b) the physical condition and the cost of repair to the premises;
 - c) the potential for refurbishment, including the cost of the works;
 - d) the potential for conversion to other tourist uses, including the cost of the works;
 - e) the market valuation of the property reflecting the above factors;
 - f) whether the direct cost of running the business can be covered; and
 - g) whether a commercial rate of return can be achieved.
- 9.1.22 However, factor g) above will be excluded from the viability analysis in all instances where the operator has private accommodation on the premises comprising at least 10% of the building (defined in terms of the proportion of the total habitable floor space).
- 9.1.23 Furthermore, the SPG states that a reasoned justification based on just the factors identified in the policy is unlikely to demonstrate that the tourist accommodation use is not economically viable.

9.2 Key planning issues

- 9.2.1 From our review of the tourist accommodation market in Eastbourne, it is clear that it has been fairly active from a property transaction and development perspective over the past five years. This is a positive indicator as far as the overall health of the tourist accommodation sector in Eastbourne is concerned, especially in view of the economic recession.
- 9.2.2 At present the majority of tourist accommodation stock is concentrated within the TAA. While we consider a seafront location with unobstructed sea views a prime location, the same cannot be said for some of the streets behind the seafront which are considered secondary from a purely locational point of view.
- 9.2.3 The main issue is that there is a large concentration of smaller independent two- and three-star hotels within the TAA. Therefore on a like-for-like basis those located away from the seafront are likely to be less appealing to visitors.
- 9.2.4 Consequently, there is a concern that some of the smaller independent hotels towards the lower end of the quality spectrum are increasingly struggling to

compete, particularly within the coaching segment but also in terms of attracting independent travellers. This was backed up by our interviews with accommodation providers and commercial property agents active in the Eastbourne market.

- 9.2.5 Unable to compete effectively, this in turn leads to an erosion of occupancy and average achieved room rate and means that owners are unable to continue to invest in the maintenance and upkeep of the property resulting in poor quality stock. This situation is not sustainable in the medium to long term.
- 9.2.6 An oversupply of poor-quality stock that is no longer responding to market needs represents a wider risk in terms of diluting the overall market occupancy and achieved average room rate as price becomes the only differentiator. Poor trading conditions acts as a barrier to development and investment.
- 9.2.7 At the more extreme end of the spectrum struggling hotels might accept benefit claimants to boost revenues and in order to avoid going into administration. Again, the presence of hotels accepting benefit claimants does not portray a positive image of any destination. The Halcyon Private Hotel has recently gone down this route and no longer accepts visitors to the town.
- 9.2.8 The current issues outlined above are barriers to realising the 2027 vision for Eastbourne as well as the on-going ambitious development projects. If Eastbourne is to succeed as a premier coastal resort offering a safe, thriving, healthy environment with a vibrant community then the development of the tourist accommodation sector must respond to the prevailing consumer and market trends.
- 9.2.9 In order to ensure that Eastbourne remains a desirable and competitive tourist destination there is a need to balance and diversify the supply of tourist accommodation in the medium to long term. Future emphasis should be on quality rather than quantity which will allow Eastbourne's tourist accommodation to develop more organically and in turn appeal to and attract new markets.
- 9.2.10 In view of the above there is a need to adopt a more flexible approach to managing tourist accommodation supply in future years from a planning perspective. This means creating an enabling public sector environment working collaboratively with tourist accommodation owners, operators, developers and investors to provide alternative solutions to stock that is no longer fit for purpose.
- 9.2.11 This is especially true when it comes to managing supply within the TAA, particularly those properties located in secondary locations on streets behind the seafront. Here the main focus should be on gradually reducing poor quality stock that will not be fit-for-purpose in the medium to long term. This in turn should help stimulate investment in better quality accommodation appealing to a broader range of visitors.

9.3 Tourism planning best practice examples

- 9.3.1 As part of our research we looked at the current planning policy framework in a number of other seaside resorts in order to identify examples of best practice.
- 9.3.2 Even though both Bournemouth and Brighton have accommodation retention policies in place, they have both been able to attract new branded and boutique investors. This means these resorts have a smaller proportion of independent non-branded accommodation supply than Eastbourne. The reasons why Bournemouth and Brighton have been successful in attracting new investment into the tourist accommodation sector are largely to do with their approach to development and economic diversification overall combined with good communications. Both destinations have succeeded in creating an enabling environment in which the public and private sectors work in close partnerships that are considered to be mutually beneficial.
- 9.3.3 Both Bournemouth and Brighton have managed to appeal to even major brands – IHG is currently introducing its lifestyle brand Indigo to Brighton while Hilton is introducing two co-located properties in Bournemouth – a five-star Hilton and a Hampton Inn.

Brighton

- 9.3.4 In terms of its tourist accommodation retention policy Brighton has adopted a more flexible approach to its application. In practice this means that any change of use applications are considered on a case-by-case basis and in view of prevailing market conditions. For example, at the present time there is some concern that the market is at risk of becoming over saturated as anticipated demand generating major pipeline projects have been delayed due to the recession. This means that the former Royal York Hotel was granted sui generis consent to be converted into a YHA hostel. Similarly, Landsdowne Place is going to be converted into residential after the hotel went into administration. Pressure to meet housing requirements means that residential is not always rejected, especially when dealing with historic buildings that were originally built for residential purposes. Brighton has furthermore reduced its core area, as some parts previously included are now considered to be primarily residential. Thus change of use can happen eg where a guesthouse owner is looking to retire.
- 9.3.5 In terms of the evidence required to support change of use applications in Brighton, the principles are similar to those in place in Eastbourne, but the criteria is softer and there is more emphasis on individual cases in its application. In Brighton the following evidence is required:
- Proof of marketing for sale – as a going concern for a minimum period of 12 months at a competitive price taking account of current trading performance and condition;
 - Evidence of business performance – details of occupancy and achieved room rate data for the last 18 months along with accounts to explain how the business is performing in line with levels of occupancy typical of industry/destination norms; and
 - Evidence of professional management – this includes details of marketing and business plans for the last 18 months to demonstrate investment plans and attempts to attract business.

- 9.3.6 The council will be flexible in its approach and have regard to all material considerations at the time of the application including being responsive to changes in the market, the economy, and visitor accommodation supply. It is also recognised that for smaller 'lifestyle' businesses, commercial viability arguments are often more difficult to test as the performance of such businesses varies so much depending on the business objectives, aspirations of owners and how the purchase of the business has been financed. In such cases proof of marketing for sale with specialist and local agents at a realistic price may be sufficient on its own. Whilst those premises that are well located or have something special to offer as a building and have potential to upgrade will need to be accompanied by evidence of attempts to save the business – for example, details of schemes to upgrade and reposition the business, partially convert to alternative use in return for investment in the remaining rooms, and conversion to self-catering/other forms of serviced accommodation as appropriate, with costs and performance forecasts and advice sought from business support agencies and hotel advisors.
- 9.3.7 From a Brighton perspective it is all about a flexible approach and having a balanced view of how supply should be managed. Attracting new supply in certain areas means that out-dated supply that is no longer fit-for-purpose can be let go in more secondary locations. Having the correct policy framework in place and regularly monitoring changes in supply allows for this to happen.

Bournemouth

- 9.3.8 Like Eastbourne, Bournemouth's economy relies heavily on tourism. The Core Strategy states that the town centre will continue to be the focal point of tourism and has proved successful in retaining an appropriate stock of tourist accommodation and other facilities.
- 9.3.9 In recent years there has been a considerable loss of hotels (particularly outside the town centre). However, more recently new hotels have been developed in the town catering for shorter breaks and conference tourism, indicating that the market is continuing to evolve. The effect of high residential land values has resulted in considerable pressure for the redevelopment of hotel sites and as a result the council introduced a Tourism SPG which outlined the factors to be taken into account during the assessment of planning applications that would result in loss of tourism accommodation in the identified core areas.
- 9.3.10 The current Tourism SPG is relatively strictly enforced and anyone who considers a change of use application will be provided with comprehensive pre-application advice outlining the evidence required to support such an application. The evidence required is to demonstrate business activity for a minimum of the last three years and preferably five years. The evidence should cover the following points:
- Trading and profit and loss accounts including analysis of costs;
 - Business planning and performance against targets;
 - Occupancy and opening details;
 - Summary of marketing activity with copies of brochures and tariffs;
 - Management experience;
 - Investment programme covering training, capital expenditure on the property and planned maintenance;
 - Commercial marketing of the business with records of agent's advertising including price guides and expressions of interest normally over a minimum of 18 months; and

-
- Applicants should also give details of forward business planning for the next five years with marketing plans, operating plans, projected trading, profit and loss accounts, cash flow projections and investment requirements. Where estimates are submitted to indicate the cost of essential works these should be the lowest of three competitive quotes.
- 9.3.11 In reality this means that there are not many change of use applications. Any change of use applications are assessed professionally on a case-by-case basis especially in terms of viability and impact on the local area. One of the key reasons for Bournemouth's recent success in attracting new investment in the hotel sector is its ambitious development plans and the fact that the council monitors changes in stock not only in terms of rooms and bedspaces but also the type and quality of accommodation. Furthermore, Bournemouth is very proactive in communicating its aspirations to the investment community as well as working in close collaboration with potential developers and investors, which creates an enabling public sector environment.
- 9.3.12 However, the Bournemouth Core Strategy recognises the changing nature of tourism in the borough and the contribution made by accommodation situated outside the traditional tourism areas. At the same time it is recognised that some accommodation within the main tourism areas may no longer be viable or suitable for retention. Therefore, Policy CS28 will be supplemented by a Tourism Supplementary Planning Document (SPD) that will apply across the borough and will replace the existing Tourism SPG. This is considered the best way to maintain an adequate range and availability of tourism accommodation in the town and help to sustain a competitive tourism economy into the future.

Name of local authority	Specific tourism accommodation planning policy	Tourist Accommodation Area	Purpose	Implementation	Comments
Brighton	CP6 Visitor Accommodation	Hotel Core Zone	To support the city's tourism and business conference economy the council will support the provision of a sufficient and wide ranging type of visitor accommodation.	<p>Partial conversion of a hotel will be considered where there is adequate demonstration of the need to enable investment in the remaining hotel.</p> <p>Loss of hotels/guesthouses will be considered where it can be demonstrated that:</p> <ul style="list-style-type: none"> the premises has limited potential to upgrade and position itself viably in the market; and the loss of the premises would not set an unacceptable precedent in relation to the concentration and role of nearby/adjacent serviced accommodation; and the new use would be compatible with the character and other uses in the area. 	<p>Brighton has adopted a flexible approach which allows for the market to develop in responsive and organic manner in so far as possible. The current planning policy framework supports this approach.</p> <p>Change of use applications must be supported by proof of marketing for sale, evidence of business performance and evidence of professional management.</p>
Bournemouth	Tourism SPG adopted in 2004, which relates to CS28 and CS29 in the Core Strategy, is to be replaced with SPD that will apply across the borough.	Town Centre Tourism Area and Tourism Core Areas	To maintain balance between economic activity and residential use	<p>Change of use subject to business no longer being viable and has no reasonable prospect of continuing; and loss of the tourist accommodation will not harm the function of the area in relation to the tourism industry and the local community.</p>	<p>Bournemouth is an example of the benefits of analysing trends. This has provided the basis for a planned approach of diversifying accommodation stock whilst at the same time retaining essential tourist accommodation.</p>

9.4 Tourist accommodation planning applications

9.4.1 As may be seen from the following table there have been relatively few change of use planning applications in Eastbourne over the past five years. This may be partly explained by the existence of the TAA and SPG relating to financial viability of tourist accommodation, which acts as a deterrent to change of use applications.

Property/address	Description	Outcome	Date
28, 29 and 29a Marine Parade	Application for variation of condition 2 following grant for change of use of flat 5 from tourist accommodation to residential use	To be determined	2014
Courtlands Hotel 3-5 Wilmington Gardens	Change of use to convert a 45 bedroom hotel to a 15 bedroom guesthouse and 15 residential apartments	Refused	2014
Westways Guest House 10 Rylstone Road	Change of use from bed & breakfast (Class C1) to a HMO (Sui Generis)	Refused	04/09/2014
Beach Haven Guest House 61 Pevensey Road	Permanent change of use from guesthouse (Class C1) to residential dwelling (Class C3)	Approved conditionally	22/05/2014
Cavendish Hotel Grand Parade	Addition of fifth floor to hotel with the erection of a flat roof extension to east wing and the addition of dormer windows and roof lights, to front elevation, west wing and mansard roof and dormer to rear elevation	Approved conditionally	30/01/2014
Cornfield Hotel 15 Cornfield Terrace	Change of use of former guesthouse to HMO together with demolition of garage and internal/external alterations	Approved conditionally	18/12/2013
Vernon House Hotel 1 Compton Street	Change of use of part of the hotel to provide seven self-contained flats	Refused	25/10/2013
29 Marine Parade	Amendment of condition 2 of permission for change of use from hotel to 14 holiday apartments with ancillary hotel facilities to permit the use of flats 2, 3, 6, 7, 9 and 10 only as holiday accommodation	Refused	04/09/2013
Camberley Hotel 27-29 Elms Avenue	Change of use from hotel to HMO	Approved conditionally	13/08/2013
5-7 Cavendish Place	Conversion of hotel into 4 two bedroom flats and 6 one bedrooms flats (all self-contained) together with internal and external alterations	Approved conditionally	24/04/2013
Lathom Hotel 4-6 Howard Square	Conversion of hotel to provide two town houses (fronting Howard Square) six self-contained flats (fronting Howard Square/Compton together with provision of new entrance steps	Refused	17/01/2013
Premier Inn 202 Terminus Road	Change of use and extension of building to retail unit on ground floor and basements, restaurant part ground floor and 65 bedroom hotel on upper floors	Approved conditionally	26/10/2012

Property/address	Description	Outcome	Date
Bay Lodge Hotel 61-62 Royal Parade	Conversion of guesthouse into two separate guesthouses	Approved conditionally	30/08/2012
Courtney House Holiday Flats 53 Royal Parade	Change of use from holiday flats to guesthouse with owners accommodation in association with external alterations including reinstatement of balconies at first and second floors, enlargement of side porch and insertion of windows and doors	Approved conditionally	23/04/2012
Camberley Hotel 27-29 Elms Avenue	Proposed change of use from hotel and owners residential accommodation into two houses	Approved conditionally	05/09/2011
Claremont House 89 Pevensey Road	Change of use from guesthouse to single private dwelling	Approved unconditionally	21/04/2011
Elm Park Hotel 20 Cavendish Place	Change of use from a hotel to retail shop on ground floor with 14 self-contained flats on ground floors, first, second and third floors together with external alterations including removal of second floor link building, new shop fronts and access ramp	Approved conditionally	06/04/2011
Cavendish Hotel 37-40 Grand Parade	Addition of fifth floor to hotel with the erection of a flat roof extension to east wind, and the addition of dormer windows and roof lights to front elevation, west wing and mansard roof and dormer to rear elevation	Refused	07/02/2011
112 Pevensey Road	Retrospective application under section 73A for a change of use from a guesthouse (Class C1 use) to HMO (sui generis)	Approved unconditionally	29/10/2010
The Boathouse Guest House 93 Royal Parade	Change of use from guesthouse (Class C1) to a single private dwelling (Class C3)	Approved conditionally	23/04/2010
Albany Lions Hotel 41-43 Grand Parade	Rear extension to ballroom at back of hotel, with undercroft car parking below	Refused	12/03/2009
Carlton Court Hotel 10 Wilmington Square	Change of use of existing hotel to 10 self-contained flats and replacement of existing door in south-west elevation with a window	Refused	19/02/2009
<i>Source: EBC Planning Department 2015</i>			

9.4.2 In reality, the financial viability testing does seem to present a challenge in terms of its application. This is perpetuated by the fact that there is no third party monitoring of tourist accommodation sector performance, market trends and supply changes on regular basis. The availability of such data and market intelligence would create a robust evidence base against which to compare the performance of an individual accommodation establishment.

9.5 TAA and SPG options analysis

9.5.1 In order to determine the best way forward in terms of managing current and future tourist accommodation stock in Eastbourne we carried out an options analysis with regards to the current TAA and SPG. This took into account the pros and cons of a number of options as well as the likely administration and costs associated with implementation. We also considered the impact of the current lack of consistent data and a robust evidence base to inform decision-making. The following pros and cons were taken into account as part of our options analysis:

Pros	Cons
Allowing market forces to dictate supply and quality responding to market and consumer trends	Restricting market forces potentially resulting in over supply of tourist accommodation in certain areas
Encouraging investment in existing and/or new tourist accommodation supply	Discouraging investment in existing and/or new tourist accommodation supply
Wider dispersion and diversification of tourist accommodation supply	Imbalance of tourist accommodation in terms of quality, volume of supply and dispersion
Improvement in market occupancy and average room rate	Depression of market occupancy and average room rate
Ability to respond to changes in tourist accommodation supply borough wide	Risk of losing tourist accommodation to other uses
Enhanced economic contribution of the tourism sector	Reduced economic contribution of the tourism sector

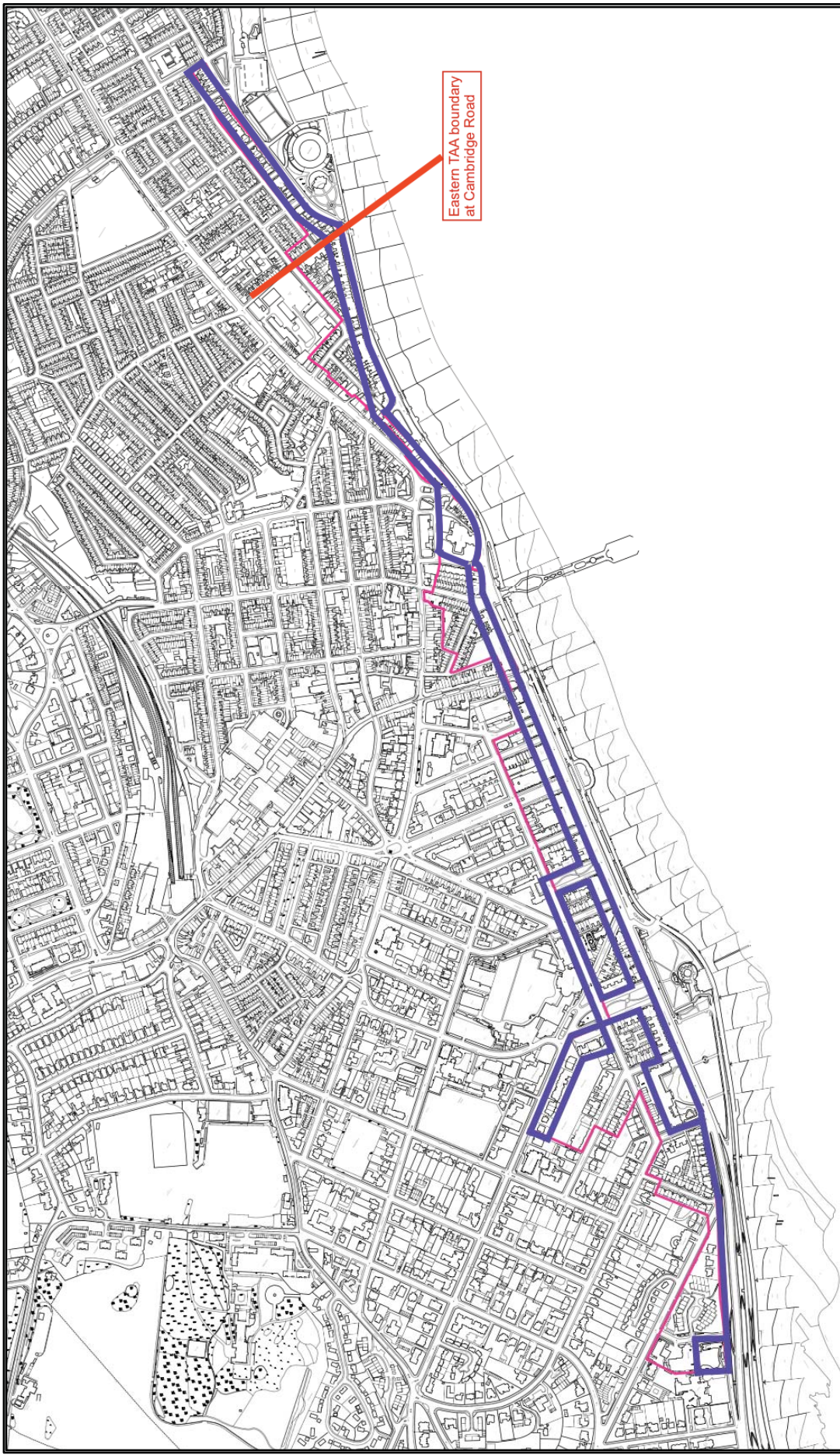
9.5.2 The options for changes to the TAA and SPG considered were as follows:

- 1. No change – leave current TAA and SPG in place** – it is evident from our research and analysis presented throughout this report that the current TAA (marked in pink on the map overleaf) is not sufficiently flexible to respond to market forces in terms of changing consumer and market trends. The current lack of data and evidence does not help facilitate the application of the SPG.
- 2. Introduce a dual zone TAA incorporating a primary and a secondary zone with the SPG criteria varying accordingly** – this would mean introducing a primary zone extending from the Hydro Hotel in the west to Cambridge Road in the east, incorporating the Devonshire Park area as well as Wilmington Square and Howard Square (ie the area marked in purple on the map overleaf extending as far as the red line in the east) and a secondary zone which would incorporate the remainder of the existing TAA (including the purple area beyond Cambridge Road). This option would involve amending the SPG criteria to vary according to zone and being more flexible and responsive to individual cases in the secondary zone. The current lack of data and evidence would make it difficult to implement a SPG with the criteria varying according to zone. It is also felt that operating a dual zone system is likely to increase the administrative burden as well as being costly to implement.
- 3. Reduce TAA to the seafront, Devonshire Park, Wilmington Square and Howard Square with SPG in place** – this option would allow for changes to happen in the secondary locations behind the seafront while still protecting the seafront, the Devonshire Park area and key character squares. This should help

improve market occupancy and in turn the average room rate and profitability. This would also enhance the ability to respond to changes in tourist accommodation supply elsewhere in the borough.

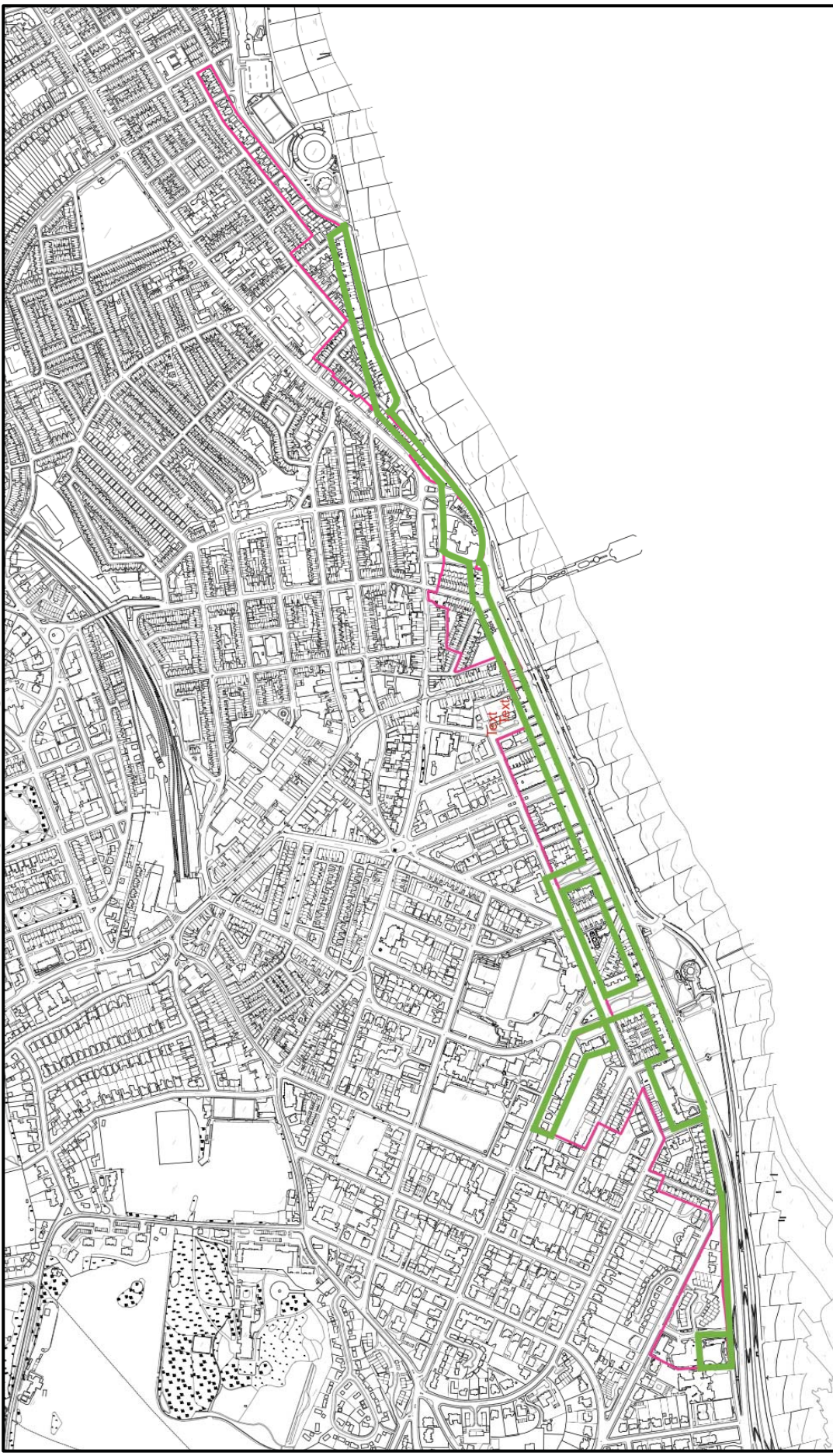
- 4. Reduce TAA to core seafront, Devonshire Park and character squares with SPG in place** – similarly to option 3 this would allow changes to happen in secondary locations behind the seafront as well as along the seafront beyond Cambridge Road. There is a notable change in the character and feel of the seafront at Cambridge Road where Royal Parade turns inland away from the seafront and the scale of the buildings change. This more flexible option should encourage wider dispersion and diversification of tourist accommodation supply across the borough as some of the less competitive stock would be able to reduce over time. Furthermore, this would help maximise the economic contribution of tourism to Eastbourne.
- 5. Abolish TAA and introduce borough-wide SPG for all tourist accommodation** – without consistent data and a robust evidence base this will be difficult and costly to implement. Furthermore, this option is likely to be perceived by the tourist accommodation sector as even more restrictive than the current TAA and SPG. As such it is likely to discourage future investment and thus hinder the desired diversification and dispersion of tourist accommodation supply.
- 6. Abolish TAA and SPG** – this would enable market forces to fully dictate the supply and demand for tourist accommodation in Eastbourne. However, there is a risk that a significant proportion of tourist accommodation would be lost rapidly to other uses that may not bring the same economic benefits to the area as tourism. Tourism is a key economic sector in Eastbourne and as such it needs to be supported in order to ensure that its potential is maximised.

Tourist Accommodation Area: options 2 and 3



Source: EBC and Acorn research

Tourist Accommodation Area: option 4 eastern boundary at Cambridge Road



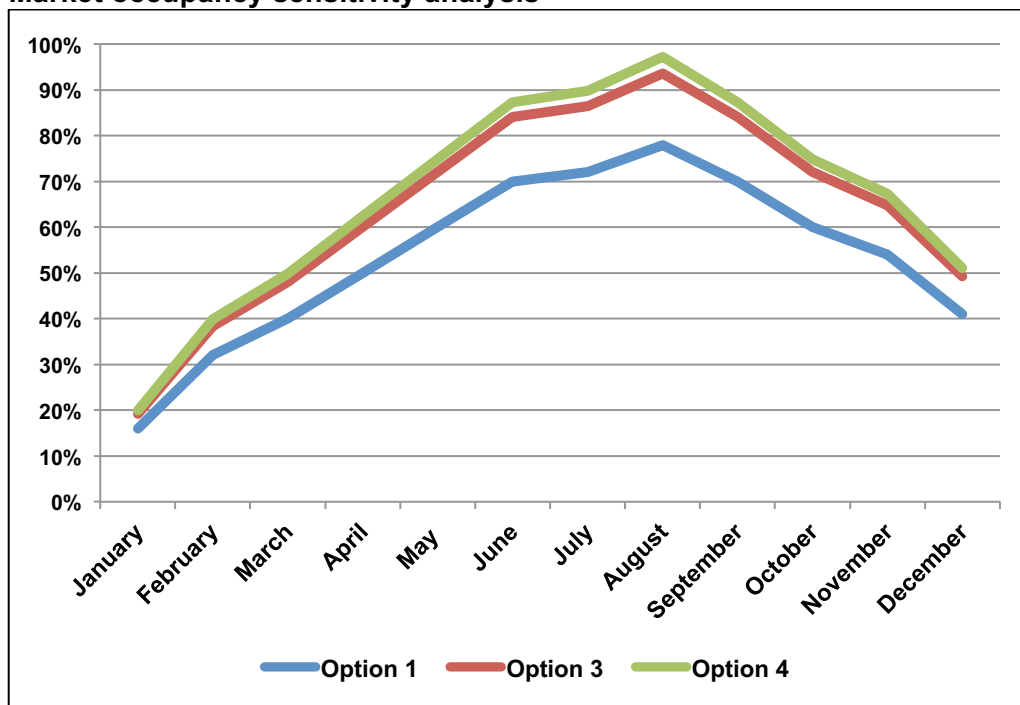
Source: EBC and Acorn research

- 9.5.3 In view of the above we consider options 3 and 4 to be the most beneficial and realistic to implement in the short to medium term. In the table overleaf, we present an analysis of how options 3 and 4 may affect the supply of hotels, guesthouses and B&Bs over time. It is, of course, highly unlikely that all of these properties would be lost to other uses as many are trading successfully and have been the subject of extensive refurbishment. At the same time a gradual loss of the less competitive properties would allow for new quality entrants to the hotel market, which in turn would help attract new and additional sources of demand. It should be noted that the analysis does not take into account the establishments already outside the existing TAA. Of course, these could be lost potentially also.
- 9.5.4 From the table it may be seen that option 3 could result in a total net potential loss of 21 properties comprising 563 rooms equating to 16.9% of the current total supply of hotel, guesthouse and B&B rooms. However, it is worth noting that the majority of the potential net loss would fall in the three-star or below categories. Indeed, in terms of the hotels that could be lost potentially all except two describe themselves as independent coaching hotels with between 27 and 75 rooms. Whilst a similar pattern emerges for guesthouses, there is more of a spread across the gradings.
- 9.5.5 With regards to the more flexible option 4 this could result in a total net potential loss of 34 properties comprising 666 rooms equating to 20.1% of the current total supply of hotel, guesthouse and B&B rooms.

Type and location of supply	5-star		4-star		3-star		2-star		EHA		Budget/ Non graded		Total	
	Units	Rooms	Units	Rooms	Units	Rooms	Units	Rooms	Units	Rooms	Units	Rooms	Units	Rooms
Total supply of hotels	1	152	2	200	11	669	5	310	12	700	15	811	46	2,842
Hotels west of the pier	-	-	-	-	1	38	-	-	3	249	3	101	7	388
Hotels east of the pier	-	-	-	-	-	-	2	85	-	-	-	-	2	85
Potential net loss of hotels	-	-	-	-	1	38	2	85	3	249	3	101	9	473
Potential net loss of hotel rooms 16.6%														
Total supply of guesthouses and B&Bs	3	13	18	173	4	39	-	-	9	74	26	187	60	486
Guesthouses and B&Bs west of the pier	-	-	3	21	-	-	-	-	-	-	-	-	3	21
Guesthouses and B&Bs east of the pier	2	10	1	6	1	17	-	-	-	-	5	36	9	69
Potential net loss of guesthouse and B&B rooms option 3	2	10	4	27	1	17	-	-	-	-	5	36	12	90
Potential net loss of guesthouse and B&B rooms option 1 – 18.5%														
Guesthouses and B&Bs east of Cambridge Road	-	-	3	27	-	-	-	-	7	57	3	19	13	103
Potential net loss of guesthouse and B&B rooms option 4	2	10	6	45	1	17	-	-	7	57	9	57	25	193
Potential net loss of guesthouse and B&B rooms option 2 – 39.7%														
Potential net loss of hotel, guesthouse and B&B rooms option 1 – 21 properties with a total of 563 rooms (16.9%)														
Potential net loss of hotel, guesthouse and B&B rooms option 2 – 34 properties with a total of 666 rooms (20.1%)														
Source: Acorn research														

9.5.6 In order to assess the likely impact of the potential loss of tourist accommodation, should either option 3 or 4 be introduced compared with the status quo option 1, we carried out a sensitivity analysis assuming the same number of rooms sold as per the market occupancy recorded in our 2014 online survey. The likely impact on market occupancy is shown in the table and chart below:

Market occupancy sensitivity analysis



	Assumed daily rooms available	Assumed annual rooms sold	Assumed annual occupancy
Option 1	3,328	652,055	54%
Option 3	2,765	652,055	65%
Option 4	2,662	652,055	67%

Source: Acorn research

9.5.7 As may be seen from the table and chart above, a possible reduction in room supply is likely to have a positive impact on market occupancy as well as reduce the effects of seasonality to a certain extent. This should help improve the average room rate and in turn profitability. Improvement in these key parameters is also likely to stimulate investment in both existing and new supply, thus resulting in an improvement in the overall quality of tourist accommodation supply in Eastbourne.

9.5.8 In view of the above analysis we consider either option 3 or 4 to be most suitable in the short to medium term. Provided that sufficient data is collected in future to build a robust evidence base then it may be possible, in the longer term, to consider either option 5 or 6, but we do not consider these to be realistic at the present time. Given the economic contribution of tourism in Eastbourne we consider it important that the tourist accommodation sector continue to be supported by a TAA in order to avoid losing tourist accommodation to other uses that may not necessarily bring the same economic benefits. However, as our analysis has highlighted the current TAA is too restrictive in terms of letting market forces dictate supply and demand.

10 Key issues and recommendations

10.1.1 The table below presents the key issues facing the tourist accommodation sector in Eastbourne together with our recommendations.

Recommendation	Adopt a more flexible approach to managing future supply of tourist accommodation	Monitor tourist accommodation sector performance and market trends on a regular basis
Key issue	<ul style="list-style-type: none"> The current Tourist Accommodation Area retention policy does not encourage organic growth and diversification of Eastbourne's tourist accommodation supply. 	<ul style="list-style-type: none"> Lack of robust evidence base monitoring tourist accommodation sector performance and market trends as well as changes to supply on a regular basis.
Rationale	<ul style="list-style-type: none"> Ongoing monitoring of tourism accommodation performance trends and evolution of supply to inform future development and planning applications. 	<ul style="list-style-type: none"> Introduce an independent tourist accommodation monitoring system to collect monthly performance and key market trends data. Using an online collection system, developed by a third party service such as T-Stats, Hotstats or STR which are designed specifically for destinations and accommodation.
Potential impact	<ul style="list-style-type: none"> Encourage investment in quality and diversification of tourist accommodation product. Tourist accommodation supply growing organically responding to gaps in the market. Attract new investment diversifying the current supply of tourist accommodation and appealing to new markets. Encourage new supply that responds to less seasonal activity and special interest tourism eg in SDNP and Eastbourne Park. 	<ul style="list-style-type: none"> Robust evidence base to inform future planning applications and decisions. Availability of up-to-date key performance indicators to inform future development within the tourist accommodation sector as well as assist prospective investors. Identify potential gaps in the market in terms of tourist accommodation supply as well as any underperforming segments of the market. Availability of up-to-date data and market intelligence will help inform prospective investors.

Recommendation	Consider quality as the key tourist accommodation sector development driver	Maximise the potential catalytic impact of flagship developments in Eastbourne
Key issue	<ul style="list-style-type: none"> Quality is imperative when it comes to improving and enhancing the tourist accommodation offer as well as the competitiveness of Eastbourne as a destination. 	<ul style="list-style-type: none"> Current and pipeline flagship development projects have the potential to transform Eastbourne and realise the 2027 vision for the town.
Rationale	<ul style="list-style-type: none"> Shift emphasis to quality across all price points rather than quantity when it comes to managing and developing the supply of tourist accommodation in Eastbourne. Adopt a proactive approach to tourist accommodation development by communicating what the opportunities are. Appeal to a broader range of potential visitors. 	<ul style="list-style-type: none"> Promote flagship developments to capitalise on momentum and attract investment in the tourist accommodation sector, especially the Devonshire Park Complex and the Sovereign Harbour Innovation Park. Develop effective brand and communications strategy that appeals to the property and hotel investment community.
Potential impact	<ul style="list-style-type: none"> Develop accommodation product in line with consumer and market trends. Disperse and diversify the supply of tourist accommodation both in terms of location and product. Encourage investment in and upgrading of existing tourist accommodation supply. Accept gradual reduction of poor quality stock that is no longer fit for purpose. Assess change of use planning applications on a case-by-case basis taking into account prevailing market conditions and recent changes to the supply of accommodation. 	<ul style="list-style-type: none"> Stimulate investor confidence. Appeal to more entrepreneurial investors and budget operators who are not present in Eastbourne. Attract new investment diversifying the current supply of visitor accommodation and appealing to new markets. Enhance the quality of tourist accommodation supply both existing and new. Tourist accommodation supply growing organically responding to gaps in the market.

Recommendation	Create an enabling and supportive public sector environment	Provide signposting to business development support services
Key issue	<ul style="list-style-type: none"> Manage future supply and development of tourist accommodation so that it responds to changing consumer behaviour and market trends. 	<ul style="list-style-type: none"> Many investors in the Eastbourne tourist accommodation sector have no previous hospitality sector-specific skills thus needing support.
Rationale	<ul style="list-style-type: none"> Communicate and define types of developments sought to achieve Eastbourne's vision. Collaborate with tourist accommodation providers to collect regular market intelligence and key performance data. Support and work collaboratively with tourist accommodation owners, operators as well as potential developers and investors to provide alternative solutions that respond to market needs based on robust evidence base. 	<ul style="list-style-type: none"> Provide signposting to specialist tourism sector business support recognising the economic contribution of the tourism sector to the town. This should include business planning, product development, performance monitoring, access to funding, quality standards, marketing, social media and online distribution advice. Work with providers such as Tourism South East, Visit England and Locate East Sussex.
Potential impact	<ul style="list-style-type: none"> Enhanced sector support throughout lifecycle from planning through to development and refurbishment. Improve co-operation between private and public sector to achieve mutual benefits. Encourage investment in development and upgrading of tourist accommodation supply. 	<ul style="list-style-type: none"> Enhance professionalism in terms of product offering and service delivery. Secure grant/loan funding to assist tourist accommodation owners with upgrading their properties and enhancing their online presence. Improve profitability within the tourist accommodation sector.

11 Planning policy recommendations

- 11.1.1 On the basis of the foregoing analysis and the key issues and recommendations presented in the previous sections we elaborate on these in the following:
- 11.1.2 **Adopt a more flexible approach to managing the future supply of tourist accommodation.** The existence of the TAA does not seem to encourage organic growth and diversification within this area. Indeed, investment in new supply (mainly branded budget) has only occurred outside the TAA rather than within it, whereas closures and/or change of use has happened within the area. This means that the existence of the TAA does not appear to generate additional tourist accommodation capacity, but rather tend to reduce it and possibly deter investment due to the presence of a number out-dated underperforming properties in what may be described as secondary locations away from the seafront.
- 11.1.3 If the long-term aspiration for Eastbourne is to develop a higher quality of accommodation supply and attract midmarket quality branded hotels which in turn would help the town attract the higher value conferences and corporate meetings then we would recommend that consideration be given to amending the boundaries of the TAA as outlined in our options analysis. Ideally, any such changes should be implemented as a result of working in close collaboration with the tourist accommodation sector eg through the EHA.
- 11.1.4 **Monitor tourist accommodation sector performance and market trends on a regular basis.** The lack of a robust evidence base monitoring tourist accommodation sector performance, market trends as well as changes to supply on a regular basis is a major barrier to planning the appropriate future levels of tourist accommodation supply. Introducing a third-party monitoring system will enable EBC to be more responsive to changes in the market, the economy, and visitor accommodation supply when considering future planning applications be they for new accommodation development, extensions/reductions to existing accommodation supply or change of use. Also investors look for easy-to-access market intelligence and key performance data to support and back up their investment decisions.
- 11.1.5 The current SPG for assessment of financial viability of tourist accommodation within the TAA dating back to 2004 would benefit from being updated if a more flexible approach is to be introduced. There is a need for the policy to be more responsive to changes in the market, the economy and changes in tourist accommodation supply both within and outside the boundaries of the TAA. Furthermore, EBC needs to recognise that it is difficult to test commercial viability for smaller lifestyle businesses. A borough-wide approach similar to the one being introduced in Bournemouth may be more suitable going forwards together with relaxing the criteria and making use of industry experts to advice on more complex planning applications.
- 11.1.6 **Consider quality as the key tourist accommodation sector development driver.** Quality is imperative when it comes to enhancing Eastbourne's tourist accommodation offer as well as the competitiveness of the destination. There is a need to shift the emphasis to quality across all price points rather than quantity when it comes to managing and developing the supply of tourist accommodation in Eastbourne. Having a large supply of rooms and bedspaces do not in itself make the destination competitive, especially if what is on offer does not respond to market

needs. If Eastbourne wishes to attract more quality and branded accommodation supply it will need to consider that this may mean a reduction in some of the existing independent supply in secondary locations within the current boundaries of the TAA.

- 11.1.7 **Maximise the potential catalytic impact of flagship developments in Eastbourne.** The current and pipeline flagship development projects have the potential to transform Eastbourne and realise the 2027 vision for the town. However, there is a need to communicate and promote the flagship developments proactively, especially the Devonshire Park Complex and the Sovereign Harbour Innovation Park, in order to stimulate investor confidence and attract investment in the tourist accommodation sector.
- 11.1.8 **Create an enabling and supportive public sector environment.** Eastbourne needs to manage the future supply and development of tourist accommodation so that it responds to changing consumer behaviour and market trends as well as business needs. This means EBC, tourist accommodation owners and operators as well as potential developers and investors need to work together to provide alternative solutions based on a robust evidence base. Thus, there is an urgent need to work collaboratively across the sector to collect regular market intelligence and key performance data to be used to inform the future planning and development of tourist accommodation. This will only be possible if tourist accommodation providers participate in a data collection system. This data can then be used to support all stakeholders throughout the lifecycle.
- 11.1.9 There would appear to be a need to engage with the tourist accommodation sector at a more strategic level eg through quarterly sector group meetings where the main public and private tourism sector stakeholders could discuss key strategic issues and challenges facing the sector. Another option to consider would be the introduction of Tourism Business Improvement District. This could be a way to encourage better partnership working and achieve more effective stakeholder engagement.
- 11.1.10 **Signpost to business development support services.** Many investors in the Eastbourne tourist accommodation sector have no previous hospitality sector-specific skills and thus need support to ensure that their business reaches its full potential. There are good resources available through industry organisations such as Tourism South East and Visit England. More locally Locate East Sussex provides a ranges of business support services that may be useful to tourist accommodation providers. There is an opportunity to signpost businesses to relevant business support resources and potential funding sources so they can maximise the potential of their business.
- 11.1.11 There are many ways to support small businesses including knowledge transfer networks and workshops covering issues such as product development, marketing, branding, social media and online distribution as well as business planning, funding, measuring performance and market intelligence. Such sessions could be organised in collaboration with the EHA bringing in expertise from the abovementioned organisations. Any events should ideally take place during the shoulder and low season when the accommodation providers tend to be less busy. Furthermore, there is an opportunity to organise a planning seminar so that accommodation providers can be better informed about the processes and key issues to consider when developing, refurbishing and altering their property. This would also be an opportunity to raise awareness of sustainability measures that may be introduced in order to improve operational efficiencies.