



AGENT INSIGHT

Craig Gausden, a valuer at UK Pub Sales, knows that starting out in the licensed trade can be somewhat daunting but there are viable options – even in tough times. He shares his expertise with **Philip Devine**.



This year has been an interesting one in the world of pub sales and disposals, with significant changes from the large pub companies capturing the headlines while independent owners continue to struggle on against mounting external pressure. Looking forward, will 2012 be any different, or can independent owners expect the tide to turn?

The main problem that hinders the purchasing of freehold licensed premises and achieving good values, namely cash funding, still remains firmly at the feet of the banks and there appears little sign this will change in the foreseeable future.

There are plenty of budding would-be publicans out there who would welcome the opportunity to own a freehold licensed business and perhaps work alongside their partner or spouse, but the global financial crisis means the banks just won't help.

With lots of ideas and enthusiasm, these people could do so much to improve our high streets and rural communities, but they have no help in exploring or financing their dreams. This means the freehold market is full of opportunist buyers who are often keen to change the property's use, much to the detriment of the community.

So where does that leave things? The answer lies with exploring a leasehold avenue or Pub Co tenancy option. Although some leases on the market can be as high as some freehold prices, this is on the whole a more affordable option for people starting out in the licensed trade.

We have sold a number of low ingoing leases this year ranging from £10,000 to £100,000, and even some with zero ingoing. We expect this trend to continue throughout 2012.

Generally speaking buyers can gather together this amount of money from re-mortgaging, selling the caravan, car, kids, you name it.

Affordable leaseholds are where the selling action is at present, and the number of landlords who have realised this has increased month on month. Indeed, there are good deals to be had for both parties, allowing the landlord to receive rent from an occupied property, while the leaseholder can experience their dream of running a pub without a financial millstone around their necks.

Of course, some may prefer a tenancy or franchise option

with a pub co. Being part of a large chain can be appealing; it's like being part of a large family. Like families, there can be ups and downs and disagreements, and unfortunately this is par for the course of not owning the bricks and mortar.

There will always be rules and regulations you have to abide by, and opinions pressed on you, therefore it is vital that new publicans considering this route research the pub co they are dealing with and speak with other local publicans to gain their experience. Better the devil you know.

Whichever arrangement you decide is best for you, there are some basic principles for success, which are cheap and easy to implement but often forgotten or lost over time.

Have plenty of enthusiasm, creative ideas, high customer service values, a clean and welcoming venue, and most of all – smile! How many times have you walked out of a shop or pub because the staff look miserable, or because you have received poor customer service? It's not rocket science.

Be nice to people, don't forget they are there to spend money and that the customer is king, or they vote with their feet and take their cash elsewhere. Make sure all of your staff are well-trained and motivated, as they are your link with your pub community and it is important that you gain local support and develop relationships through rapport with your locals.

The licensed trade is all about people, and if you are not naturally a 'people person' then you need to review whether this industry is for you, or look to ensure you remain working behind the scenes and employ staff who can present the front-of-house image that is required to make a your business a success.

In summary, 2011 was a mixed bag with freehold options down and leaseholds and tenancies up, and I fully expect 2012 to be more of the same. If you're looking to sell your lease there are plenty of people out there looking to buy, and I believe lease purchaser numbers will increase in 2012.

These buyers are looking for a business they can build on and develop to provide a good standard of living and a return on their investment. If you own a freehold, then it's probably wise to sit tight and wait for the market to slowly pick up. If time is not a luxury you have, then creating a private lease may well be the solution to your problems.