



SOUTH OFFICE

LOCAL COMMENTARY – FLEURETS SURVEY OF PRICES 2009

HOW THE WORLD HAS CHANGED

There is no doubt that 2009 was a tough year for the licensed property market in the south east, but not disastrous. It has been a year when cash has been king and those that have it, have taken advantage. Developers have identified pubs as having huge potential at below average prices and smaller pubco's have snapped up lower end freehold pubs.

The private freehouse market and leasehold market have been slow and there is an urgent requirement for banks to start lending money, particularly to newcomers looking to enter the pub sector.

The south east reflects the national picture with more than ever bottom end disposals and the average price achieved was £276,000, which was 57% of the average for the previous two years and there are many opportunities with an overall average guide price of £295,000.

Typical of the pub co disposal was the Snowdrop, Lewes, East Sussex, which was sold off a reduced guide price of £350,000. The purchasers Dominic MaCartan and Tony Leonard were already running two Greene King houses in Brighton and are delighted to have acquired their first freehold freehouse. The Snowdrop is situated at the eastern end of Lewes close to the River Ouse and has already become a very popular venue. Another property sold in September was the Kings Head, Lower Horsebridge, near Hailsham, East Sussex, which was sold on behalf of Enterprise Inns off a guide price of £350,000. This substantial property, which has potential for residential conversion or development (STP - 3052 sqm), is in the village of Lower Horsebridge. The village is situated between the towns of Heathfield and Eastbourne and close to many attractions to include Michelham Priory, Drusillas Park, Pevensy and Hurstmonceux Castle. The property was sold to Miss L Weaver who was previously a chef at the East Sussex National Golf Club and her father Hugh Weaver has been in the industry some years and is a respected and experienced operator.

Within the 'alternative use market' Fleurets have been busy selling many properties on behalf of Admiral Taverns for a variety of uses. These have included the Priory, Hastings, Victoria, Brighton; Crown, Redhill and Dragon, Brighton as examples and have many more opportunities currently available.

With regards to freehold freehouses the average price achieved was £492,000, which was up on last year but 20% down on 2006/2007. There are currently a mixed bag of opportunities with guide prices averaging £444,000 and these are available with the benefit of accounts/VAT Returns. In December 2008 with the benefit of accounts showing approximately £270,000 p.a. (net of VAT), we sold the Gardeners Arms, 46 Cliffe High Street, Lewes, East Sussex off a guide price of £625,000. This quaint high street property in the town centre offers a wide range of cask ales with no food available and of the wet trade 85/95% is beer.

Leasehold sales used to dominate business in this region but for the second year the number of transactions has dropped dramatically with assignments generally at low premiums but with an increasing amount of new lettings, some of which have been on a free of tie basis. The average price is down for the third year at £63,000 and this trend is likely to continue. On a

Fleurets

a fresh approach

more positive note deals are happening and in September we dealt with the sale of the very attractive and listed Greets Inn, which is a village pub close to the London to Worthing road. We have had previous dealings with the property and on this occasion we sold it to Duncan Entwistle who was previously the general manager of the Old Ship Hotel, Brighton. With parts dating back to 1450 this historic property was sold off a leasehold guide price of £55,000.

In summary there are always good and bad aspects about the dramatic change in market conditions and for further information of current opportunities please call the south office on 01273 429500 or visit www.fleurets.com.