



SALES IN EAST ANGLIA AND NATIONALLY

For the past 35 years at Guy Simmonds, East Anglia has proven to be a very popular and sought after region for our buyers of both freehold and leasehold pubs – and despite the challenging market conditions, we are pleased to report that this situation continues in 2012 at a relatively buoyant level. The region is extremely diverse – ranging from the rural vast expanses of countryside and farming, to the sought-after tourist areas of The Norfolk Broads, which contrast to the commercial and busy trading City of Norwich. Newmarket in Suffolk, with its famous racecourse attracting purchasers both to the immediate vicinity and surrounding villages. One of the most desirable areas for our purchasing clients is in the affluent and historic University City of Cambridge, together with most of the Cambridgeshire villages. This area is cited as one of the most favoured areas in the country from delegates who attend our own award-winning training courses. These purchasing clients are often being made redundant from the City of London or one of the partners is seeking a career change. The attraction is the relative close proximity and ease of access to the City, as interestingly our latest research shows (2nd quarter 2012) that one of our purchasers often now retain their job in the City of London, whilst the other partner concentrates on their new career operating the licensed business. It is refreshing to note that almost all purchasers are now electing to equip themselves with the essential knowledge and skills by taking the relevant training courses, and we now provide free training for all of our purchasers.

Whilst funding can still be problematic in the licensed trade, especially with revised loan to value (LTV) and negative attitudes of the Banks, we are pleased to report that most of our purchasers do not require finance and are in a position to purchase or lease outright without recourse to borrowing. Indeed our research shows that for 2012, approx. 90% of our current buyers are cash purchasers. However, these savvy purchasers are obviously aware of the current market fragility and therefore quite understandably are extremely selective with their purchasing criteria, demanding value for money and a profitable concern – complete with latest trading accounts and VAT returns. Furthermore they are usually advised by specialist trade accountants and solicitors, who of course will ensure that strict due diligence procedures are undertaken. We are noting this year, that most vendors are now taking a realistic view with their price expectations and are aware that the current market conditions are ‘here to stay’

probably for at least the next 5 years. Consequently we are now seeing a converging market place, whereby sales are taking place in East Anglia and nationally, due to 'willing and able' buyers meeting the sensible aspirations of vendor clients. Conversely, there remains on the books of numerous selling agents and Pubco websites a proliferation (literally thousands) of overpriced and hence unsaleable freehold and leasehold licensed businesses.

It is imperative that businesses are marketed at the correct price in relation to turnover and profits actually achieved, supported by the latest trading accounts and VAT returns. Buyers and their own valuers no longer take notice of outlandish claims of "potential" sometimes attached to businesses by a sales agent or vendor. Instead they seek businesses with proven turnover and take the view that any "potential" will have to be realised by their own hard work and endeavours, hence quite understandably they refuse to pay extra for this factor. Any unprofessional/outlandish claims of potential (such as doubling/trebling turnover, 'seeing past the figures') will now be met with derision by purchasers and they will immediately turn their attention to agents with correctly valued concerns.

The pubs which are selling best in East Anglia are free-of-tie leases. At Guy Simmonds we have specialised in creating and assigning these leases for over 35 years. Providing the rental is set at the correct level relating to turnover and profits achieved, then these leases are extremely sought after by our purchasers, due to the proven and sustainable profits generated. Similarly, we are able to obtain an attractive, pragmatic annual income for the retiring freeholder, whilst they retain the freehold as an appreciating asset. This certainly generates a much higher return than the pitiful rates on offer with the out of favour banking industry and avoids the volatility and uncertainty of the world stock and financial markets. The freehold freehouse market is still in a transitional state, due partly to the proliferation of Pubco disposals flooding the market, which looks set to continue or even intensify in 2012/2013. Consequently, if freehold owners are not prepared to accept a realistic price, in line with the latest revised valuation criteria, then we do recommend they look seriously at using our expertise to create a free of tie lease, and finding a long-term operator.

There is a proliferation of tied leases currently being offered for sale, both on agents and Pub Co websites, with supply outstripping demand. Naturally, in this scenario, the asking premium must be extremely realistic in order to attract a buyer. We are pleased to report that providing a tied lease is profitable with verified accounts and the rent realistic, the sales are still taking place. It is to be welcomed that the more pragmatic landlords have realised that rents must be

sustainable and reflective of the current climate and specific business. Unfortunately however we are still finding that in this hostile and uncertain climate some tied leases are simply not viable at current trading/rental levels and in these situations where the business is trading at a loss, there is often no hope of selling the lease even at a negligible premium.

Just sold by leading national agents Guy Simmonds is the charming traditional village inn and restaurant The White Horse in the affluent village of Witcham in rural Cambridgeshire.

This lovely freehold freehouse complete with spacious owners accommodation was sold off an asking price of £280,000 for the freehold entirety.



Currently on the market with Guy Simmonds is The Old Crown located in the popular and affluent Norfolk village of Buxton, on the edge of the Norfolk Broads. This lovely freehouse is offered at an asking price of £299,500 for the freehold entirety.

Being offered through Guy Simmonds is the 'free of tie' village Inn – The Plough & Fleece, overlooking the village green in the sought after village of Cockfield, Bury St Edmunds, Suffolk. This lovely Inn with owners' accommodation currently trades on a split of circa 95% wet and 5% food, thereby offering new catering operators the opportunity to increase and maximise a new food offering. There is also a large paddock with pond which could be ideal for caravans, events etc subject to relevant consent. Asking price/premium for this free of tie business is £19,950.

