

West & South Wales Market Commentary 2008/2009

Looking back at the previous year's performance over what can only be described as a challenging market, I was pleased to see a range of deals across both the freehold and leasehold markets and the pub, restaurant and hotel market. I will briefly comment on each sector.

Firstly, in the **freehold public house** market there has been a lack of sales with good accounts ie successful pubs looking to sell at top value but there have been some interesting sales of freeholds which include 31 Corn Street in Bristol which was sold to Mackenzies, a regional operator, off an asking price of £1.2 million. It represented an opportunity to acquire a freehold in central Bristol at values lower than previously available and the opportunity for the premises to be refurbished at ground floor and with further development opportunity at first, second and third floors.

We sold the freehold of a Yates in Torquay to a developer who let the premises to operators introduced by Fleurets, this was a particularly difficult deal as both the freeholder was in liquidation and the tenant's went into Administration as part of a larger pre pack.

The market changed significantly during the year, **leasehold assignments** practically dried up although we did assign the leasehold interest in the Bear & Ragged Staff at Cumnor to an operator returning to the UK and also the Five Horseshoes at Maidensgrove, near Henley, which represented a destination food pub, assigned off an asking price of £125,000. The majority of operators with tied leases decided not sell due to the fall in likely selling prices but there were purchasers with funding available looking for specific opportunities.

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Lettings represented a slightly more buoyant market with people being able to take new leases on premises at more realistic rents, no premiums and perhaps limited fit-out costs, if the premises had already fitted out by a failed previous operator. We let the John Cabot in Corn Street, Bristol to BSB, a regional operator; Just So in Trowbridge was let to an expanding regional bar/operator and the Beckford Arms near Salisbury represented a country pub with eight letting rooms which received strong interest from experienced operators looking to reopen and develop a previously successful operation.

What we call the **bottom end disposals**, usually representing the tail properties from the pub companies dominated large parts of the market. The majority of these pubs were often closed with no accounts so we were looking for purchasers with the majority of the capital being readily available. We sold a range of public houses from the Village Inn in Berinsfield, which is a classic 1960s estate pub through to attractive Oxfordshire village pubs such as the Bell at Standlake, town centre pubs such as the Longacre, Bath; Robin Hood, Bristol and the Windmill, Gloucester and receivership sales such as the Ludlow Arms at Westbury.

Interestingly, the majority of these sales have been purchased by operators intending to reopen them as public houses, with only a couple of sales going for change of use. One such example being the Load of Mischief in Blewbury, Oxfordshire, this represented a village pub where there were two other nearby outlets, therefore a good chance for a change of use to residential.

The **nightclub** market certainly has suffered over the last few years with the change in licensing laws. We acted for 3D Entertainment in granting tenancies for three premises.

The **restaurant market** always traditional sees a relatively high number of changes and there was still an appetite for operators to acquire new opportunities plus benefit from the better

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deals which could be structured during the recession, we sold the leasehold unit of Bocanova on behalf of established Bristol restaurateurs to a purchaser opening their first restaurant changing the name to Wildwood. The Old Schoolhouse in Oxford was a freehold disposal on behalf of Greene King, the premises sold off an asking price of £550,000 to an experienced chef looking to change the premises to a stylish restaurant. The leasehold interest in Pizza Hut, Cardiff and the Old Orleans, Oxford were assigned to expanding operators.

The **hotel market** was as expected, quiet, with a lower number of transactions due usually to funding difficulties. However, transactions still went through with the sale of the Harbourview in Brixham, representing a Bed & Breakfast operation overlooking the harbour and the Castle Lodge Hotel, near Ross-on-Wye was a 10 bedroom freehold hotel which sold off an asking price of £850,000.

Looking forward to 2009/2010, it looks like it will be an equally tough market with bank funding opportunities being severely restricted, I would anticipate that the majority of sales in the forthcoming year will be bottom end disposals but again with the majority in the South West remaining as pubs.

If you would like a further discussion on the market please do not hesitate to contact Chris Irving on 0117 923 8090.