

# Fleurets

a fresh approach

## North West Review

As with most regions the last 12 months in the North West have been a difficult period to sell pubs. The first half of the year was particularly quiet. The continuing uncertainty within the financial markets and the general economy brought the market to a virtual standstill. However the second half of the year saw more positive picture with volumes of sales up quite significantly from the first half.

Throughout the year private sales have been particularly sparse. This is in part due to limit stock availability with many vendors not being keen to sell. Many bought properties in previous years when values were higher. In addition purchasers have also found it particularly difficult to raise finance with lending institutions being increasingly more stringent on their lending criteria. As a consequence we have seen only a few freehold free house sales. These have generally been pub company managed houses, which have been sold with the benefit of accounts. Those that have sold have been for good prices f just over £400,000, which is broadly in line with the previous year

The major feature of the North West market has been the number of pub company disposals. The pub companies started their disposal programmes towards the end of 2008 and this really gathered pace during the Spring of 2009 when companies such as Punch, Enterprise Inns, Marstons and Admiral amongst others placed large quantities of property on the market. These properties have been keenly priced and have allowed an affordable entry point for many people wanting to enter the pub market. These people have previously been precluded due to high prices and a general limited availability of freehold stock, many of which were being acquired by the pub companies. These bottom end disposals have been sold for an average of £171,000, which is down 20% on the previous year

Traditionally many new entrants as a low cost means of entry to the pub trade had to acquire leasehold sites. The sale of leasehold pubs has been particularly hard hit. Not only has the finance issues referred to above impacted upon sales but also the wide availability of bottom end pub company freeholds coming to the market. The wide availability of these bottom end pubs has diluted the sale leaseholds, particularly in the more urban areas such as Liverpool, Manchester and the South Lancashire towns. Premiums paid for the limited number of leasehold sales saw average prices down from 23% to 13% over turnover

We have seen many of these properties being sold for alternative use, with developers and speculative property investors acquiring properties for relatively low prices. We have seen an increase in activity with many purchasers believing we are now at the bottom of the property cycle and not anticipating any further decline in prices.

We anticipate the trend for pub company disposals to continue throughout 2010 and maybe into 2011. It will inevitably be a difficult year for leasehold disposals though we still anticipate premiums being paid for good quality outlets in prime locations, backed up by accounts at relatively competitive rents and in good repair.