

If only we knew then what we know now...

THE PROPERTY MARKET CAN BE A MINEFIELD TO A VIRGIN OPERATOR

In this series we've wanted to go chronologically though everything that you need to do when you open a bar. But in reality it doesn't really work like that.

Lots of things have to happen at the same time and you have to learn how to juggle. So this month we're going to jump back a bit and talk in more detail about property deals.

Getting the right property on the right terms is key. Some properties are marketed with unrealistic rents and premiums, have awkward locations or layouts, or onerous restrictions on licenses or leases. If you get stuck with a really bad one then you're going to struggle, no matter how amazing your concept.

GET TO GRIPS WITH THE JARGON

Our first conversation with a property agent was a truly bewildering experience. He bombarded us with jargon and acronyms and because we wanted to be taken seriously we nodded in what we thought were the right places and didn't ask what any of it meant: freehold, leasehold, five years remaining, 20 years remaining, premium, no premium, reverse premium, rent free, rent reviews, full tie, part tie, freehouse, shell, fully fitted, A3, A4, D2 – you get the idea.

We sat there completely oblivious, trying to look professional, scribbling everything he said down and then when we got home we made surreptitious phone calls under false names to lots of different agents to try to work out what would work best for us.

This definitely isn't the best way to do it. So we spoke to Paul Tallentyre at Davis Coffey Lyons, a specialist licensed trade property agency, to get some more sensible advice for a potential first time operator. "Have an open and honest



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Will Beckett and
Huw Gott

THINGS TO LOOK OUT FOR

Most banks refuse to lend on sites with less than 10 years left on their lease. If you do want to go for a site with a short lease try and talk to the landlord. Sensible landlords might offer a new longer lease if you have a proven track record. If you don't, they might be prepared to extend a lease once you've shown yourself to be reliable tenants, so make sure you pay the rent on time.

RENT PER SQUARE FOOT

Some agents don't measure the square footage of sites (especially pubs), but generally comparing rent per square foot with similar properties in the area is a good way to see if the rent is reasonable. A rough rule of thumb is that basements command about half the rent of ground floor, so if the basement site you've set your heart on is £35 per square foot and a ground floor site down the road is £20 per square foot, then it's probably not a great deal. Having this knowledge can also help you negotiate a better deal.

RENT REVIEW

Check when the next rent review is. If it's coming up, or is outstanding, then get professional advice to find out roughly what it will go up to, and ask what the Estimated Rental Value is.

FREEHOUSE VS TIE

If you have a tie then you have to buy your stock through a named supplier, usually a brewery. It will invariably be more expensive than you could get on the open market. Our only site with a tie is the Marquess Tavern which has a full tie to Wells & Young's, and it is a completely different challenge to our other sites. Think carefully and do realistic projections before taking one on.



It is important to be really upfront with an agent about your circumstances and aspirations

discussion with a specialist agent. Explain your situation: how much money you have, what experience you have, what locations you are thinking about, whether you want to set up a lifestyle or entrepreneurial business. And listen to what they have to say," he advised.

FINDING A SITE

Paul (perhaps unsurprisingly) advises that the best way to find a good site is to take on a specialist agency on a retained basis. This means that its staff will look for sites that match your criteria and will let you know about things early – sometimes before they ever come on to the open market. This will cost you a bit more than if you find a site on your own. At Davis Coffey Lyons they charge three per cent of any premium and 10 per cent of first year rent.

Although we've never gone down this route, when your requirements for a site are very specific it certainly is a path worth considering.

It's crucial to know which way round you're doing things, fitting site to concept or vice-versa. Our general approach has been to try to take advantage of reasonably cheap sites, to find good deals and

then work out what concept to use. But with our next project we know what concept we want and we know it would be suitable for a few different locations so it will be worth spending a bit of money to get as good a site and location for it as possible.

We found The Redchurch and Hawksmoor through non-specialist agents based in a location that we thought had potential, Green & Red was from talking to people and hearing about an obviously struggling venue, and we found out about The Marquess Tavern through a Young's brewery representative at a *Theme Awards* ceremony.

One of our consultancy clients found their site through a local agent's board outside a closed down bistro. This proves that if you have a specific area in mind you can find things by pounding the streets.

There is definitely value in looking through specialist agents' websites – as well as Davis Coffey Lyons, the other main ones are Shelley Sandzer, Christies and Fleurets.

Bear in mind, though, that many existing operators will snap up the good properties before you get there so a better bet may be non-specialist agents. ■

TOP TIP

"Before falling in love with a site, make sure you fully get to grips with all the costs involved. Don't just look at the premium, factor in any rent deposits, rent in advance and stock payments that might be applicable. Look at the numbers and do a proper business plan with detailed set up costs and projections before choosing the colour scheme and furniture."

Paul Tallentyre, Davis Coffey Lyons



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