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Dear Peter and Matthew,

MARKETING REPORT – PALACE CINEMA, 58B NORMANDY STREET, ALTON, HAMPSHIRE, GU34 1DE

1.0 INTRODUCTION / BACKGROUND

This report is being prepared by commercial agents Curchod & Co, Incorporating London Clancy in support for the change of use for conversion of the Palace Cinema to create 6 no. 1 and 2 bedroom residential apartments.

The development (proposed) is a conversion using the existing structure and fabric of this 'art deco' style building. The design has been sympathetic to protect the building and street scene and to bring this building back to its former glory.

Alton town centre has suffered significantly from the after effects of Covid-19 where consumers are doing more on-line purchases which is also being reported in other major retail centres nearby such as Guildford, Basingstoke, Petersfield to name but a few. Alton has experienced retailers pulling out of Alton, and shop units being on the market to let for 12 months (and longer). For example Curchod & Co have been involved with marketing 35 High Street in Alton, which is in a Prime Central location in Alton. We have experienced very little occupier demand during the course of the marketing campaign.

The Palace Cinema is situated on the other side of the roundabout and is more removed from the town centre.

Our client has owned the property and business since 1995, and had some very successful years in the town. This deteriorated dramatically when modern cinema / leisure schemes were developed in the area, such as the Festival Place Shopping Centre in Basingstoke. These more modern schemes benefit from an abundance of covered customer car parking, and in very close proximity to Restaurants and Drinking establishments which trade 'hand in hand'. Put simply the Palace Cinema dates back to generations before, and with the change in the market and customer habits the Palace Cinema has now become not viable. After 28 years of my client serving the local community, he made the announcement in August 2021 to announce his intention to retire stating that due to the change in technology, Netflix Amazon Prime etc the Cinema business is no longer a viable option.

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My client received confirmation from East Hampshire District Council, confirming a nomination had been put forward to list the premises as an Asset Of Community Value. The Council confirmed with decision notice setting out the Council's view regarding the nomination and should remain on the list of Unsuccessful Nominations.

2.0 MARKETING

Turning to the marketing, a full and extensive marketing campaign has been adopted, even approaching other smaller scale cinema businesses to see if there was any interest from other similar sized and format operators. Our client has it on record from an operator based in Gloucester (Sherborne Cinemas) stating it was clear that trade was significantly down Pre-Covid, giving little comfort trade would return stronger after covid, and still faced with the on-going streaming as the biggest opposition.

A summary of the marketing history is set out below:-

- 2.1 Curchod & Co received formal instructions to market the entire premises in December 2021.
- 2.2 A prominent V marketing board was erected on the front of the property on 22nd December 2021 which still remains in situ today.
- 2.3 In-house particulars were drafted and uploaded onto the following websites / portals:- www.londonclancy.com which is now become www.curchodandco.com, www.each.com (Estate Agents Clearing House) www.zoopla.com (Zoopla Commercial), www.novaloca.com (Novaloca), and www.propertylink.estatesgazette.com. (EG Property Link)
- 2.4 Details have been mailed out initially at commencement of the marketing campaign to approx. 80 investors, owner occupiers seeking this type and size premises. Commercial agents regionally were also targeted in sending particulars.
- 2.5 Curchod & Co accompanied 1 applicant to view, whom were seeking a Nepalese Community Hall. The feedback was the main halls were disjointed spread over 2 areas, and not large enough to cater for its members.
- 2.6 Curchod & Co have recorded 37 enquiries for the building which have been generated by the marketing board, web-sites, and telephone enquiries generated from mail shots.

3.0 SUMMARY

We believe and can demonstrate these premises have been comprehensively marketed during the 13 months marketing campaign.

Based on the marketing campaign it is apparent that the client has also explored all angles in respect of marketing this very unique and specific building. The Cinema Industry has changed beyond all recognition from when this first became a Cinema.

The building has become tired / dilapidated due to the lack of capital which is being generated in the business. Having met and seen the owner 'in action' working at the property it is clear that he has been extremely courageous in trying to keep this well recognised facility operating day to day, with very limited or even no staff. I felt disheartened when he confirmed that 3 people turned out to watch a very well published film released during 2022. This only demonstrates to me that 'times have changed' and made even worse after the effects of Covid. The owner is clearly having to adapt despite his best efforts of trying to keep the doors open to the public.

The owner is having to carry the painful burden of significant holding costs with empty rates, buildings insurance, utilities, general repairs to the building which are still on-going and clearly not viable to continue for the long term.

Another major contributing factor to this building not being 'fit for purpose' are the strict DDA requirements which public buildings should comply with in terms of disabled access. Due to the significant change in floor levels, each screen is on a split level, with a significant run of stairs getting into the entrance foyer with little scope to install a lift. The premises would be better position being 1 open plan area, and all ground floor with DDA access / fire exits and car parking. All of these key attributes would be essential for a community based / leisure business.

Our opinion is the building sits surrounded by residential. The proposed design is professionally compiled using highly regarded architects Morse Webb Architects. They have generated a scheme which recognises the buildings key features and is sympathetic to the buildings history and art deco façade / frontage.

Curchod & Co have explored all marketing avenues as demonstrated, and it is apparent the only remaining course of action is to pursue a conversion to residential apartments where good demand will be generated.

By giving permission for a change of use for residential conversion will then in turn trigger substantial cash being injected into the building in terms of refurbishment. This will ensure the building is protected for the long term.

Should you require any further information or assistance please do not hesitate to contact Mr R J Ware at the address and contacts above.

Yours sincerely

R J Ware
Curchod & Co incorporating London Clancy