

The Loggia Building, Westbrook Bay

Feasibility Study, Stage 2 Report

December 2021

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1 Executive Summary

Informed by the stage 1 study findings, and the public engagement exercise and more detailed viability assessments undertaken during stage 2, a preferred scheme for the Loggia has been identified that proposes a unique combination of a split food and beverage offer (café at promenade level, restaurant at first floor level), a hub for beach and community activities, and short-stay accommodation pods.

This preferred scheme has the potential to deliver considerable financial and non-financial benefits to TDC notably, a positive return on the proposed PWLB borrowing as well as significant tourism economy and place-making benefits.

The operational revenue projections indicate significant revenue streams could be generated from the combined trading activities and a healthy operating EBITDA (£321k per annum on average over 10yrs as a baseline projection). Importantly, the combination of uses – both physically and operationally – seek to shift the Loggia’s offer from being a discrete set of individual businesses to one of a single destination business and brand.

In addition to the significant economic impact of the development (i.e. spending and employment), the proposed redevelopment of the Loggia will also deliver considerable non-financial benefits including, but not limited to: positive regeneration and placemaking effects (i.e. land value uplift, catalyst for wider development, place brand enhancement); community and social value (i.e. health and wellness benefits, access to public spaces, public safety and security); and local environmental improvements (e.g. improved promenade and building interface, building’s performance in supporting a more sustainable business).

Despite the healthy operating EBITDA, the appraisal confirms it is insufficient to deliver an attractive commercial return for the private sector based on the necessary capital investment required to redevelop the Loggia, as proposed. As such, the preferred funding model proposes to divorce the operating and development aspects of the scheme, and to fund it largely through public borrowing, utilising the favourable PWLB terms available to TDC. At this stage, the capital cost of redeveloping the Loggia has been estimated at between £4m and £5m (excluding VAT and inflation, loose FF&E, legal fees, road closures and other employer requirements).

While the figures theoretically stack up, this approach leaves little or no headroom for the development and operational risk borne by TDC. To address this, and to further mitigate TDC’s risk exposure and deliver greater returns, it is recommended that a wider portfolio of short-stay accommodation along Thanet’s coastline be developed. The financial appraisal suggests that a further 20 short-stay accommodation pods would be sufficient to deliver the necessary financial cross-subsidy and comfort.

To support TDC’s further design development of the Loggia and crucially, to inform and refine the capital cost estimate, a detailed condition survey of the building is recommended as an immediate next step. Assuming the cost estimate remains in line with the current estimate following the survey, we would then recommend procuring an operating partner through a two-stage marketing and selection process. In parallel to this, TDC should seek to progress its PWLB loan application, whilst remaining live to any new grant funding streams that are launched albeit, ensuring that this does not delay or hinder progress being made.

2 Introduction

Fourth Street was commissioned by Thanet District Council (TDC) in March 2021 to conduct a feasibility study for the Loggia building in Westbrook Bay, Margate. This report builds on our interim recommendation that proposed a mixed-use development including the following uses: *Food and Beverage, Short-stay accommodation, Hub for leisure activity, Retail in support of other uses and Community-focused programming and access.*

In this second and more detailed stage of the feasibility work, we have:

- explored and developed further an overarching Vision for the Loggia building;
- prepared outline architectural plans and sketch drawings detailing the spatial layout of uses;
- undertaken a financial appraisal covering a capital costs estimate, analysis of funding opportunities and operational revenue projections;
- reviewed potential operating and development models, including soft market testing; and
- contributed to, and analysed the results of, the council-led public engagement exercise.

This report should be read in conjunction with Purcell's RIBA Stage 2 Design Report and Betteridge & Milsom's Cost Plan Report.

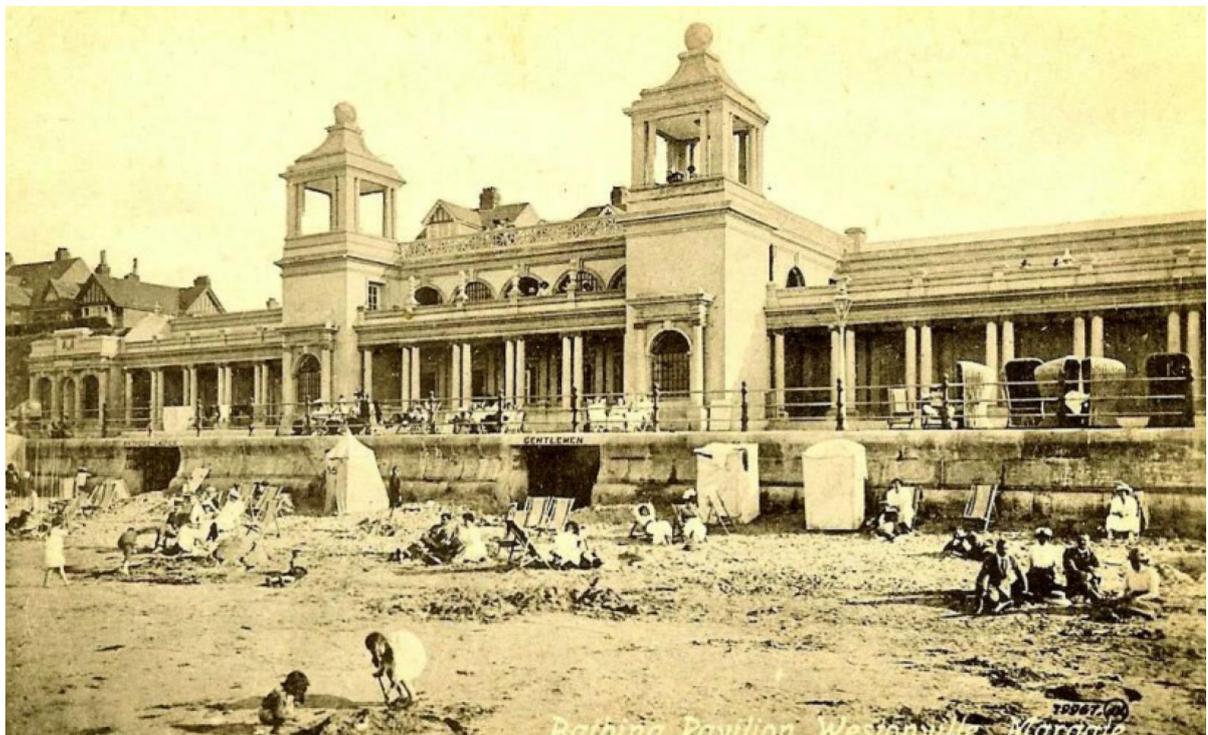
3 Towards a Vision

3.1 The Loggia's history and setting

Thought to have been built in 1910, the Loggia is an Edwardian structure which occupies a prime location in Westbrook Bay. Originally known as the Westonville Bathing Pavilion, the building which gradually became known as the 'Loggia'¹ was intended to facilitate people's enjoyment of the seaside. It contained changing facilities for bathers and granted direct access onto the beach, with separate Ladies' and Gentlemen's underground entrances at the foot of each tower.

Figure 1 shows the building in its original form – an imposing structure with an open frontage and two look-out towers.

Figure 1: The Loggia as a bathing pavilion



It is thought that the towers were removed during the 1930s, one of many architectural changes which this structure has undergone in its time. The most major architectural interventions appear to have been made in the 1950s, likely following the major flood event of 1953. The modern-day Loggia has been extended at first floor level and the colonnaded frontage has been lost. The original cast-iron railing has been retained on the central section, along with the arched windows at first floor level.

¹ Stemming from the Italian word for 'lodge', a *loggia* is an architectural feature in the form of an outdoor corridor or gallery with a fully covered roof and an outer wall, usually supported by a series of arches or columns. This wall is open to the elements, and encourages the interaction of inside and out, simultaneously allowing people to enjoy spectacular views whilst being sheltered from the elements.

In recent years, the condition of the Loggia building has deteriorated due to lack of investment and maintenance in combination with the harsh seafront environment. Figure 2 shows the Loggia in its present-day condition, with the arched windows and cast-iron railings still visible on the central section. The former underground access to the changing rooms have been lost, and we understand that the sands are now up to 4 feet higher than a century ago.

Figure 2: The Loggia as seen from Westbrook beach and promenade



The Loggia has been largely unoccupied for a number of years, with the ground floor café – run most recently as a seasonal offer only – closing permanently in 2019. The only remaining occupants from that time have been the Thanet Lifeguard Club, the Bay Inspector and Your Leisure.

Despite the deteriorating condition of the building, it continues to benefit from a prime position in a beautiful bay. As one of the only sandy beaches along the north-eastern Kent coast that remains during high tide, Westbrook Bay is popular with families and dog walkers. The beach has been awarded Blue Flag status for a number of years and is RNLI lifeguarded, typically from early July to early September.

As revealed through the Stage 1 analysis, the Loggia has some key qualities that will underpin its future development, namely:

- The Local Plan designates Westbrook Bay as an Intermediate Beach, meaning small-scale development is permitted
- The bay has a ‘hold the line’ coastal defence policy
- Development on the promenade is above flood risk, with a management policy in place to mitigate risk in extreme conditions
- There is good vehicular and public transport access
- Bathing water quality is ‘Excellent’²

² It should, however, be noted that there have been recent news reports of raw sewage being discharged by Southern Water, affecting a number of Thanet beaches and bays. It is understood that a ten-point Action Plan has been drawn up to combat poor water quality (<https://theisleofthanetnews.com/2021/08/04/thanet-bathing-water-action-plan-put-forward-in-bid-to-stop-waste-pollution-on-our-coast/>). Ongoing issues with sewage and pollution could pose a risk to the future Loggia and the businesses operating out of it.

- The bay currently benefits from a beach inspector and lifeguards in peak season
- There is good access to cycle and walking routes including the Viking Coastal Trail and Thanet Coastal Path – both of which run along the promenade directly in front of the Loggia – as well as good access to the nearby Margate town centre and railway station

Figure 3: Views across Westbrook Bay from the Loggia building



As a council asset, there have shifting approaches towards the Loggia over time; some recent approaches have been:

- In 2014, Thanet’s Beach Management Plan highlighted the need for a feasibility study to be conducted into the future of the Loggia as a centre for beach and visitor services. Tied in with this was a need to explore new management options for the building.
- In 2019, the Loggia was approved for disposal.
- In 2020, two key strategies have necessitated a re-evaluation of the Loggia’s future: the Destination Management Framework 2020 (DMF) and Economic Recovery Plan 2020.

The updated DMF calls for a (non-specific) site to be identified as a pilot which could: *“combine essential public services (toilets, changing, showers, water, lifeguard station) with destination food and drink experiences and activities”*. The DMF further encourages the creation of serviced accommodation including midrange hotels, lodge and camping pods and high-quality independent B&Bs.

Thanet’s economic recovery plan, compiled in response to the Covid-19 pandemic, calls for a review of existing council assets to identify opportunities to support and develop the local economy whilst also securing reliable, future income streams. The Loggia building at Westbrook Bay is one such asset.

3.2 Public Engagement

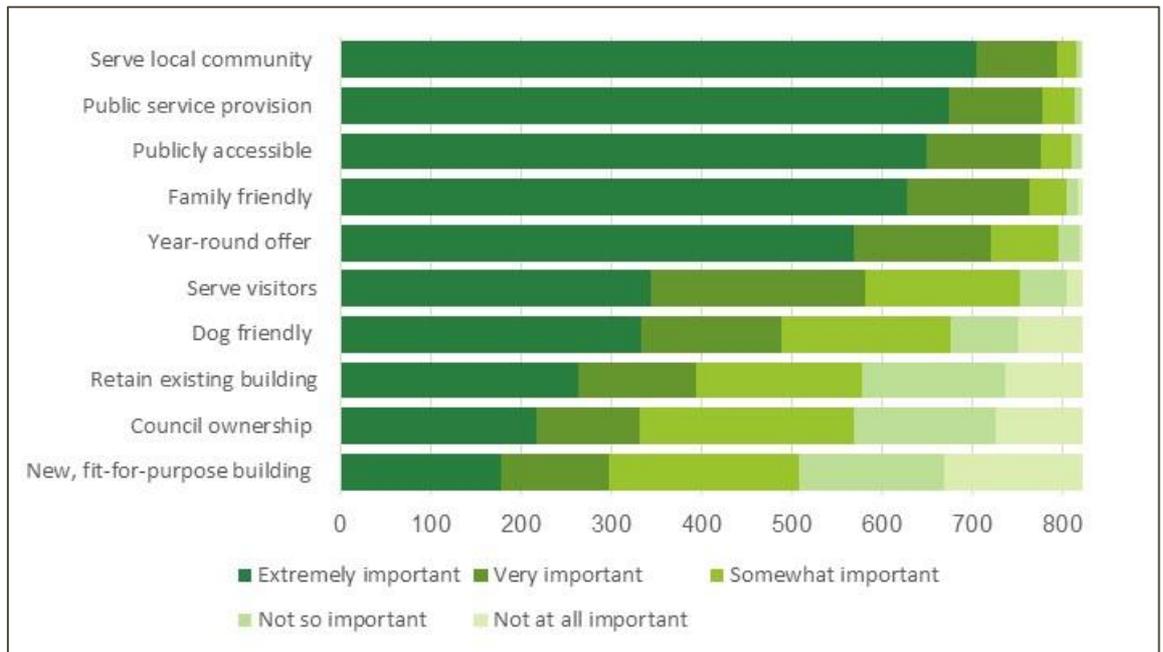
The Loggia has drawn considerable public interest and opinion in relation to its current state and future. A public engagement exercise was conducted in order to gather a broad range of ideas and suggestions on the potential development of the building and its location. This exercise was led by TDC and included an online survey hosted on the council website, with the option to collect hard-copy surveys from the Loggia building. A copy of the survey is included in Appendix 1. The engagement exercise ran over a three-week period and attracted an unprecedented 822 responses.

A full analysis of the survey results is included in Appendix 1.2. Overall, the survey responses evidence the public's interest in the building and their call for improvements to be made as swiftly as possible, with an emphasis on supporting the local community and enhancing the bay experience. Some key extracts from the results are summarised below.

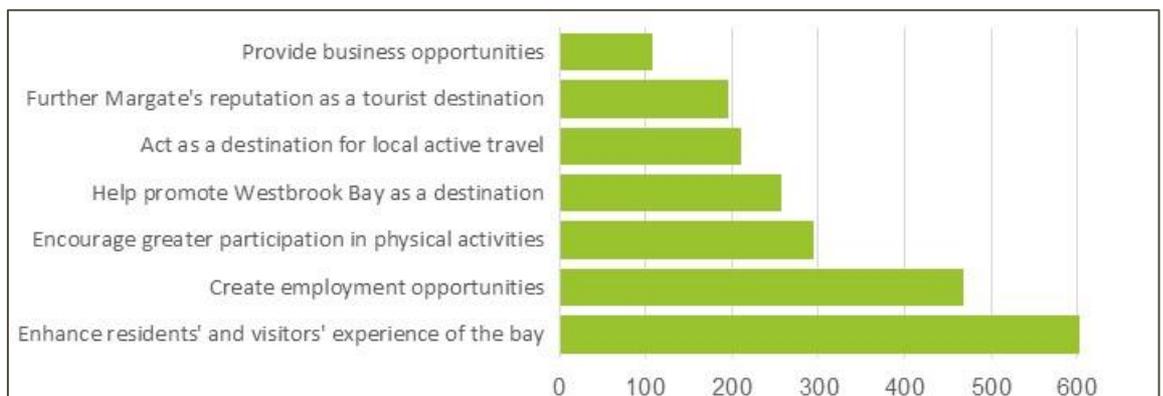
- The majority of respondents were local, with 81% stating they 'lived nearby'.
- Most respondents fell within the 45-64 age range, with those aged 35-44 years representing the next largest group in terms of responses (30%). These age groups represent 25% and 12% of the local population (within 1 mile radius) respectively.
- Main reasons for visiting Westbrook Bay included:
 - Dog walking
 - Beach days
 - Socialising
 - Walking, cycling or swimming
 - Visiting beach huts
- Over 500 out of 822 respondents claim to visit the bay more than 3 times a week during the summer. This drops to around 350 outside of the summer season.
- Respondents' ranking of the preferred uses at the Loggia are illustrated below:



- There is an almost unanimous demand for the future development to serve the local community, with just under 800 people rating this as either 'extremely important' or 'very important'. The demand for this and other priorities to be met by the Loggia are illustrated below:



- Overall, greater emphasis was placed on the Loggia's potential to serve the local community, with less emphasis on the potential visitor offer. This likely reflects the limited non-local respondents.
- A number of comments focused on the need to do something with the Loggia urgently in order to prevent it from falling into greater disrepair.
- In terms of future value and benefits arising from the development of the Loggia, the greatest emphasis was placed on enhancing the overall bay experience and helping create employment opportunities:



3.3 Aims and Objectives for the Loggia

Although the possible long-term financial opportunity presented by the Loggia is a critical driver for improvement, its regeneration also offers significant potential to deliver on a wider set of aims and objectives, that have been informed by the strategic and policy context, as well as the public engagement exercise.

These objectives include:

- Enhancing **quality of life and communities**, by providing community gathering space, an F&B offer, public toilets, and other services and amenities which enhance residents' experience of the bay and fits with its family-friendly reputation
- Encouraging **local active travel** by serving as a destination for walking and cycle routes such as the Thanet Coastal Path and Viking Coastal Trail
- Supporting **economic growth and development** by creating employment opportunities, incorporating community wealth building and delivering sustainable economic benefits for the local community to thrive
- Helping to stimulate Thanet's **visitor economy** by creating a year-round offer which promotes Westbrook bay as a destination and increases potential visitor spend, for example by enhancing the area's overnight-stay offer
- Contributing to **improved health and wellbeing**, through encouraging greater participation in physical activities and facilitating access to the natural environment, specifically Westbrook Bay
- Promoting sustainable and **clean growth**, by regenerating a character building, making optimum use of its footprint and position whilst targeting net zero technology and seeking to incorporate cleaner technologies where possible.
- Complementing Margate's **creative industries** by furthering its reputation as a cultural destination and providing business opportunities given its accessible location

3.4 Vision

The vision for the Loggia building at Westbrook Bay is a reimagination of the imposing Edwardian Bathing Pavilion, a contemporary expression of its original intent.

The future building will enable access to and enjoyment of the bay for people of every generation. It will capitalise on the spectacular natural offer of this bay, attracting residents and visitors alike. It will bring together not only heritage and modern features, but also the indoors and outdoors, the young and the old, locals and those from further afield. It will be a place of perfectly harmonised juxtapositions.

During summer months, it will open up to the beach with outdoor tables and events programming, true to the architectural intent of the loggia design. The glazed frontage will allow the outdoors to permeate the building, affording stunning views of the bay long into the warm summer evenings. The rooftop terrace will provide unrivalled views of the sunset, meaning the rooftop at Westbrook Bay will quickly

become known as *the* place in Margate for a sundowner. People will flock here not only from the immediate vicinity, but from miles around, just as in Westbrook's heyday.

In winter months, the Loggia will provide shelter and sustenance for all: families and young children; the elderly; those needing a break from the home office; and dog walkers escaping the elements to name but a few. The state-of-the-art, sustainable building of outstanding architectural merit will provide a cosy, warm and welcoming environment on even the windiest winter day, whilst still affording views across the uninterrupted vista. The café's latte art will benefit its surroundings – with the Turner Contemporary just visible in the distance this will become an Instagram hotspot.

The self-contained accommodation pods, or lodgings – synonymous with its *loggia* heritage – will be the perfect study of modern minimalism, allowing guests to focus their full attention on the irreplicable views of the bay. Having spent the day exploring Margate's art scene, they will be able to witness first-hand the inspirational skylines from the comfort of their own space. For dinner, they have a choice: cooking up their catch of the day alongside other local produce which they've picked up on their adventures; or sampling the world-class menu at the Loggia restaurant. This accommodation will help establish the Loggia as a destination in its own right, restoring Westbrook to its former glory and putting it firmly back on the tourism map. It is a space which people will hire out in its entirety for weddings and special occasions, small enough to feel intimate, but large enough to accommodate everyone special to them under one roof.

The Loggia restaurant and café, on the same site which served as a military canteen in World War One feeding 150 soldiers, will between them serve an even greater number of hungry guests who have worked up an appetite enjoying the wide array of beach activities on offer. The mixed food and beverage offers will cater for all, whether it's a quick grab-and-go sandwich from the servery, an affordable family meal in the ground floor café, or a three-course flavour sensation in the first floor restaurant, with unparalleled views at no extra cost.

This will be a place where chefs are made. As the reputation of the new Loggia in Westbrook Bay grows, so will the reputation of the people who made it happen. The entrepreneurship which already exists across Thanet will look to the Loggia as the embodiment of a shared dream; it will be a destination of international repute which saw a destitute building brought back to life. And not only a building, because this will become the beating heart of the community, enhancing the quality of life for local residents and revitalising the whole area. This will be a place which inspires.

At the spearhead of this redevelopment will be Thanet District Council, in partnership with a single operator responsible for the day-to-day running of the place. This has the potential to be a flagship project with an immense reputation benefit for the council who would be helping to regenerate a community asset which, without substantial intervention, will continue to deteriorate.

4 Design brief and spatial concepts

4.1 Further refinement of proposed uses

The baseline stage of work lighted on a set of preferred uses for the Loggia that are appropriate for the building, offer market opportunity and align with the wider strategic policy context for the area.

Further research and consultation has been undertaken to test and refine these uses, with the recommendation now being for a split food and beverage offer including café and restaurant, short-stay accommodation and a hub for outdoor leisure activities taking advantage of the setting, the beach and sea. These uses are in addition to the mandatory requirements specified by TDC for public toilets, a beach office and lifeguard office.

Together with Purcell architects, we have developed an area programme and conceptual scheme for the Loggia that includes these uses and seeks to make best use of the existing footprint and quantum, while addressing the operational requirements of the individual uses. The internal spatial allocation for these uses is summarised below by floor and by use.

Figure 4: Area programme by floor and use

<i>By floor</i>	<i>Area sq.m</i>	<i>By use</i>	<i>Area sq.m</i>
Ground Floor	502	Accommodation	454
First floor	583	Restaurant	390
Roof top	155	Café	204
	1,240	Public facilities/ops	192
			1,240

Consideration has been paid to the costs and benefits of a refurbishment versus new build approach to achieving the vision and concept. In the absence of detailed surveys, our current conclusion and recommendation, based largely on the environmental benefits of refurbishment and cost of demolition, is to adopt a hybrid approach. This assumes that the majority of the structure be retained, with the removal of later building additions (second floor wings) and internal partitioning / walls to create larger, more usable spaces within. This is discussed further, with detailed cost comparisons, in Section 5.1.

4.2 Key design considerations

The concept plans and sketch drawings are included separately in Purcell's RIBA Stage 2 design report. In considering the layout of uses across the existing building structure, the following key issues and design briefing should be noted.

4.2.1 Café considerations:

- The café being at ground floor level will focus its service and offer on visitors to the beach and those passing along the promenade.

- The inclusion of a serving hatch facing onto the promenade will increase operating capacity, speeding up the service for takeaways and offering greater flexibility in use, including the ability to open for extended hours more easily and with minimal staff.
- The provision of outdoor seating will help generate interest in the Loggia, opening it up to different users such as passing cyclists wanting to keep an eye on their bikes or parents watching their children on the beach. There is adequate space that this needn't obstruct the promenade.
- Furniture storage provision is included at ground floor level for the café's outdoor tables, chairs, parasols and other equipment.

4.2.2 Restaurant considerations:

- The restaurant's location on the first floor will help differentiate the offer, allowing for more controlled and private access than the café.
- There will be dual access to the restaurant: from the rooftop / road level; and from ground floor / promenade level.
- This elevated position will allow patrons to take advantage of panoramic views over the bay.

4.2.3 Accommodation considerations:

- The short-stay accommodation units being located at first floor level will provide private access and afford spectacular views out over the beach.
- Each block of ten accommodation units will be serviced from the end of the building via a dedicated laundry and store. Ideally, there would be a single laundry and we suggest this be explored further as the scheme develops through concept and detailed design, although at this stage a solution without significant compromise has not emerged.
- The majority of accommodation pods are assumed to accommodate two adults and two children comfortably, with two sleeping on a sofa bed(s) on the lower floor and two sleeping on the mezzanine. Layout examples are included for illustrative purposes in Purcell's design report.
- The larger end units would be accessible, as well as providing greater flexibility to accommodate larger groups.
- Units could be developed with connecting doors meaning families or larger groups could interconnect the rooms.
- A secure internal bike store is included for accommodation guests. This is proposed to be supplemented by external bike racks for day visitors.

4.2.4 Rooftop considerations:

- The rooftop includes a small covered space and open seating area proposed to operate on a seasonal basis, providing the restaurant with additional covers and taking advantage of the

commanding views over the bay. This flexible space could be used for leisure activities outside of peak restaurant hours.

4.2.5 Operational considerations:

- The restaurant and café will be serviced by two large shared kitchen and food prep areas. This assumes that the functions are operated as a single business. Their delineation will be further refined through the design development process.
- The operator's office will be located on the ground floor, with direct access onto the promenade to provide for guest check-in.
- The existing double stair access from road to promenade levels, located at either end of the building, is supplemented by a new lift and stair inserted into the historic towers on the north side of the building. These offer significantly improved vertical accessibility through the building and also aim to reinstate one of the most significant architectural features of the building.
- Provision is made for service access and internal bin storage.

4.2.6 Mandatory public requirements:

- The public toilets, showers and changing facilities are gathered together into a single location rather than split at either end as is the case in the current building layout.
- The beach office and lifeguard office functions are also located on the ground floor to provide direct access onto the promenade and beach. As the detailed design progresses, these functions could be separated if necessary. In a model involving an external operator, it is feasible these spaces could be excluded from the leased or concession demise with separate access, i.e. the council maintains full access and ownership.

4.2.7 Design and materials:

- The inclusion of glass windows and facades will afford greater views out from the building. Being north-facing there are minimal concerns regarding solar heat gain.
- A grass / sedum roof on each wing will enhance wildlife diversity by providing a natural habitat of specially selected plants which thrive in a coastal environment.
- The roofs covering the accommodation blocks together with other roof areas will provide for rainwater harvesting. Further environmental measures throughout the building should be explored through detailed design.
- Treated timber weatherboard, characteristic of Kentish coastal properties, is proposed as external cladding. Although durable, a maintenance regime would need to be implemented to ensure the timber retains its finish.

4.3 Planning considerations

4.3.1 Planning policy review

The Loggia building is not statutorily listed, nor does it sit within a conservation area. The nearest conservation area – Margate Seafront conservation area – falls to the East of the Loggia just beyond the former Royal Sea Bathing Hospital site. There are, however, some designations which need to be borne in mind. These are summarised below, and covered in more detail in Purcell’s design report:

Figure 5: Key planning considerations

Policy / designation	Key considerations	Potential implication(s) for the Loggia
Landscape Character Area – North Thanet Coast (immediately North of the Loggia)	<ul style="list-style-type: none"> ➤ Opportunities to conserve and enhance Thanet’s local distinctiveness should be identified and supported ➤ Development should seek to avoid skyline intrusion ➤ Traditional seafront architecture should be respected 	<ul style="list-style-type: none"> ➤ If possible, some of the original structure should be retained and improved ➤ Minimal height increase should be favoured (it should be noted that height increases proposed to towers reflect the original design)
Ramsar special protection area (Wetland of International Importance) – Thanet Coast and Sandwich Bay (#664)	<ul style="list-style-type: none"> ➤ Appropriate steps to be taken to avoid pollution or deterioration of habitats, or any disturbance affecting the birds 	<ul style="list-style-type: none"> ➤ Appropriate survey / assessment will likely be required to support planning submission
Special Area of Conservation – Thanet Coast	<ul style="list-style-type: none"> ➤ Where proposals have an adverse impact, planning will only be granted in exceptional circumstances e.g. no alternative, overriding public interest or fully compensable damage 	<ul style="list-style-type: none"> ➤ Appropriate survey / assessment will likely be required to support planning submission ➤ If found to have adverse impact (considered to be unlikely) then public interest argument could be made
SSSI – Thanet Coast	<ul style="list-style-type: none"> ➤ Permission will not be granted for development which would materially harm or detract from the scientific or nature conservation interest ➤ Developments should, where possible, include measures to enhance and improve connectivity to designated sites 	<ul style="list-style-type: none"> ➤ Appropriate survey / assessment will likely be required to support planning submission ➤ The Loggia’s potential to connect people with the coast, especially through promotion of active travel e.g. Viking Coastal Trail and Thanet Coastal Path should be emphasised
National Planning Policy Framework (NPPF)	<ul style="list-style-type: none"> ➤ A development’s effect on the significance of a non-designated heritage asset should be given due consideration, with special regard to any harm or loss caused 	<ul style="list-style-type: none"> ➤ Efforts should be made to retain and enhance the Loggia’s original features ➤ Interventions such as increasing the height of the towers could be seen to reinstate the asset’s heritage

4.3.2 Future planning consideration

We have tabled and discussed the emerging development proposals and concept plans with TDC's planning department to gain early informal reaction and feedback. Broadly speaking, the proposals were well received with some specific comments covering three principal areas, namely: *design, noise and disturbance*, and *transportation*. The comments are noted below and should be factored into the scheme's design as it progresses through the next phase of development planning.

- A full timeline of the different uses within the Loggia should be compiled, including details on any past licensing etc.
- Due consideration needs to be paid to the potential impact on residential amenity of neighbouring properties, for example noise disturbance and what will be done to mitigate this.
- Informal consultation could be conducted with Environmental Health prior to the finalisation of any plans to help with the above point.
- Additional design and survey work should be conducted to establish the location of extraction outlets and other services.
- The site falls outside of the landscape designated area so, whilst open aspect is part of the area's character, minor height increases should not be an issue.
- The provision of disabled access is something which could, in principle, be supported – it is noted that this would result in a height increase to the towers, but the fact there is a precedent for these, and the fact they are set back from the road, should help support this design detail.
- Whilst the planned height increase is not substantial, plans showing the elevation from street level would be usefully included with a planning submission.
- Retaining as much of the original central structure as possible would be beneficial; for reference, it is unlikely this building would be considered a non-designated heritage asset.
- In terms of material palette, it is noted that some compromise may be required on visual appearance in favour of practical materials (e.g. tarred weatherboard) given the site's seafront location and weather exposure.
- A lack of symmetry is not necessarily an issue, with precedence already set by the current structure.
- Efforts to reduce the dominance of the windows could be viewed favourably, for example recessing them and including an overhang.
- Additional surveys should be conducted in relation to, for example:
 - Floor risks (EEA);
 - Transport assessments/statement; and
 - Environmental health e.g. noise impact assessment.

- Consultation with Highways (consents and development management teams) should be carried out early, specifically in relation to any further excavation associated with rainwater harvesting or a back-of-house goods lift.
- It is strongly recommended that the formal pre-application process is followed.

5 Financial Appraisal

5.1 Capital cost estimate

A capital cost estimate has been prepared by Betteridge Milsom for redeveloping the Loggia in line with the design brief and concept described in Section 4 above. A summary is included in Figure 6 and a detailed breakdown in Appendix 3.

This estimate excludes VAT, inflation, loose FF&E (assumed to be a tenant/operator responsibility and therefore within the revenue projections), legal fees, road/lane closures relating to the works and other employer requirements.

The project costs do include provisions for contingency at both elemental and top-line levels within the cost plan. While the top-line allocations may appear relatively low for this stage of development planning (i.e. 5% on design and construction), one should also factor in the potential for savings that might arise in relation to quality specification, value engineering and procurement tactics.

The cost estimate compares two approaches to construction: the first seeking to re-use and repurpose as much of the existing building structure and materials as possible; and the second being a demolition and re-build. For both options, it is assumed that the existing retaining wall at the rear of the building (abutting the cliff) and the two external staircases that link the road and promenade levels are retained.

At this stage, the cost estimates should be treated with a high degree of caution given there have been no recent building surveys undertaken. Importantly however, the estimates do provide a confident comparison between the re-use and re-build options, suggesting a clear preference for the former (i.e. option 1). Furthermore, the financial benefit of re-use is complemented by the environmental benefits arising from the reduction in newly sourced building materials and the avoidance of demolition disposal. That said, without building surveys it is not possible to compare the environmental building performance between options nor the potential longer-term liabilities one would be inheriting from any existing building defects or liabilities.

Bearing the above factors in mind, and factoring in the additional resource requirements that will be placed on TDC (estimated to be around £200k to cover programme management, procurement, legal, and finance resource), we would recommend that for this feasibility stage of project planning, a sensible capital cost range of between £4m to £5m be considered for delivering Option 1. It is worth noting that a substantial proportion of this cost is required to address the backlog repairs and maintenance arising from the long-term under-investment in the building.

In the short-term, as a priority next step, it is recommended that SBC procure a specialist building survey to provide an assessment of the building's structural integrity and condition of those elements that are proposed to be retained.

Figure 6: Summary Capital Cost Estimate

<i>Item</i>	<i>Option 1</i>	<i>Option 2</i>
Construction works		
General building works	1,444,000	1,828,000
Accommodation pods	856,000	856,000
Facilitating works	173,000	196,000
External works	185,000	185,000
Main contractor preliminaries estimate	319,000	368,000
Main contractor's overheads and profit	238,000	275,000
Construction works estimate (total)	3,215,000	3,708,000
Inflation		
Tender inflation	-	-
Construction inflation	-	-
Risk allowances		
Design development risk estimate	161,000	185,000
Construction risk estimate	161,000	185,000
Dayworks	-	-
Main contractor fees / surveys		
Pre construction fees		
Professional design fees		
Surveys / reports		
Contract cost estimate (total)	3,537,000	4,078,000
Project / design team fees		
Client direct consultant fees	460,000	530,000
Other fees / surveys	71,000	82,000
Other development / project costs		
Client direct costs	-	-
Loose fittings and equipment	-	-
Employers risk allowance		
Project cost estimate (excl VAT)	4,068,000	4,690,000

5.2 Revenue projections

We have approached the operational revenue projections from two perspectives. First, an estimate of the potential future rental income for the Loggia, based on the type and nature of space being created together with an understanding of the local commercial rental market. And second, a ground-up estimate from an operational perspective of the potential income and profitability of the proposed trading activities. This latter projection assumes that the Loggia is either let on a concession or lease to an experienced third-party operator, with a concession fee or rental income being returned to the Council as the freeholder.

5.2.1 Rental assumptions

The Loggia is a sizeable building that covers a significant footprint in a relatively isolated location on Westbrook Bay's promenade. Its unique location, combined with the mix of facilities being proposed, means there are no direct rental value comparisons in Margate. Furthermore, while a plethora of individual restaurant and café rents can be cited, short-stay accommodation pods are far more unusual and not typically offered on equivalent rental terms.

Research indicates that for Class E property locally, higher-end rents for the most desirable units rarely achieve in excess of £20/sqft. Assuming an average rent of between £10/sqft to £15/sqft across the entire Loggia (reflecting the fact that some spaces within the building are significantly less appealing than those with direct promenade frontage and views out over the beach), the total annual rent would land between £133k and £200k (before any rent free periods or other inducements).

As a sense check, each delineated space within the refurbished Loggia has been assigned a rental level (from zero to £5, £10 and £15 per sqft) based on its proposed functionality and situation (see Appendix 3 for detail). This exercise indicates a total rent of £143k i.e. falling within the estimated £133k to £200k range.

At this level of rent, the scale of investment required to redevelop the Loggia could not be justified on a commercial development basis. Rather, for this level of rent, one would be seeking to invest around a quarter of the amount required.

5.2.2 Operational revenue assumptions

Based on the proposed trading activities of the redeveloped Loggia, we have estimated the potential income and profitability, building assumptions from the ground-up. As noted above, this projection assumes the Loggia is operated by an experienced third party either on a concession or lease agreement, with the Council remaining the freeholder.

A 10-year income and expenditure account is presented in Figure 7 below, which represents a baseline forecast for all activities. Year three is assumed to represent a mature state (i.e. £1,994k income, generating a £371k or 18.6% EBITDA). This 'mature state' reflects the operational performance once the initial hype surrounding the redevelopment and re-launch of the Loggia has subsided, and the individual businesses have established themselves in their respective marketplaces. The detailed assumptions lying behind this summary are included at Appendix 3. From these, it is worth noting the following:

- The short-stay accommodation is the most profitable trading activity, producing 53% (or £195k) of EBITDA from 33% of the total income generated and from only 37% of the building's internal area. The accommodation is assumed to operate at 70% average occupancy with daily pricing ranging from £86/unit to £171/unit in low to high periods respectively. The ramp in the accommodation's performance is assumed to be swift given the unique offer within the market-place.

- Conversely, the other trading activities (i.e. restaurant, café and health/wellbeing activities) are assumed to take longer to establish themselves in the market-place and develop their operational efficiencies.
- Once established in the mature state, the restaurant is assumed to generate 28% (or £103k) of EBITDA from 42% of the total income. At this stage we have assumed limited income from private hires. In reality, the potential for hiring the first floor restaurant together with the accommodation pods for a private event (e.g. wedding) is considered significant and would represent further upside on these projections.
- The café is assumed to generate 15% (or £57k) of EBITDA from 19% of the total income. 25% of the café's income is assumed to be derived from the servery, selling light snacks, drinks and ice-creams which will largely be centred around the summer months and fair-weather days.
- The health and wellbeing activities covering group sessions (e.g. Yoga, Pilates), equipment hire (e.g. paddleboards, kayaks) and lessons (e.g. paddleboard instruction) are assumed to generate a relatively small profit (£16k) for the overall business, with their purpose being more about generating footfall and stimulating secondary spends in the café, and reinforcing Westbrook Bay as an active and attractive destination.
- The beach office and lifeguard office are assumed to be outside the curtilage of this business, with rents being collected directly by TDC.
- Overall, the total business is anticipated to create around 25 to 30 direct Full Time Equivalent employees. There will of course be significant further employment stimulated through other indirect and induced economic effects.

There will of course be annual fluctuations in trading performance based on a combination of factors within the control of the business, as well as external factors such as varying market competition, other economic factors, weather conditions, and so on. The 10-year projection takes account of these, hence the fluctuating EBITDA from year-to-year.

Another important factor within the projections is the assumed efficiencies and economies of scale drawn from there being a single organisation overseeing and directing the entire building and its trading activities. This will be particularly important for the central management, marketing and administrative costs, and in the business's operational programming.

While the annual trading performance of the businesses within the Loggia are projected to be significant, they still fall well short of supporting a commercial investment in the building's redevelopment.

Figure 7: Income & Expenditure

	YR-1	YR-2	YR-3	YR-4	YR-5	YR-6	YR-7	YR-8	YR-9	YR-10
Income										
Accommodation	£652k	£717k	£652k	£652k	£586k	£652k	£717k	£652k	£652k	£586k
Restaurant & Rooftop	£667k	£751k	£834k	£834k	£751k	£834k	£834k	£751k	£834k	£834k
Café	£302k	£339k	£377k	£377k	£339k	£377k	£377k	£339k	£377k	£377k
Health & wellbeing activities	£105k	£118k	£131k	£131k	£118k	£131k	£131k	£118k	£131k	£131k
	£1,726k	£1,925k	£1,994k	£1,994k	£1,795k	£1,994k	£2,060k	£1,860k	£1,994k	£1,929k
Direct Expenditure										
Cost of sales	(£359k)	(£404k)	(£449k)	(£449k)	(£404k)	(£449k)	(£449k)	(£404k)	(£449k)	(£449k)
Management	(£126k)									
Staff	(£552k)	(£607k)	(£552k)	(£552k)	(£497k)	(£552k)	(£607k)	(£552k)	(£552k)	(£552k)
Overheads	(£408k)									
Other	(£88k)									
	(£1,533k)	(£1,633k)	(£1,623k)	(£1,623k)	(£1,523k)	(£1,623k)	(£1,678k)	(£1,578k)	(£1,623k)	(£1,623k)
EBITDA	£193k	£292k	£371k	£371k	£272k	£371k	£381k	£282k	£371k	£306k

5.2.3 Sensitivity Analysis

The baseline projections presented in Section 5.2.2 assume a reasonable and ‘baseline’ trading performance. This is prudent and appropriate for this early stage of feasibility planning. However, the unique combination of proposed uses within the Loggia, combined with its exceptional setting and, the growing appeal and trend for experience-based domestic tourism, offers potential to out-perform the baseline projections. A sensitivity analysis has been undertaken to consider this upside.

Largely as a result of operating economies of scale, the EBITDA arising from increasing additional revenue is not linear. Broadly speaking, the higher the level of income, the higher the proportion of additional EBITDA. Considering each revenue stream individually and their market contexts, it is not unreasonable to assume an upper limit increase in income of 15% from the baseline projection. The sensitivity analysis, summarised below, estimates the EBITDA for 5% increments up to this level. At the upper limit, a 15% increase in income is estimated to deliver a 20% increase in EBITDA i.e. rising from the baseline projection of £371k (18.6% EBITDA) to £446k (19.5% EBITDA).

For this early stage of planning and based on the assumptions made, one should be confident that annual EBITDA should be capable of exceeding £350k for a ‘mature state’ and £300k on average over the first 10years, while noting the potential upside illustrated in the sensitivity analysis.

Figure 8: Sensitivity Analysis

	Baseline			
% Increase in Income	-	5%	10%	15%
% increase in EBITDA	-	5%	12%	20%
Total EBITDA £	£371k	£391k	£416k	£446k
Total EBITDA %	18.6%	18.7%	19.0%	19.5%

5.3 Capital funding models

The revenue projections confirm that there is very limited potential for commercial investment to achieve the scale of scheme and ambition being proposed. A leaseholder/concessionaire will of course invest in elements of the fit-out, depending on the nature of terms agreed, and should be involved as early as possible in helping to shape the detailed proposals.

We have undertaken a review of potential capital grant opportunities. Of the current programmes running from Government's Shared Prosperity Fund, the Levelling Up Fund would have presented the most likely opportunity however, TDC chose to prioritise projects within Ramsgate for the first round application in June 2021. Similarly, Margate's Town Deal, which was awarded up to £22.2m, chose not to shortlist the Loggia as part of its package of projects. And, not being a Listed building, the Loggia would not be a priority under the National Lottery's Heritage Fund. No doubt, there will be smaller grant opportunities that can contribute to the scheme by plugging small gaps in the capital programme or add additional value on top of the core scheme; however, there does not appear to be a single grant programme at this time that would offer the principal or catalyst funding solution.

Although modest, we have been made aware of TDC's Business Rates Growth Earmark Reserve, which could offer the Loggia a source of capital funding in the region of £500k (we understand that this reserve typically increases by approximately £200k per annum, although this is not guaranteed).

As the Loggia's proposals present significant economic, social and environmental benefits for the area – notably, in its regenerative capacity and contributing to Margate's quality and perceptions of place – the project should remain live to any new relevant programmes that are announced in the short to medium term and be ready to pivot towards them.

With the scheme's economic and regeneration outcomes evident, and there being a significant revenue stream generated through the trading activities, TDC's borrowing through the Public Works Loan Board (PWLB) would offer a good fit. Discussion with Thanet's finance officers has suggested such borrowing could be set over a 40-year term with a current rate of 2.19% (EIP loan) or 2.05% (Maturity loan). If one were to fund the entire scheme in this way, the annual finance cost (covering interest and capital repayment) would amount to £150k to £200k pa, broadly equivalent to the estimated rental income that the building might achieve (although TDC would be seeking more advantageous returns than a simple rental model given its investment and risk taken in the scheme).

While the figures could theoretically stack up, the approach leaves little or no headroom for development and operational risk. To address this, and to further mitigate Thanet's risk exposure, the option for developing a wider portfolio of short-stay accommodation along Thanet's coastline has been discussed and should be considered further. The preliminary financial appraisal of the Loggia's short-stay accommodation component indicates the potential for generating a surplus from a wider accommodation portfolio (based on a similar PWLB funding model) and would increase the financial headroom, thereby reducing the overall risk to TDC. A high-level appraisal suggests that developing an additional 18 short-stay accommodation units would mean the Council's total revenue (i.e. rent from the Loggia plus accommodation off-site accommodation revenue contribution) would be double the annual finance costs,

thus providing sufficient headroom to mitigate TDC's risk. It is important to note, however, our earlier recommendation that a minimum stand-alone complement of 20 accommodation units should be considered to achieve sufficient operational efficiency.

Finally, it is worth noting the potential revenue savings and long-term maintenance liability for TDC that will be removed as a result of redeveloping the Loggia. These savings, together with additional revenue streams related to the local outcomes that will accrue (e.g. employment, regeneration and placemaking effects, social value etc.), could be used in support of the business case for PWLB borrowing, by reinforcing and strengthening TDC's position as guarantor.

6 Operating Model & Selection Process

The financial appraisal has confirmed that, on an operational basis, the proposed mix of uses could throw off a number of significant revenue streams and a healthy operating EBITDA. However, their values are insufficient to deliver an attractive commercial return for the private sector based on the necessary capital investment required to redevelop the Loggia. As noted in Section 5, the preferred funding model proposes to divorce the operating and development aspects of the scheme, and to fund it largely through public borrowing, utilising the favourable PWLB terms available to the council.

6.1 Soft market testing

To inform the operational recommendations, we have researched the local market and undertaken soft market testing both locally and further afield (see Appendix 2). This has been supplemented by the public engagement exercise, through which a number of expressions of interest were received in relation to the Loggia's future operation. From all of this, and our experience generally, it is clear that there is no single operator, either locally or nationally, with a directly comparable offer to what is being proposed at the Loggia in terms of scale and mix of uses. There is likely to be a plethora of operators locally and nationally who would express an interest in the restaurant and café elements of the business. It is important to note, however, that the relevant local businesses are typically operating at a smaller scale than the Loggia proposals as well as the national operators identified through the research. For the accommodation business, the market is less mature, albeit evolving swiftly at the current time, and comprises operators of varying scale, quality and market niche.

6.2 Single operator is preferred

As we have noted within the financial projections, there is considerable benefit and operational financial upside from managing the Loggia building, and its proposed complementary businesses, as a single entity. Through the combination of uses – both physically and operationally – one will be seeking to shift the Loggia's offer from being a discrete set of individual businesses to one of a single destination business and brand. We would therefore recommend that the council focus on identifying a single operator for the entire building first and foremost, rather than pursuing a fragmented and multi-tenancy approach. Critical to the operator selection process will be the combination of relevant operating experience, financial strength and backing, and their own vision and proposals for the Loggia. The one exception to this recommendation, we would suggest, is if the council themselves were to develop their own arms-length organisation set up specifically to develop and manage the accommodation offer as part of a wider portfolio, much like Bournemouth, Christchurch and Poole Council. In this scenario, one would be looking for a single F&B operator to take responsibility for the café and restaurant offers and dovetail, as seamlessly as possible, with the accommodation business.

At this stage, we would advise the council to consider a turnover top-up rent or concession fee (i.e. a below market fixed rent, plus a top-up rent / concession fee based on a turnover calculation) rather than

a fixed market value rent / concession fee. This would serve to incentivise both parties to maximise the financial performance and wider benefits accruing from the Loggia redevelopment.

6.3 Selection process

Given the unique nature of the proposals and the mix of uses, we would recommend the council title their search for an operating 'partner' and adopt a two-stage marketing and selection process. The first stage would seek 'expressions of interest' in response to a high-level teaser document setting out the council's vision of the Loggia and in broad terms, what the TDC is seeking from an operating partner. We would suggest setting the qualification criteria intentionally low at this expression of interest stage, to encourage as many bidders to submit as possible. The expressions of interest would then be reduced based on a pre-determined assessment criteria.

With a short-list of bidders in hand, the second stage selection process would then seek to identify a preferred bidder through a form of competitive dialogue, whereby the specific proposals and agreement terms would be reviewed and negotiated in a collaborative manner.

We would expect the entire selection process to be completed within a 3-month timeframe. The selection process would also reveal the scope and scale of investment operators might bring forward, but this would not be a mandatory requirement for short-listing and selection.

Importantly, we would suggest that the operator be sought early in the development process to ensure they have sufficient and material input into the design process, such that the final proposals align strongly with their own vision and ambitions for the building.

Appendices

1 Public Engagement Survey

1.1 Copy of Survey

12/10/2021, 17:52 Westbrook Loggia - Thanet

(<https://www.thanet.gov.uk>)

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Westbrook Loggia

Public engagement on the future use of the Westbrook Loggia

Westbrook Loggia Survey

Thanet District Council has commissioned a feasibility study on the redevelopment of Westbrook Loggia at Westbrook Bay. As part of this, we would like to understand your views about the future of the building.

Please complete our short online survey and tell us what you would like to see and use at this site.

What is your connection to Westbrook Bay *

- I live nearby
- I work nearby
- I own a business nearby
- A relative or friend lives nearby
-

What is the main reason for your visit to Westbrook Bay today? *

- Dog walk
- Beach day with family
- Water sports
- Socialising with friends and family
-



<https://www.thanet.gov.uk/info-pages/westbrook-loggia/> 1/4

12/10/2021, 17:52 Westbrook Loggia - Thanet

How frequently do you come to Westbrook Bay in the summer? *

More than 3 times a week
 Once a week
 Once a month
 Once a year
 Less than once a year

How frequently do you come to Westbrook Bay outside the main summer season? *

More than 3 times a week
 Once a week
 Once a month
 Once a year
 Less than once a year

How appropriate do you think each of the uses below would be for the Loggia? *

Please score from 1-8 in order, where 1 is the most appropriate and 8 is the least appropriate

	1	2	3	4	5	6	7	8
Beachfront café	<input type="radio"/>							
Takeaway food kiosk	<input type="radio"/>							
Restaurant	<input type="radio"/>							
Holiday accommodation	<input type="radio"/>							
Beach and watersports centre (e.g. equipment hire and teaching)	<input type="radio"/>							
Beach and watersports retail	<input type="radio"/>							
Wellbeing hub (e.g. activities programme including yoga, pilates, etc)	<input type="radio"/>							

How important are the following to you when thinking about the future of the Loggia? *

	Extremely important	Very important	Somewhat important	Not so important	Not at all important
The Loggia should serve the local community	<input type="radio"/>				
The Loggia should serve visitors to Margate	<input type="radio"/>				
Integrated provision of public services (toilets, showers etc)	<input type="radio"/>				

<https://www.thanet.gov.uk/info-pages/westbrook-loggia/> 2/4



12/10/2021, 17:52	Westbrook Loggia - Thanet				
Having a year-round offer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Maintaining council ownership (rather than private ownership)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retaining the existing building	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Having a new fit-for-purpose building to replace the Loggia	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It should be family friendly	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It should be dog friendly	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The building should be publicly accessible	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Do you have any other suggestions for future uses of the building?

Looking ahead, where do you think the value can be gained by the future use of the Loggia? *

Please choose up to 3 responses

- Create employment opportunities
- Encourage greater participation in physical activities
- Enhance residents' and visitors' experience of the bay
- Act as a destination for local active travel e.g. Viking Coastal Trail and Thanet Coast Path etc.
- Help promote Westbrook Bay as a destination
- Further Margate's reputation as a tourist destination
- Provide business oppourtunities
- Other

Do you have any other comments about the future use of the Loggia?

The data you provide is gathered on behalf of Thanet District Council (TDC) to help inform any decision about the future of Westbrook Loggia. This data will be used by TDC and Fourth Street Place Consultants only and will not be shared with third parties The data will be stored and retained in accordance with the council's Privacy Notices which can be found on the council website www.thanet.gov.uk/privacy, or provided in other formats such as print upon request. You may request that your data is removed at any time or notify us of changes/corrections to this data.

Please tick to confirm that you have read and understood the above statement *

I have read and understood the above statement



<https://www.thanet.gov.uk/info-pages/westbrook-loggia/> 3/4

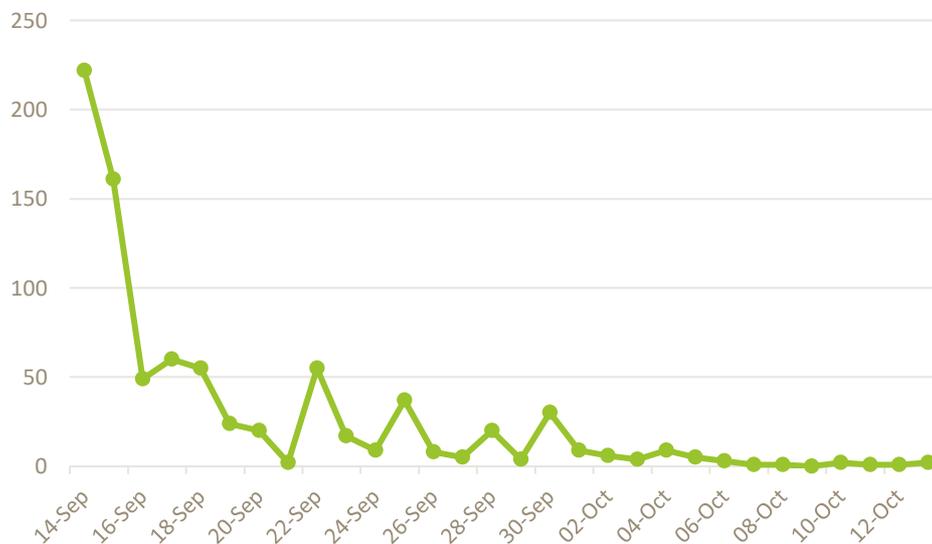
1.2 Public Engagement results

1.2.1 Overview

In total, 822 responses were received. The sheer volume of responses received is striking, and shows that there is a great deal of public interest in the future of the Loggia.

The overwhelming majority of responses were received within the first week, with over 200 responses submitted on the first day alone. Figure 9 shows the number of responses over time.

Figure 9: Number of responses by date



It should be noted that the official deadline for responses was midnight on Tuesday 5th October 2021, but – as shown in Figure 9 – a small number of responses were received after this date, including hard copies which were added to the system on later dates. All responses up until 13th October 2021 have been included in our analysis.

1.2.2 Analysis of respondents

In order to fully understand the implications of the responses received, it is crucial to understand who participated in the public engagement exercise. As such, we have analysed the respondents based on the data provided including age, geographical provenance (postcodes), connection to Westbrook and their main reason for visiting Westbrook.

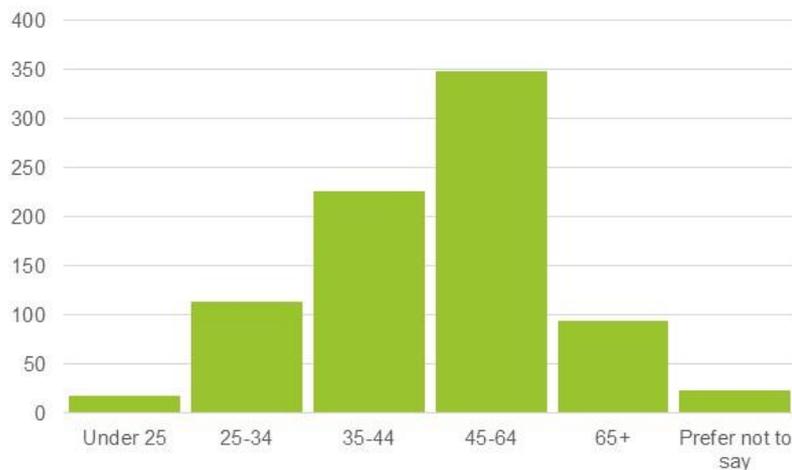
Age distribution

The majority of respondents fell within the 45-64 age range, with those aged 45+ representing over half of the total respondents (Figure 10). The next largest group was those aged 35-44 years.

It is worth noting that the 45-64 year segment accounts for over 25% of the total population within 1 mile of Margate; by contrast, the 35-44 year segment accounts for ~12% of the local (within 1 mile) population. As such, the number of responses received from 35-44 year olds is disproportionate to local demographics, accounting for nearly 30% of responses despite constituting only 12% of the local population. This, in combination with the 131 responses from those under the age of 35, is promising as it demonstrates interest in the Loggia’s future amongst the younger segments of the population who could help sustain the Loggia in the long term.

Based on the age distribution of respondents and the substantial interest across all ages, it is clear that a successful offer at the Loggia would cater for all age groups.

Figure 10: Age of respondents



Geographical distribution

Based on their stated postcodes, the majority of respondents were local to Margate (Figure 4). Nearly 540 respondents, or 66%, stated they have a CT9 postcode, which corresponds to the area shown in Figure 4.

A further 204 came from other CT postcodes, including: 87 from CT8 (Westgate-on-Sea); 29 from CT11 (Ramsgate); 22 from CT10 (Broadstairs); and 27 from CT7 (Birchington, Woodchurch, St Nicholas at Wade and Sarre).

Only 32 respondents came from outside of the CT postcode area, with the majority coming from elsewhere in Kent (including Snodland, Northfleet, Gillingham) as well as some from Greater London.

Figure 11: Respondents' postcodes

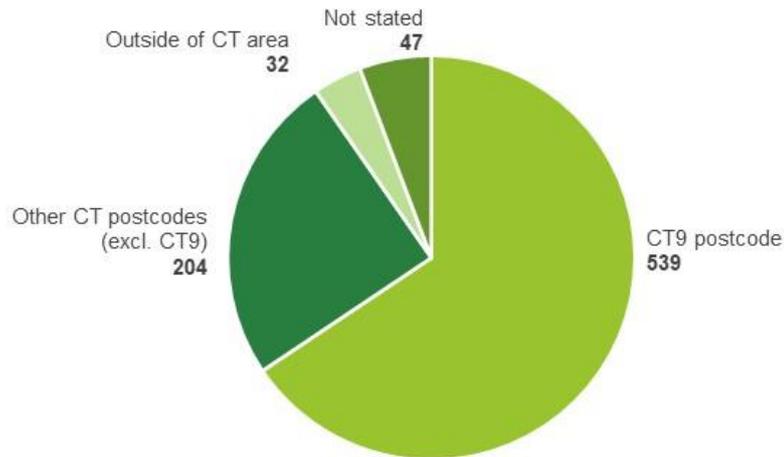


Figure 12: CT9 postcode area



Connection to Westbrook

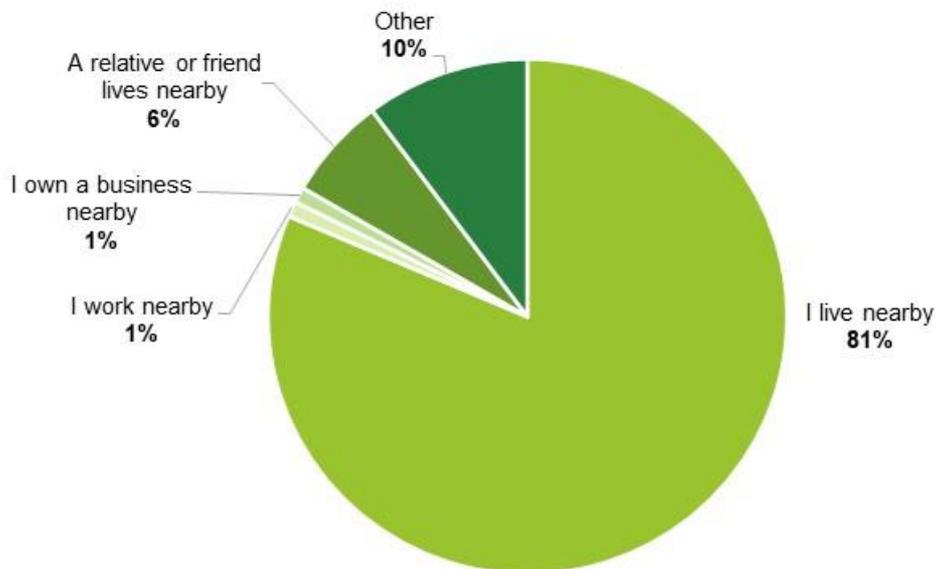
The geographical distribution of respondents corresponds with answers to the question ‘What is your connection to Westbrook Bay?’: a clear majority of people (81%) answered that they live nearby (Figure 13). Those with friends or relatives nearby accounted for 6% of the respondents, and only a small number stated that they owned a business or worked nearby.

³ <https://www.getthedata.com/postcode/CT9/where-is-CT9>

Just over one tenth of respondents had ‘other’ connections to Westbrook. These broadly fell into the following categories:

- Beach hut owner or user (over 40 responses mention beach huts)
- Regular visitors
- Used to live nearby or planning to move nearby
- Involved with lifeguards and/or beach inspector
- Live in the local area (but did not class this as ‘nearby’)

Figure 13: Respondents' connection to Westbrook



The fact that the majority of respondents are local has implications in terms of the types of use and priorities considered to be important. This is explored in more detail in the main analysis of the survey results.

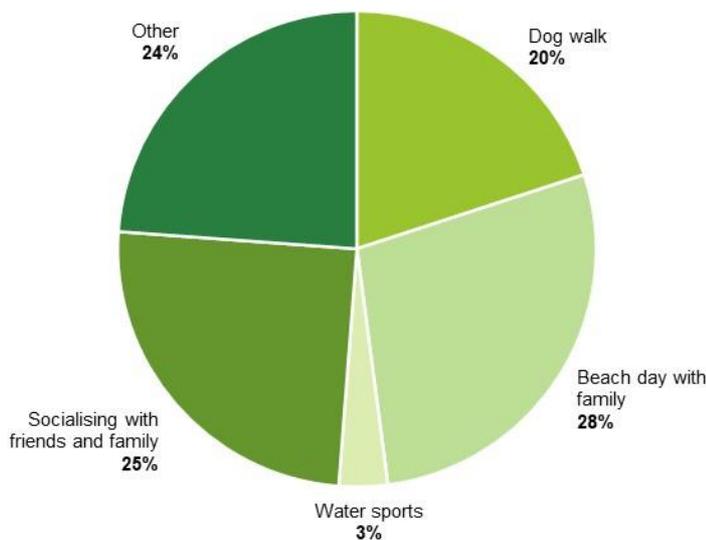
The clear bias towards the resident / local population in terms of participants means responses are especially valuable in terms of their implications for a year-round offer. Local populations’ buy in will be needed in order to achieve a successful year-round, as opposed to seasonal, offer. The number of responses received and the amount of interest taken in the site suggests the Loggia could potentially capture a large audience, provided the offer is right. That said, TDC may want to consider carrying out further engagement specifically targeting the visitor market in the future, particularly in relation to the proposed accommodation offer.

Reasons for visiting Westbrook

Respondents were asked to specify their main reason for visiting Westbrook bay. Their responses are demonstrated in Figure 14. There is a very even distribution between four key reasons: dog walking; socialising with friends and family; beach day with family; and 'other'. The 'other' category comprises a variety of reasons, which can be broadly categorised as:

- Walking (without a dog) – circa. 90 responses
- Cycling or swimming – circa. 30 responses
- Beach huts – circa. 25 responses
- Passing through or commuting – <5 responses

Figure 14: Main reason for visit

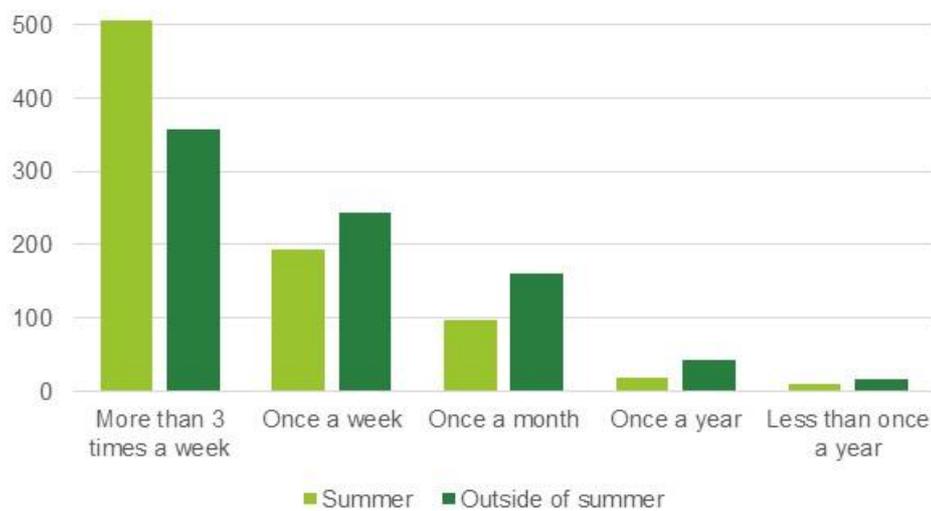


This supports our recommendation that the Loggia should cater for a variety of users, with particular regard to the family market and dog walkers. One assumption is that these users are more likely to frequent a lower price-point, more informal offer – a servery direct onto the beach is likely to appeal to dog walkers and families in particular. The respondents’ stated preference for different uses is explored further in Figure 16.

It is significant that only 3% of respondents stated they were at Westbrook for water sports – this could be explained by the fact that there is no formal water sports facilities currently on offer at Westbrook. There is, however, a substantial amount of non-organised activity and active transport taking place at and around Westbrook bay, as demonstrated by the number of walkers, cyclists and swimmers. This supports a need for bike rack provision and complementary facilities such as the changing rooms.

Equally as significant is the regularity with which respondents visit Westbrook Bay (Figure 15). Over 500 respondents visit the bay more than 3 times a week during the summer, and this only drops slightly to circa 350 outside of the summer season. Substantial numbers of respondents visit once a week or once a month, and the numbers for both these categories increase outside of summer season (likely due to the most regular summer visitors cutting down their number of visits from 3 per week to once a week / once a month during the colder months). A handful of respondents stated they visit once per year or less than once per year; this reflects the small number of non-local participants.

Figure 15: Frequency of visit



1.2.3 The future of the Loggia

Perceived appropriateness of uses

In order to understand what uses the public consider appropriate for the Loggia, they were asked to score a list of uses from 1 to 8 where 1 is the most appropriate and 8 is the least appropriate. The results of this survey question are shown in Figure 16.

A large number (65%) of respondents considered a beachfront café to be the most appropriate use for the Loggia. It is, however, worth noting the not-insignificant one-fifth of respondents who considered this to be the least appropriate use. The uses of takeaway food kiosk and restaurant were similarly divisive, with over 40% rating these uses as ‘most appropriate’ but 15-20% considering them to be ‘least appropriate’. There was also some call for a wellbeing hub, beach and watersports club and beach and watersports retail (34%, 36% and 23% respectively). Again, some respondents considered these uses to be inappropriate.

Figure 16: Relative appropriateness of uses

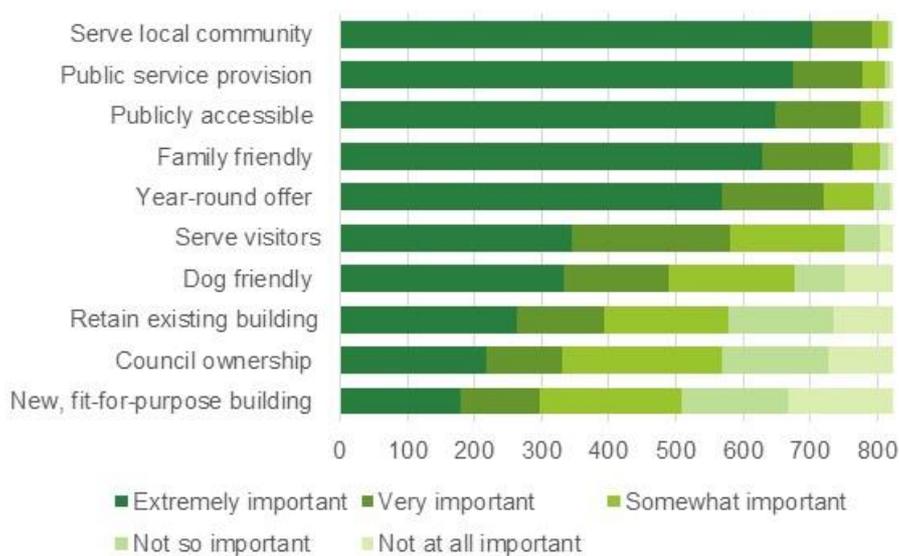


This clearly demonstrates that a beach café is overall deemed to be the most appropriate use; this is unsurprising given the feedback received during key stakeholder consultation in Stage 1 as well as the stated reasons for visiting the beach, many of which would be complementary to a café offer.

Priorities

In order to ascertain the public’s views on which priorities the future development of the Loggia should address, we asked: ‘How important are the following to you when thinking about the future of the Loggia?’ The priority areas proposed and survey responses are shown in Figure 17.

Figure 17: Priorities for future development of the Loggia site



There is an almost unanimous demand for the future development to serve the local community, with just under 800 people rating this as either ‘extremely important’ or ‘very important’. Similarly, there is an ostensible demand for the building to be publicly accessible and to include public service provision, that is, integrated provision of public services (toilets, showers, etc). Over 700 respondents – nearly 90% - consider it very or extremely important that the Loggia is family friendly and operates as a year-round offer.

By contrast, less than half the respondents considered serving visitors to be ‘extremely important’. Nevertheless, well over half still considered serving visitors as very or extremely important. Based on comments included in the survey, it appears that the presiding sentiment is that the Loggia should serve locals first and foremost, with any appeal to visitors being secondary.

The question of whether the building should remain in council ownership was divisive – the variety of opinion is shown in Figure 17.

On the question of retaining the existing building or constructing a new, fit-for-purpose building, opinion is divided. Over 250 people consider retention of the existing building to be extremely important, whilst nearly 200 consider it important that the site should house a new, fit-for-purpose building. Somewhat confusingly, 26 respondents answered that it was extremely important to retain the existing building; but also extremely important to have a new, fit-for-purpose building. Almost twice as many people selected ‘not at all important’ in relation to a new, fit-for-purpose building as compared to retaining the existing building. Overall, it appears there are not particularly strong feelings of attachment to the existing building but nor do people think it crucial that a new building be erected in its place. Ultimately, this will come down to surveys, any structural issues, and cost.

Value to be gained by future use of Loggia

Respondents were asked to select their top three priorities in relation to the potential value gained by the future use of the Loggia. Their responses (Figure 18) show that the primary value to be gained is through its role in enhancing the overall experience of the bay. Its potential to create employment opportunities and encourage greater participation in physical activities also ranked highly.

Figure 18: Value to be gained by future use of the Loggia



1.2.4 Comments

A number of additional comments were made in the free text boxes included in the survey. These responses are numerous and varied; as such, it is highly recommended that TDC review these comments in detail. At a high level, there is substantial interest in the Loggia's future amongst the local community and a strong desire to see the building restored and brought back into use. The Loggia is seen to have strong potential, and the local community is calling for swift action before further deterioration occurs.

2 Operator research and case studies

Research and soft market testing undertaken throughout the course of this study has helped identify similar offers or planned developments at beachfront locations comprising one or more of the elements proposed, as summarised in Figure 19 below.

Figure 19: Summary of similar operations

Site	Funding	Operator	Additional Information
Bournemouth Beach Lodges	Funded through Public Works Loans Board borrowing	Bournemouth Christchurch and Poole (BCP) Local Authority	<ul style="list-style-type: none"> - Realised by BCP thanks to investment in a seafront management team permitted to be more entrepreneurial than a typical local authority - Following successful phase 1 in 2017, a second site has been identified at Southbourne for a scheme including: <ul style="list-style-type: none"> o 17 lodges o Restaurant o Public toilets o Lodge office o Laundry facilities o Improvements to car parking and access - Investment in the management, operations and staff training has been a key success factor.
Rockwater, Hove	£3.7m private investment from IW Capital	Private investor/ developer/ operator	<ul style="list-style-type: none"> - Locally-based entrepreneur renovated and repositioned the run-down council-owned venue as Rockwater - Core concept is an offering that resonates and appeals strongly to the local community - Recently introduced membership scheme provides priority booking, access and other loyalty promotions - Goes beyond a traditional restaurant and bar offer – striving to become a valued destination brand by offering a broad range of attractions and activities, giving locals and those from further afield multiple reasons to visit time and again.
Overstrand, Boscombe	£5m investment funded by sale of a seafront car park for residential purposes (£8m capital receipt)	Various leaseholders with freehold held and managed by BCP Council.	<ul style="list-style-type: none"> - Came about as a result of council recognition that it must form part of a wider package of regeneration proposals along the seafront. - Comprises: <ul style="list-style-type: none"> o Central restaurant and bar, o Series of ground floor commercial units o Spaces for the RNLI o Garaging for the council's beachfront land train o 59 day-use beach huts with power and water supply

Site	Funding	Operator	Additional Information
			<ul style="list-style-type: none"> - Two thirds of the beach huts were sold on 25yr to 40yr leases, with starting prices at £69k for a single and £89k for a double - The remaining third continue to be rented out as part of BCP's wider portfolio of beach huts and chalets.
Whitstable Fisherman's Huts and Warehouse holiday lets	Not available	The Whitstable Oyster Company	<ul style="list-style-type: none"> - The Whitstable Oyster Company, one of the oldest food companies in Europe, bought the Oval Chalet site in 2014 as Sea Street Developments Ltd and obtained planning permission in 2016. - The huts are operated from the nearby Hotel Continental, with all linen provided and an optional breakfast at the hotel in the morning.
Minnis Bay Bar and Brasserie	£1m investment	Shepherd Neame	<ul style="list-style-type: none"> - Reopened in 2017 following a £1m transformation and 16-week construction programme - Reconfigured to boast a new bar, coffee lounge and 100-seat restaurant. - Glazed first floor extension affords panoramic views and a newly-constructed terrace seats up to 70 diners, with wind break screens. - Shepherd Neame owns and operates 316 pubs and hotels across the South East of England, the majority of which are freehold.
Shoreham Beachbox (proposed)	Not available	Beachbox Development Ltd, a plc linked to Boxpark Developments Ltd	<ul style="list-style-type: none"> - A concept currently under development linked to Boxpark (with the founder as a local resident) - Existing Boxpark locations include Shoreditch, Croydon and Wembley - This will be their first site outside London featuring a restaurant and café hub focused on supporting local community groups, alongside a roof terrace, changing rooms and a centre for water sports - On the site of a run-down toilet block - Teaming up with Dan Stockland of Hove's Big Beach Café, owned by Norman Cook (aka Fatboy Slim)

3 Rent Model and Analysis

Summary Rent by Floor and Use

<i>By floor</i>	<i>Area sq.m</i>	<i>Area sq.ft</i>	<i>£</i>
Ground Floor	502	5,403	41k
First floor	583	6,275	91k
Rooftop	155	1,668	10k
	1,240	13,347	143k

<i>By use</i>	<i>Area sq.m</i>	<i>Area sq.ft</i>	<i>£</i>
Accommodation	454	4,883	70k
Restaurant	390	4,200	43k
Café	204	2,198	28k
Public facilities/ops	192	2,067	1k
	1,240	13,347	143k

Rent level assumptions

	<i>Rent £/sq.ft</i>	<i>Rent £/sq.m</i>
Free	-	-
Low	5.00	53.82
Medium	10.00	107.64
High	15.00	161.46

Ground Floor

<i>Space</i>	<i>Area sq.m</i>	<i>Rent rate</i>	<i>Annual Rent £</i>
Laundry	13	Low	700
Bicycle storage & plant room	24	Low	1,292
Public toilets male	23	Free	-
Public toilets female	23	Free	-
Public showers & changing rooms	57	Free	-
Café toilets	25	Low	1,345
Café (internal seating area)	92	High	14,854
Kitchen	50	Medium	5,382
Servery	27	Medium	2,906
Food storage & prep	31	Medium	3,337
Internal bin store	12	Low	646
Operator's office	47	High	7,589
Staff toilets & shower room	15	Low	807
Life guard & beach office	26	Free	-
Furniture storage & plant room	24	Low	1,292
Laundry	13	Low	700
	502		40,849

First floor

<i>Space</i>	<i>Area sq.m</i>	<i>Rent rate</i>	<i>Annual Rent £</i>
Toilets	22	Low	1,184
Bar	10	High	1,615
Cloaks	5	Medium	538
Restaurant	120	High	19,375
Stage	18	High	2,906
Unit 1	20	High	3,229
Unit 2	20	High	3,229
Unit 3	24	High	3,875
Unit 4	20	High	3,229
Unit 5	20	High	3,229
Unit 6	20	High	3,229
Unit 7	20	High	3,229
Unit 8	20	High	3,229
Unit 9	20	High	3,229
Unit 10	20	High	3,229
Unit 11	20	High	3,229
Unit 12	20	High	3,229
Unit 13	20	High	3,229
Unit 14	20	High	3,229
Unit 15	20	High	3,229
Unit 16	20	High	3,229
Unit 17	20	High	3,229
Unit 18	24	High	3,875
Unit 19	20	High	3,229
Unit 20	20	High	3,229
	583		91,493

Rooftop

<i>Space</i>	<i>Area sq.m</i>	<i>Rent rate</i>	<i>Annual Rent £</i>
Bar	20	High	3,229
Terrace	135	Low	7,266
	155		10,495

4 Operational financial assumptions (mature state)

Accommodation

Income

Units	20	
Ave income/unit	32,580	
Total income		651,600

Expenditure

Cost of Sales	0%	-
Management	15%	68,418
Staff	25%	114,030
Overheads	50%	228,060
Other	10%	45,612
Total expenditure	100%	456,120

Contribution	30%	195,480
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Pricing / Occupancy

<i>Season</i>	<i>Price (week)</i>	<i>Price (daily)</i>	<i>% of Year</i>	<i>Days</i>	<i>Occupancy</i>	<i>Days occupied</i>	<i>Income</i>
High	1,200	171	25%	91	90%	82	14,040
Mid	800	114	50%	183	70%	128	14,640
Low	600	86	25%	91	50%	46	3,900
				365	70%	256	32,580

Restaurant & Rooftop

Income	
Dining	750,857
Rooftop	68,438
Private hires	15,000
	<hr/>
	834,295
Expenditure	
Cost of sales	320,864
Management	34,914
Staff	260,703
Overheads	77,763
Other	36,934
	<hr/>
	731,178
<hr/>	
Contribution	103,117
<hr/>	

Dining

Income	
Sq.m/cover	1.5
Covers	80
Cover turns/day	1.20
Days open/week	6
Patrons pa	30,034
Patrons/day (ave)	96
Average £ sph	25.00
	<hr/>
2	750,857
Expenditure	
Cost of sales	45% 304,097
Management	5% 33,789
Staff	35% 236,520
Overheads	10% 67,577
Other	5% 33,789
	<hr/>
100%	675,771
<hr/>	
Contribution	10% 75,086
<hr/>	

Rooftop

Income

% opening hours	50%	
Ave. daily patrons	75	
Ave £ sph	5.00	
		68,438

Expenditure

Cost of sales	35%	16,767
Management	0%	-
Staff	45%	21,558
Overheads	15%	7,186
Other	5%	2,395
	100%	47,906

Contribution	30%	20,531
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Private hires

Incomes

Hires	10.00	
Ave hire price	1,500	
		15,000

Expenditure

Cost of sales	0%	-
Management	15%	1,125
Staff	35%	2,625
Overheads	40%	3,000
Other	10%	750
	100%	7,500

Contribution	50%	7,500
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Café

Income

Café (internal)		264,575
Servery (external)	35%	92,601
Other		20,000
Total income		377,176

Expenditure

Cost of sales	40%	128,240
Management	5%	16,030
Staff	35%	112,210
Overheads	20%	64,120
Other	0%	-
Total expenditure	100%	320,600

Contribution	15%	56,576
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Café income assumptions

<i>Season</i>	<i>Ave daily patrons</i>	<i>Ave £ sph</i>	<i>% of Year</i>	<i>Days</i>	<i>Income</i>
High	250	5.50	25%	91	125,125
Mid	150	4.50	50%	183	123,525
Low	50	3.50	25%	91	15,925
	150	4.83		365	264,575

	<i>Ave daily patrons</i>	
Café	150	
Servery	101	2.50
	251	

Health & Wellbeing Activities

Income	
H&W group sessions	21,900
Equipment hires	54,750
Lessons & Instruction	54,750
	<hr/>
	131,400
Expenditure	
Cost of sales	-
Management	6,981
Staff	64,742
Overheads	37,641
Other	5,886
	<hr/>
Total expenditure	115,249
	<hr/>
Contribution	16,151

H&W group sessions

Income		
Session per day	2	
Ave group size	10	
Price / user	3.00	
	<hr/>	
		21,900
Expenditure		
Cost of sales		-
Management	10%	2,190
Staff	75%	16,425
Overheads	10%	2,190
Other	5%	1,095
	<hr/>	
Total expenditure	100%	21,900
	<hr/>	
Contribution	0%	-

Equipment hires

Income

Ave daily hires	15	
Ave hire charge	10.00	
		54,750

Expenditure

Cost of sales		-
Management	5%	2,327
Staff	35%	16,288
Overheads	55%	25,596
Other	5%	2,327
	100%	46,538

Contribution	15%	8,213
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Lessons & Instruction

Income

Ave patrons / day	10	
Ave lesson price	15.00	
		54,750

Expenditure

Cost of sales		-
Management	5%	2,464
Staff	65%	32,029
Overheads	20%	9,855
Other	5%	2,464
	95%	49,275

Contribution	10%	5,475
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