

BELLE VUE ROYAL HOTEL
MARINE TERRACE
ABERYSTWYTH
CEREDIGION

Justification for Project Viability
For the Restoration and Renovation
Of the Belle Vue Royal Hotel

By

Morgans Developments Ltd

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1.0 Introduction

- 1.1 JMS Planning and Development submitted a pre-application advice query to Ceredigion Local Planning Authority in May 2023 for the restoration and renovation of the Belle Vue Royal Hotel, Aberystwyth following extensive fire damage to encompass 57 high quality accommodation along with a new function room, bar and lounge area, car parking and associated works.
- 1.2 The proposed works include reconstruction of the fire damaged north end of the hotel to reestablish the terrace, remedial works to the front façade, creation of a new entrance door, insertion of large glazed windows at ground floor level, demolition of the rear extension and its replacement with a three-storey building with fourth storey setback, creation of spa facility at ground floor level, rearrangement of the plan-form internally, creation of a basement car park with entrance from Corporation Street, replacement windows, re-roofing and other associated works.
- 1.3 Following on-site and further in-person meetings with Ceredigion County Council and CADW, they have requested that a Project Viability Report is presented to justify the necessary changes to the property and those included within the initial design as this is a Grade II listed property.

2.0 Financial Summary and Funding Requirements

2.1 The financial viability of the project is challenged by the current budget constraints. Banks are willing to fund £7.9 million based on the projected ROI, but the total cost of the project is currently calculated at £12.75 million, excluding an additional £1.3 million needed for fit-out and furniture. Morgans Holdings is seeking to source the additional £6.15 million required in the current economic climate. Reducing the number of bedrooms from the proposed evidently decreases the project's value and borrowing capacity, making it imperative to secure the necessary funding to maintain the project's scope and viability so that it can be delivered.

Belle Vue	Year 1	Year 2	Year 3	Year 4	Year 5
Occupancy	77.70%	78.10%	79.80%	80.10%	80.20%
Average Room Rate	£143.40	£146.43	£147.83	£149.52	£151.10
Gross Operating Profit	£1,539,346.00	£1,795,018.00	£1,936,995.00	£2,011,994.00	£2,039,000.00
Suite and Bedroom Loss	- £1,000,809.39	- £1,035,962.76	- £1,077,207.45	- £1,126,629.19	- £1,173,102.33

3.0 Structural Integrity and Demolition of Existing Buildings

- 3.1 According to the structural report WE110/gw/L1 (previously submitted with the pre-app), it identified significant areas of disrepair in areas 1 and 2 which necessitate demolition and rebuilding. See document BVR areas 001 detail to the specified areas. The structural integrity issues identified in report WE110/gw/L1, are beyond repair, therefore retaining it is not possible as it would compromise the safety and longevity of the building and project. The demolition and reconstruction of the out buildings in areas 1 and 2 are essential and necessary to ensure the stability of the building and required to ensure the viability of the entire development.

4.0 Cost of Underground Piling for Car Park

- 4.1 After consultations with multiple piling specialists, including Rowcore, it has been determined that the cost of implementing underground piling to create an underground car park at the Belle Vue Hotel, would exceed £8 million. We have been provided with a budget quotation QU7584 (enclosed). This is in addition to the existing project budget of £12.75 million, making the total expenditure prohibitively high at over £20.75 million. Such a substantial investment would not yield a viable return on investment (ROI), making this option financially impractical. This method is akin to what has been implemented at the Hotel Mayfair in London, which highlights the substantial costs associated with such an approach. To make this option viable, the complete building would need to be demolished to enable excavation to build the underground car park area.
- 4.2 We don't believe the scheme would be suitable without a car park due to the main type of clientele we would expect to visit the hotel. Without a car park the hotel would risk losing clients based on travel and walking distance from the nearest car parks including risk of no spaces available and additional cost. Therefore, without a car park the scheme would provide a too high a risk within the business plan resulting in the funders not providing funding making the project unable to progress. A number of existing hotels along the promenade have designated customer parking and as such this hotel needs to be on par with their competitors.

5.0 Impact on retaining area 1 & 2

5.1 If we were not to extend areas 1 & 2 and without the demolition, the building would lose 17 bedrooms. This decreasing revenue gross profit (on year one alone) by £685,143.67. The table below demonstrates the costings and difference if rooms were lost. The business model for the re-development of this iconic and prominent building along the promenade in Aberystwyth has been based on 57 high quality bedrooms as such providing any less bedrooms would compromise the quality of accommodation, quality of the build and the overall impact on the finished product of this Grade II listed building, which is not desirable for any party.

Bedroom Loss	Year 1	Year 2	Year 3	Year 4	Year 5
17 bedrooms	-£685,143.67	-£709,615.15	-£731,993.35	-£751,494.99	-£768,811.91
Occupancy	77.70%	78.10%	79.80%	80.10%	80.20%
Average Room Rate	£143.40	£146.43	£147.83	£149.52	£151.10
Gross Operating Profit	£1,539,346.00	£1,795,018.00	£1,936,995.00	£2,011,994.00	£2,039,000.00
Profit with Loss	£854,202.33	£1,085,402.85	£1,205,001.65	£1,260,499.01	£1,270,188.09

6.0 Creating a High-End 4-Star Hotel

- 6.1 The redesign of the layout is aimed at transforming the property into a high-end 4-star hotel, which is the aspiration of the clients. They can see that Aberystwyth requires a hotel which differs from the existing provision of 3-star and low 4-star hotels to provide a wider tourism accommodation offer. This upgrade is necessary to attract a higher-end clientele, provide Aberystwyth with an alternative offer and to ensure the long-term success and competitiveness of the hotel in the market. It contributes to the vision of the Growing Mid Wales Region initiative. The applicant is an experienced hotelier owning several other holiday and business accommodation in Aberystwyth and a large hotel in Llandudno.
- 6.2 Prior to designing the scheme, a financial viability report was produced which was in the Belle Vue feasibility study report provided by Condor Hotels. It was clear to be able to raise funding for a project we had to achieve a minimum of 57 bedrooms.

7.0 Central Staircase Configuration

7.1 Consultations with the client and a hotelier consultant have highlighted that retaining all three staircases would negatively impact the operational efficiency and reduce the number of bedrooms, further diminishing the project's viability. The revised staircase design is essential for optimizing the use of space and maximizing room availability, which is critical for the hotel's financial success. Moreover, the HIA has identified that the main staircase was not original to this property. In the alternative staircases the client would agree to re-using the salvageable timber in their construction.

8.0 Addition of Dormers for High-End Suites

8.1 The introduction of new dormer windows to the front elevation are designed to create exceptionally high-end suites at a rate circa £385-£480 per night, a unique offering that no other hotel in Aberystwyth provides. Similar implementations at hotels like The George in Llandudno have demonstrated significant ROI, with high-end suites driving major revenue increases. The traditional dormers will be retained. See below cost summary:

Suite Loss	Year 1	Year 2	Year 3	Year 4	Year 5
3 Sea Facing	-£315,665.72	-£326,347.61	-£345,214.10	-£375,134.20	-£404,290.42
Occupancy	74.80%	75.10%	76.80%	77.00%	77.00%
Average Room Rate	£385.40	£396.85	£410.50	£444.92	£479.50
Gross Operating Profit	£1,539,346.00	£1,795,018.00	£1,936,995.00	£2,011,994.00	£2,039,000.00
Profit with suite Loss	£1,223,680.28	£1,468,670.39	£1,591,780.90	£1,636,859.80	£1,634,709.58

9.0 Sustainability

Maximizing Sustainability in the Grade 2 Listed Building

- 9.1 As a forward-thinking and sustainably driven business, Morgans Holdings is committed to achieving the highest possible sustainability impact in the renovation and development of this Grade 2 listed building. Sustainability considerations are integral to every aspect of this project, from structural modifications to energy efficiency and environmental impact.
- 9.2 While retaining existing buildings is often considered a sustainable option, it is essential to balance this with modern energy efficiency standards. The current rear structure includes non-insulated walls and single-skin, non-cavity walls, which contribute to significant heat loss and energy wastage. By opting for selective demolition and reconstruction, we can incorporate advanced insulation materials and construction techniques to drastically reduce energy consumption and improve thermal performance.
- 9.3 The decision to maintain a flat roof is strategically aimed at integrating sustainable technologies such as solar panels and water heating systems. This approach allows us to maximize the building's energy generation potential without compromising its historical aesthetics. Solar panels can be discreetly installed, ensuring they are hidden from view and do not detract from the building's heritage appearance. This renewable energy source will significantly reduce the hotel's carbon footprint and operational costs over time.
- 9.4 In addition to structural improvements, we are committed to using sustainable materials and energy-efficient systems throughout the building. This includes.
- Efficient heating systems creating over a 250% reduction in comparison to previous

- Sustainable vetting practices with all suppliers and sub-contractors
- Using a Principal contractor with ISO management ensuring compliance is made with the sustainable practices in mind
- Utilising recycled materials where viable
- Using local trades and contractors
- Providing Ev charging to the parking spaces encouraging EV vehicles to visit
- Demolition materials to be repurposed and recycled.

10.0 Financial and Environmental Benefits

- 10.1 Maximizing sustainability not only aligns with Morgans Holdings' values but also provides substantial financial and environmental benefits. Improved energy efficiency and renewable energy integration will reduce operational costs, enhance the building's marketability, and potentially attract eco-conscious guests, adding to the hotel's competitive edge. Furthermore, reducing the carbon footprint and environmental impact of the development supports broader efforts to combat climate change and promote sustainable development in Aberystwyth.
- 10.2 By integrating sustainability measures, we aim to create a hotel that is not only a high-end destination but also a model of environmental responsibility and sustainable innovation. This commitment to sustainability will ensure the long-term viability and success of the project, benefiting both the business and the wider community.