Welcome to Aspects of Leisure Autumn/Winter 2015

Since the last issue of Aspects of Leisure the general election has passed, bringing continued stability to the UK economy and ongoing growth to most sectors of the leisure industry. The natural post-recession cycle of growth and favourably low oil prices have assisted in this process, and we hope that this period of stability will continue.

In this issue, we report on growth in the health and fitness sector and a return to the market of buyers of holiday cottages. The pub trade is awaiting the final outcome of reforms to the law affecting beer ties. We comment on how the visitor attraction business model is developing. Caravan and mobile home parks continue to trade and sell well. The golf market remains under pressure from a variety of directions, but can look to development and diversification as a means of generating additional income or value for owners. We also touch on the services we offer to those looking either to dip a toe into the sector or to review enterprises already operating on large landed estates.

Our decision to strengthen Savills leisure and trading team in Exeter has been well received by our clients, and we are grateful to have been instructed to handle the sale of several holiday properties, caravan parks and leisure assets since Robert Gale-Haileham and Chris Sweeney began operating from Savills Exeter office in the spring of 2015.

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The outlook for this sector is sound

Consumer demand for health and fitness facilities has both grown and diversified over the last three years. Growth is evidenced by the increase in overall UK gym membership numbers from approximately 6.5 million people in 2012 to current estimates at circa 8.8 million people. The rise in demand is in line with the recent increase in fitness centres across the UK, to what is now estimated at 6,312 sites, comprising a market worth in the region of £4.3 billion.

The growth has been achieved principally through diversification of the offering available to consumers through increased budget gym provision. Budget gym providers such as The Gym Group, Fitness First and Pure Gym have become more prominent in the market over the last three years. In 2015, LA Fitness was bought out by Pure Gym for an estimated purchase price of between £60 and £80 million. LA Fitness had 43 clubs across London and the South East. This transaction has meant that Pure Gym currently operates 141 gyms with plans to expand their portfolio further.

The rise of budget gyms has caused those operating in the middle market to be pressured into changing their strategy to adapt and become either a budget gym by lowering membership prices or providing higher quality facilities and appealing to the upper end of the market. At the same time, the upper end of the sector are justifying increasing the price of their membership by providing more spa and luxury facilities for their members. The budget gyms are managing to keep costs low by encouraging members to apply online and use technology to book classes, as this allows them to charge lower membership prices.

What does this mean for the property market? One of the major trends in the current market is that budget gyms prefer to take leases, whilst the mid to high end brands will still consider a freehold purchase. As budget gyms expand they are looking for large D2 units close to the city centres. Due to the rise in demand for budget gyms and improved profitability their tenant covenant strength is improving. This is positive for both the budget gyms as tenants and for landlords wanting stable rental income. Improved covenant strength enables operators to negotiate more favourable lease terms, which means that they are able to keep costs down whilst maintaining profit margins and keeping membership prices at a competitive level. Landlords also benefit from letting their premises to budget gyms as they offer a secure tenant paying a sustainable rent, making the asset class a more attractive investment proposition. The market for such investments is small, and yield parameters vary depending upon the normal criteria, but with the continued growth in this sector, yields are likely to fall as income security continues to grow.

The mid and upper tier of the gym investment market suffered during the post 2007 recession and freehold interests have been viewed as more attractive propositions until recently. Yields for leisure investment assets generally have been falling steadily, and we may yet see renewed interest in the sector, where income is stable, and rent cover secure. The sale of a ground rent investment in 39 Bannatyne gyms in 2014 is evidence of demand for investments in the sector which fulfil these criteria.

The market has seen consolidation over the last three years, but sale of individual units is rare. In the summer of 2015 Savills brought the Xpect Health and Fitness Club in Braintree, Essex to the market. A freehold asset trading profitably, this business offers scope for further growth as a result of extensive new residential and commercial development underway on adjoining land. The marketing campaign attracted interest from a range of private and corporate purchasers and the club is currently under offer. The outlook for this sector is sound, whether from a trading, freehold or leasehold perspective.

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Holiday Cottages
Influenced by the wider residential market

“ We are forecasting that prices across the prime regions will rise by 24% ”

Cottage complex assets
The west country cottage complex market has been characterised by the proliferation of aspirational purchasers from outside the south west, encouraged to move by the premium prices attached to properties in their home areas. These have traditionally been the south east, home counties and the affluent belt to the south of Birmingham. As such the state of the cottage complex market is influenced by the wider residential market.

State of the residential market
Following the Conservative Party general election victory, we expect much of the deferred demand from the pre-election period to flow back into the prime market over the remainder of 2015 and 2016, particularly given that the spectre of a mansion tax is now removed from the market.

Nonetheless, improvements in the London market are likely to be sufficient to trigger a renewed ripple effect into the markets beyond the capital, as those relocating from London find it easier to sell their existing home and take advantage of the price differentials with the rest of the country. Over the five years to the end of 2019 we are forecasting that prices across the prime regions will rise by 24%.

State of the West Country Leisure and Hospitality Market

After stuttering in 2013, 2014 was still a challenging year for the leisure and hospitality market. There has been a rise in activity part fuelled by growing confidence in the sector, trading performances started to improve and occupancy and rates have improved over the 2015 season. Cottage complexes in this sector are very much a lifestyle business and a general rise in overall confidence is starting to filter down and affect purchaser aspirations.

Simultaneously there has been a relaxation in the availability of debt for acquisitions which in turn has added to the growing pressure.

This prediction has proved correct as the number of cottage complex transactions compared to previous years has increased. In the south west Savills have sold over £15m of cottage complexes in 2015.

However despite increased demand for cottage complexes and ‘lifestyle businesses’ these business opportunities still need to be commercially viable and demonstrate a rate of return on capital invested. Similarly the old adage of location, location and location is very much of paramount importance and will drive decision making in the buying process of all types of purchaser.

Looking forward we believe that trade will slowly continue to improve as confidence in the overall economic conditions increases. Property will still need to be properly presented and those in the right location at the right price will attract not only national but international interest generated by Savills global platform.

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Increasing competition for golfers’ time and money

Most clubs we have seen this year are feeling that the worst is behind them. Following a reasonably dry year, and with the election behind us, things are picking up. What remains is uncertainty over the amount of leisure time consumers have and how much of it they are prepared to commit to golf. This is evidenced by emerging ideas such as footgolf, and the introduction of new formats to use courses for six hole or nine hole rounds. Golf can be time consuming, and the ability to allocate up to five hours to play a round and time either side to travel and socialise is perhaps less freely available than previously. There is also increasing competition from other sports, such as cycling, which have seen significant growth over the last five years.

Combine this increasing competition for golfers’ time and money with the growth in supply of available golf courses and you have identified the primary reasons for the continued pressure on golf businesses.

The Royal and Ancient Golf Club’s recent report on ‘Golf Around The World’ indicates that in 1988 there were 1,862 golf courses in the UK and in 2014 there were 2,931, an increase of 1,069 in 25 years. This growth has been far greater than the shortfall of 700 UK golf courses which was identified by the R&A in 1987. Even if demand had remained stable, which is unlikely, such growth would indicate a significant over supply of golf courses at present. The combination of static, or in some cases falling, demand with over-supply has caused the closure of a small number of golf courses, some of which have reverted to agricultural use and some for alternative leisure or development purposes. This is not the preferred outcome in most cases, but is inevitable where courses are unable to deliver a sustainable profit. Our planning and development teams have assisted in maximising value in such cases, to mitigate loss of the trading business.

On a more positive note the market for profitable golf courses has recovered, and whilst return on capital is a key requirement, buyers from a broad range of backgrounds are looking for golf businesses again.

In the UK, we have been marketing Fingle Glen Golf Hotel and Huntswood Golf Club. The former, in Devon, is guided at £3 million and includes an 18 hole course, with 24 holiday lodges on 112 acres. The latter, in Berkshire, has 18 holes and a clubhouse; as we go to press a sale has been agreed against a £1.75 million guide.

We have also been marketing the Oceanico golf portfolio at Vilamoura, in the popular Algarve holiday region of Portugal. This incorporates five superb and varied 18 hole courses, together with holiday apartment development opportunities. The first stage of competitive bidding produced an excellent response from a range of international buyers, and the stage two bidding process is now complete.

In 2015 there has, however, been a shortage of golf properties available to sell. We have a good book of keen purchasers and if you have been considering a disposal we would be very pleased to hear from you.

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You could be mistaken for thinking a market rent was simply the rent payable for a pub reflecting the terms of the lease and the market conditions at the time. For other types of property, you would of course be correct. The beer tie, however, being an obligation for a ‘tied’ tenant to purchase beer (and sometimes cider, wines, spirits and minerals from its landlord at a higher price than a free trader would in addition to paying rent for the property) has been the industry norm for a long time.

The Pub Companies have argued that the higher purchase prices for the products is offset by benefits to the tenant including a lower rent for the property. However, the increases seen for the price of the tied goods, when compared to the market ‘free trade’ rates, has long been seen as bending the tenant over the proverbial barrel.

With royal assent secured however, the Small Business, Enterprise & Employment Act 2015 could prove to have a game changing effect on the operation of the beer tie. The future impact of the reform presents a step into the unknown for both landlords and tenants by allowing a free of tie option, probably at an increased rent, at rent review or lease renewal.

Whilst the benefits of trading outside of the tie may be appealing depending largely on your opinion of pub companies, the practical realities of ‘going alone’ may be significant. Whilst the tie represents a limitation to profit, the capital expenditure and support currently offered by pub companies (and which the free of tie tenant would lose) makes the industry accessible to a wider range of occupiers.

In addition to a market rent only option, the Act intends to appoint a Pubs Code Adjudicator for the regulation of dealings by pub-owning businesses with their tied pub tenants. A voluntary code has of course been in existence for several years but the formal regulation highlights the recognition and attention which has been given to the sector more recently.

Further to the regulation to safeguard the business side, the recent demolition of Maida Vale’s Carlton prompted the listing of a number of the mock Tudor inter-war style pubs (allegedly the favourite of George Orwell) which appears to be the latest in a list of measures to preserve what is perceived by the public to be a loss of the ‘Great British Pub’. 

“A step into the unknown for the industry”
The ability to list a pub as ‘an asset of community value’ enabling the blocking of plans to change the use of a pub for a six month period whilst a community bid to buy the asset can be made, joins a list of other government interventions, which has seen the abolition of the unpopular beer and alcohol duty escalators and a business tax cut for pubs.

But what should be preserved? Striking a balance between the loss of community amenity and the economical viability of continuing to run a pub appears to be more Orwellian ‘Animal Farm’ than Darwinian ‘Survival of the Fittest’, with some clearly more equal than others. Such legislation poses the question: does the ability to delay the inevitable restrict investment in communities?

Away from the politics and legislation, the strong growth witnessed by some of the largest pub companies last year appears to have cooled slightly, although growth remains widespread and arguably more stable.

There were no great shocks within the most recent published accounts; despite its recent acquisition of Spirit, Greene King reported a strong 3% increase in revenue in its 2015 annual report, albeit with a decline in EBITDA of 1.4%. Punch Taverns remained on target for the year following the publication of its March 2015 interim results. Marston’s showed growth of 1.7% ahead of last year in its destination assets and taverns, with underlying group revenue up by 3% in the half year results.

JD Wetherspoon’s latest figures for the 52 weeks to July 2015 demonstrated growth, yet the subsequent issuing of a profits warning may be attributable, at least in part, to the implications of the living wage, which although not a mandatory obligation, is virtually that for the large pub companies.

Fullers and Mitchells & Butlers appear to be an exception to the rule, Fullers reporting revenue up by 12%, with EBITDA up 8% for the year ending March 2015 and Mitchells & Butlers reporting total group H1 revenue growth of 9.6%.

Aside from the trading, Greene King’s £774m acquisition of Spirit constitutes the largest deal in the pub market for a decade and incidentally since Spirits’ acquisition by Punch in 2005.

Other notable recent deals include Red Oak Taverns’ purchase of 146 pubs for c.£36m and Punch Taverns recent sale of 158 pubs to ‘NewRiver’ Retail for £53.5m in addition to the sale of its 50% share in Matthew Clark, the national drinks wholesaler.

High levels of government and media attention, not to mention the market rent only option will clearly constitute a step into the unknown for the industry. However, landmark transactions and the generally positive economic climate have contributed to the most positive outlook for the industry in a long time, albeit with looming uncertainty.

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Visitor Attractions

Complex management issues

Visitor Attraction Trends in England (2014) showed a modest increase in visitor numbers in 2014 (4%), which reflected the leisure industry and improved economy generally. This appeared to feed through to revenues and admission fees with the largest increases reportedly in farm attractions and visitor/heritage centres.

This is a diverse sector featuring historic properties, animal based attractions, visitor/heritage centres, outdoor activity centres, gardens and country parks, to name a few.

Whilst the target audience and revenue levels may differ substantially from property to property, key factors such as location, accessibility, and catchment, remain common to all.

In common with most leisure properties, the value of visitor attractions is normally derived from the profits method, with the underlying asset value being considered either as a check method or as background to the attractiveness of the asset.

From a commercial point of view, many smaller attractions can achieve reasonable income for the owner/manager but are unlikely targets for chain operators or brands. A number are operated with some element of philanthropy involved, for instance a collector wanting to share his interest with the wider public and these may well never turn a profit or be designed to do so, being supported by endowments or charitable trusts.

Visitor attractions are not the easiest asset class to manage, often relying heavily on seasonal income and new investment to maintain visitor numbers, increase dwell time and widen the appeal from focussed visitor to those looking for a day out. The right ambience, retail offer, catering and of course visitor attraction experience is crucial. The most successful business models we have seen, with relatively stable Net Operating Profit levels rely on diversification and regular reinvention, finding additional sources of revenue year round and that ‘x’ factor to make the attraction stand out from its competition. Use of venues for functions, corporate sponsorship, regular and inventive marketing and PR are all important to consider. Whether the aim of the business is purely financial, philanthropic, charitable or for a personal goal, it is excellent practice to add additional revenue streams to the core function of the business.

Savills Leisure team have been invited to visit 13 leisure attractions during 2015 so far, to provide professional advice on valuation, sale, planning and other property matters. One visitor attraction which appears to clearly show the benefits of reinvention and diversification is Port Lympne Reserve in Kent, run by The Aspinall Foundation, which we have highlighted here as a case study:

“Finding additional sources of revenue year round and that ‘x’ factor to make the attraction stand out from its competition”

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We have always been committed to offering quality visitor attractions in Kent, but we realised that in the current economic climate that our day attractions needed to evolve. Evolution for us is vital so that we can maximise our income and stability, enabling us to carry out our vital conservation work with endangered species. We realised that we could not rely on day visitor footfall alone. For example, for a day out one would expect to book perhaps a couple of weeks in advance or even on the day – this means that the parks are incredibly weather dependent.

However, if we offer short break accommodation, guests are likely to book much further in advance and pay a deposit, meaning they are less likely to cancel if the weather is inclement.

Port Lympne Reserve, offered the perfect solution for us and the opportunity to diversify our offering. The reserve covers 600 acres of land and has beautiful views over the Romney Marsh to the Kent coast beyond. This area of Kent has always attracted tourism, but we knew we could encourage even more visitors to the area.

Eight years ago we built Livingstone Lodge, an authentic overnight safari experience. We imported safari tents with private verandas – ideal for watching the animals on the African Experience saunter past at sunset and employed qualified rangers from Africa. This proved to be an instant hit and has since gone on to win many accolades including VisitEngland Best Tourism Experience in the UK!

The popularity of Livingstone Lodge highlighted that guests would like to come and stay with us for longer and bring their families, so we have invested heavily in developing further accommodation. Our guests can now choose from glamping at Elephant Lodge, camping pods at Pinewood and our biggest project yet – the Treehouse Hotel. We have also converted the Edwardian mansion at the heart of the reserve into a boutique hotel with restaurant and bar and a former keepers cottage.

The addition of our unique accommodations enables us to move closer to our goal of becoming Europe's first animal focused holiday destination. We can now offer a quality short break to appeal to every budget, from camping pods promising all the fun of sleeping in the wild without the need to pitch a tent, to the height of luxury and exclusivity at the Treehouse Hotel. We’ve also expanded our activities and along with our popular animal encounters and VIP safaris, guests can choose to try their hand at zorbing, archery and fishing or even explore the local area on their bikes during their stay.

Bob O’Connor
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Howletts & Port Lympne
The Caravan Park Market
A strong trading year to date

Confidence is continuing to grow in the market, which is supported by both the number of sales currently being achieved along with an encouraging appetite to lend in the sector from the main high street banks. Over the course of 2015 Savills have sold leisure and trade-related businesses with a combined value of £75,767,500 and we have valued caravan parks/holiday lodge developments with a combined value of £96,560,000.

We are currently involved in a number of ‘off market’ negotiations between park operators looking to sell their businesses and those already in the industry looking to expand their portfolio of caravan parks.

The 2015 figures are on track to be exceeded by this time next year as a result of the rapidly expanding portfolio of businesses offered for sale by the recently established Exeter/Truro based department. Robert Gale-Hasleham who has been based in the Chester Office for the past 30 years advising clients across the UK, is re-locating to the South West to strengthen and expand the Exeter/Truro departments alongside Chris Sweeney. Since the beginning of the year the department has taken instructions on a total of 13 properties with a combined asking price of £21m. A number of these are within close proximity of Exeter, demonstrating the importance of having a strategically located regional presence.

The Leisure and Trade Related Property department now have 3 dedicated teams located in Chester, Oxford and Exeter/Truro as well as a presence in Savills headquarters in London.

On a national level we are receiving consistent feedback from park operators that they have had a strong trading year to date, helped by the very good weather we experienced at the beginning of the year. The majority of the poor weather we have experienced in recent months has fallen over the main school summer holiday period which tends to be a strong trading period regardless of the elements.

The increased confidence and level of transactions in this sector over the last 12 months is being strongly supported by the main high street banks an important influence which was absent at the height of the recession.

In these still uncertain times for the global economy there appears to be increasing recognition of the strong level of security offered by the caravan park industry. Whilst there still remains a reticence to lend to new entrants to the industry, such as lifestyle purchasers of small holiday static/touring parks, we have witnessed keen competition amongst the banks to lend to the established operators, particularly within the park home estate and holiday static caravan park sectors.

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In a generic SWOT analysis the banks have obviously appreciated that there are considerable ‘strengths’ and ‘opportunities’ offered by the industry with minimal ‘weaknesses’ or ‘threats’. When you combine a national planning regime that tightly controls the creation of any new static caravan parks, with a population which provide strong demand for such facilities, the potential for secure and rising income streams is evident. It must be stressed that this potential is particularly applicable to the holiday static caravan park market as the potential for increased pitch fees in the park home estate market has been limited following the introduction of the Mobile Homes Act 2013.

Whilst the banks’ confidence in this sector is strong, the general banking sentiment for a cautious and conservative approach is evident with careful consideration of existing and future income and expenditure now a pre-requisite for any valuation. We have always maintained that a profits valuation is the correct approach for valuing parks given their highly individual nature and it is encouraging that the banks now acknowledge this and have moved reliance away from the ‘noughties’ approach based on a ‘price per pitch basis’. We still consider comparable sales and analyse them on a price per pitch basis, but principally as a cross-referencing exercise.

Analysis of our recent transactions on a price per pitch basis would show the following trends:

![Graph of 2014-15 Residential parks](image1)

![Graph of 2014 - 15 Static Holiday Parks](image2)

![Graph of 2014 - 15 Touring Parks](image3)
Hotels

Strong foundations building up the regional hotel market

For the year to August 2015 London Hotels illustrated somewhat stagnant performance across the board, with a 1% decline in occupancy (81%), coupled with a 1% improvement in ADR (£151) producing an identical RevPAR of £123 when compared against the same period last year (Source: AM:PM Hotels). Together with strong underlying residential values in the capital it is unsurprising that many developers cannot make the numbers stack up for hotel development when compared with other use classes.

If we rewind back to this time last year, our Aspects of Leisure article confirmed a much anticipated improvement in UK regional hotel performance, albeit overshadowed by London market performance. This year the situation has been reversed, with regional hotel performance steam ahead of London. Looking at major core regional cities, with the exception of Aberdeen which has experienced declines in performance due to dwindling oil prices, all cities recorded the same or improved RevPAR figures on the same period last year. Furthermore, ADR has improved for every core regional hotel market analysed with Belfast (+4%), Coventry (+5%), Northampton (+5%), Leicester (+5%), Southampton (+6%), Bristol (+6%) and Milton Keynes (+6%), all recording in excess of 4% ADR growth over the past 12 months.

Growth in regional hotel performance has been attributed to record low interest rates, the impact of inflation on real wages, improved disposable income, recovery of the corporate markets and increasing numbers of Britons choosing staycations rather than holidays abroad, even against the backdrop of a weakening Euro. According to the Travelodge’s 2015 Holiday Index, 70% of Britons planned a domestic break in 2015, spending significantly more than the previous 5 years, which is predicted to boost the UK economy by £16.5 billion.

In addition to the improvement in consumer confidence there has also been a number of notable hotel transactions during the past few months demonstrating continued investor confidence in the regions. Some of these include

- Ennismore Capital’s purchase of the 5-star Gleneagles Resort in for an undisclosed sum, thought to be in the region of £150 million;
- HK CTS Metropark Hotels acquisition of Kew Green Hotels (44 regional hotels) for an undisclosed sum, believed to be in the region of £400 million (Chinese buyers);
- Newco’s (JV between Thai Industrial Engineering Service & Fico Holding UK) purchase of the Jupiter Hotels Portfolio for £160 million.

Savills are anticipating a rapidly evolving regional hotel market
With hotel developers being priced out of the London market, this sustained regional hotel transactional activity has brought welcome confidence to the sector. With the availability of increasing sources of development finance, at historically low interest rates, on increasingly competitive terms, it is not surprising the regional hotel development pipeline has been hotting up.

According to IPF, lending to property developers is set to increase by 34% to £10 billion this year, with the biggest increase coming from institutional investors and debt funds. British banks intend to increase their development finance lending by 15% to £4.6 billion.

In August and September alone, there were a flurry of announcements of new hotel planning consents, hotel construction starts and new openings in Edinburgh, Manchester, Aberdeen, Newcastle, Blackpool, Belfast, Canterbury, Chester, Perthshire, Cambridge, Cornwall and Nottingham. Interestingly new proposals have been across the spectrum, from budget hotels to luxury products as well as serviced apartment accommodation, whether it is a standalone development / conversion or forms part of a wider mixed use or regeneration scheme.

Whilst last year marked a turning point for regional hotels in terms of improved performance, it is clear that this confidence has now finally filtered through to the development pipeline.

Like any development, success of the scheme is down to securing the right occupier / operator at an early stage to alleviate part of the risk of the development.

Savills are anticipating a rapidly evolving regional hotel market over the next few years with new concepts, brands and operators finding their feet in the regional market and looking for rapid expansion whilst market conditions remain favourable.

Savills Hotels department offers a wide range of services including valuation, acquisitions, disposals and operator searches. Furthermore our cross discipline services, some of which include development, planning and rating, can ensure your scheme maximises it’s potential.

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The word ‘recovery’ is still said quietly across the world residential property markets, but it is being said. Different markets are experiencing different stages in the cycle and it will take some a lot longer to heal the battle scars than others. In general though, there is a positive outlook for Europe’s real estate markets.

Daniel von Barloewen (Head of International Development Consultancy in Savills) reports that this sentiment has led to increased capital allocations from institutional investors and equity funds, particularly in improving economies with significant value uplift potential such as Spain and Portugal. Coupled with the requirement of property owners to divest themselves of large amounts of stock, values can be seen to be on the rise again. This has helped to drive up the volume of European portfolio sales to record levels for recent times. Daniel also confirms that purchaser interest is higher for portfolios than for single sites, unless the single site is a prime asset or is sufficiently large to command the required return.

Nonetheless, the European second home and resort sector remains a difficult market. Development land without any trading assets is particularly challenging as a large investment is required without any source of income to provide capital or comfort. The majority of investment in these sectors continues to be from cross-border - predominantly private equity and hedge funds, followed by UHNWI and family wealth. Most investors are IRR-driven and are highly risk averse.

We have recently visited Cape Verde for the first time in several years. Despite the downturn, there has been continued investment into infrastructure around the main island of Sal. It was good to see that construction work has resumed on a number of sites, including Llana Beach next door to the Resort Group’s Dunas Beach. Other resorts, such as Paradise Beach, have completed some phases of development which are operational, and are awaiting the restart of other phases. A hotel is of vital importance to any successful resort scheme here. It provides central facilities for guests and a credible source of income for the resort, allowing investors to earn that all important return.

The market has responded with enthusiasm to well priced assets, in particular where they are cash-generative.

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"There is a positive outlook for Europe’s real estate markets"
Estate Diversification
What are land owners up to?

Since the Norman conquest the richest and most prominent families in the country have regarded the accumulation of land, and the creation of a landed estate, as a fitting, visible and lasting legacy. The enlargement of the estate and its adornment with fine houses, landscaped gardens and follies, hunting parks and woods, model farms and villages, has been the life’s work of many successor generations. Through even the 20th and 21st centuries with enforced break up of estates through the exigencies of war, taxes, misfortune or simple lack of ability, in many cases the holding of the estate together has been the prime self-imposed task of the generation.

And this has come at a terrific price. Historic houses can be monstrously expensive to live in, maintain and repair, lake dams leak with age and are not reparable on a crisis-management basis, estate infrastructure and services fail as they get older, and farms and cottages and other estate buildings require regular investment. To have some prospect of affording this continual capital requirement estates have historically relied on income generated from elsewhere – businesses, marriages, a grateful country, charitable grants, pillage...

In the more modern age however, many landlords have been unable to take advantage of the largesse of others, whether willing or otherwise, and the estate has had to fend for itself. In an era of marginal agricultural and forestry profitability all assets of the estate have to be made to work for the estate owner to permit the estate to meet its expenditure through its own resources. The loosening of agricultural and residential rent regulation in the second half of the 20th century was invaluable in creating income, and the increasing wealth of the country has provided a ready flow of disposable income for the estate to attract. A huge variety of estate diversification projects have resulted with probably the most popular being holiday cottages, a commercial shoot and the opening of visitor attractions of a multitude of kinds. Open houses and gardens, use of the grounds for rallies, exhibitions, concerts and shows have all proved popular as essentially in all these cases, the fundamental estate has remained unchanged.

Nowadays however, this is rarely enough and major commercial enterprises may be required – these have included racetracks and racecourses, golf courses and hotels, safari parks and adventure activities among many other landscape-changing uses. These can involve very considerable investment and potentially substantial risk, and the bold but canny estate owner will generally have taken professional advice before embarking on such a route, where the risk and reward balances can both be substantial, indeed overwhelming.

Savills, newly merged with Smiths Gore, advise on over 4 million acres and are well versed in what works and what doesn’t, what attracts capital, how the risk/reward balance applies in what particular circumstance – in short, the most productive options for cash-generating alternative uses given the location and composition of the estate, and the objectives of the estate owner.

Recent reports on well-known UK estates have considered, and in some cases subsequently delivered, crematoria, solar farms, caravan parks, garden centres, salad nurseries, playbarns, pubs, restaurants, activity centres, adventure golf, marinas, polo grounds, farmshops, abattoirs, anaerobic digesters, wedding venues, concert venues, galleries and more.

Up to date knowledge of each niche enterprise, the developer/operator demand, and profit or rental potential backed by sound research are the principal tools employed by our experts and available for our clients use.

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Savills Leisure and Trading

Sectors

GOLF
- Courses
- Driving ranges
- Golf developments
- Golf and country clubs

HOLIDAY PROPERTIES
- Static & touring caravan parks
- Holiday resorts and villages
- Holiday cottage complexes
- Lodge and chalet parks
- Timeshare resorts and complexes

MOBILE HOME PARKS

SPORTS VENUES
- Health and fitness clubs
- Sports grounds
- Motor sports venues
- Shooting schools
- Ski centres and resorts
- Leisure centres

VISITOR ATTRACTIONS
- Theme parks
- Museums and heritage centres
- Children’s activity centres
- Wildlife parks

WATER-BASED LEISURE
- Marinas and moorings
- Piers
- Sports and activity lakes
- Fishing complexes

EQUESTRIAN
- Racecourses
- Studs and training establishments
- Polo facilities
- Riding schools
- Livery yards
- Equine health centres

URBAN LEISURE
- Bowling centres
- Cinemas
- Theatres
- Snooker clubs
- Night clubs
- Casinos
- Bingo clubs

LICENSED PREMISES
- Public houses
- Restaurants
- Bars

HOTELS
- City centre
- Country house
- Resort
- Business
- Budget
- Sites and schemes

TRADE-RELATED PROPERTY
- Ports and airports
- Waste transfer and recycling centres
- Abattoirs and food processing
- Crematoria, graveyards and woodland burial sites
- Religious facilities
- Nurseries and garden centres
- Schools and colleges
- Mineral extraction sites

ENERGY
- Photovoltaic
- Wind turbines
- Anaerobic digesters
- Waste to energy
- Traditional generation

Services

- Valuation
- Planning
- Rating
- Expert witness
- Sales
- Lettings
- Professional advice
- Acquisitions

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