



MIDLANDS 2009 – A TALE OF THREE DISTINCT SECTORS

As you will note when viewing Fleurets' Survey of Prices, we tend to split our market into three distinct sectors i.e. Freehold Freehouses; Leaseholds and Bottom End Disposals.

In the past year, two of these sectors have been unquestionably difficult. As has been the case throughout the country, the leasehold market in the Midlands has been hindered by a greatly reduced level of available finance, a glut of 'nil premium' lettings being offered by pub companies and a fairly unhelpful press which has fuelled purchasers' anxiety about the trade in general and the pubco model in particular. For those fortunate to be cash-rich though, there are a number of lovely pubs available in desirable areas at lower premiums than we have seen for a number of years.

The freehouse market has also been hit pretty hard. Whilst funding is generally available, the loan to value ratios typically being offered are notably reduced and the pub companies have in 2009 been net sellers rather than buyers. Not only has there been a reduced demand though but also a reduced supply, with owners of 'good quality freehouses' generally waiting for prices to bounce back to previous levels. With the multiple of turnover for 2009 sales being more than 25% lower than it was in 2007, this is understandable. As with leaseholds though, well funded purchasers again find themselves in an excellent position to buy good quality properties and businesses at figures which would have appeared to be bargains a couple of years ago.

The reduced activity in these two sectors though has been more than compensated by the 'Bottom End' market which in terms of stock, interest, viewings and sales has been buoyant throughout the year. Given the majority of these pubs have been 'locked away' in pub company estates for many years, their freehold availability has attracted a lot of prospective buyers looking at both existing and alternative uses. We have been particularly busy in the Midlands' traditional industrial heartlands of The Black Country, The Potteries and the mining areas of Nottinghamshire and Derbyshire. Even in current market conditions contract races are not unknown. Prices and multiples have fallen but the level of activity has unquestionably shown that when the price is right, the demand is still there.

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a fresh approach



Ye Hostelrie, Goodrich, Herefordshire – Freehold Sale



Jovial Dutchman, Crich, Derbyshire – Sold for Alternative Use

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Turks Head, Wednesbury, West Midlands – Typical Pub Company Disposal.