

Viability Study

The Prince Albert, Copthorne Bank, Copthorne,
Crawley RH10 3QX



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1.0 Instructions

We have been instructed by Westcoast Developments, to inspect the property and to assess whether the loss of the land to the rear of the Prince Albert (**Appendix 1**) from the 'tradeable area' will have an impact on overall viability at the public house.

2.0 Executive Summary

For reasons that will become clear, we are of the opinion that the loss of the land to the rear of the Prince Albert will have a nominal effect on the viability of The Prince Albert in the short and longer term.

3.0 My Professional Background

The report has been independently compiled by Adam Bullas MRICS of Savills (UK) Ltd. Adam is a Director and Chartered Surveyor specialising in the licensed trade for over 19 years. Being in the Savills Licensed Leisure department he frequently advises on the future viability of pub businesses and, where investment is planned by the owner or operator, the feasibility of such schemes.

4.0 Information Relied Upon

To the extent that you have provided us with information and/or instructed us to obtain it from a third party you agree, unless it is otherwise agreed by us in writing that we can safely rely upon the accuracy, completeness and consistency of this information without further verification.

5.0 Inspection

The property was inspected by Savills on 5 September 2024. The weather on the date of the inspection was dry.

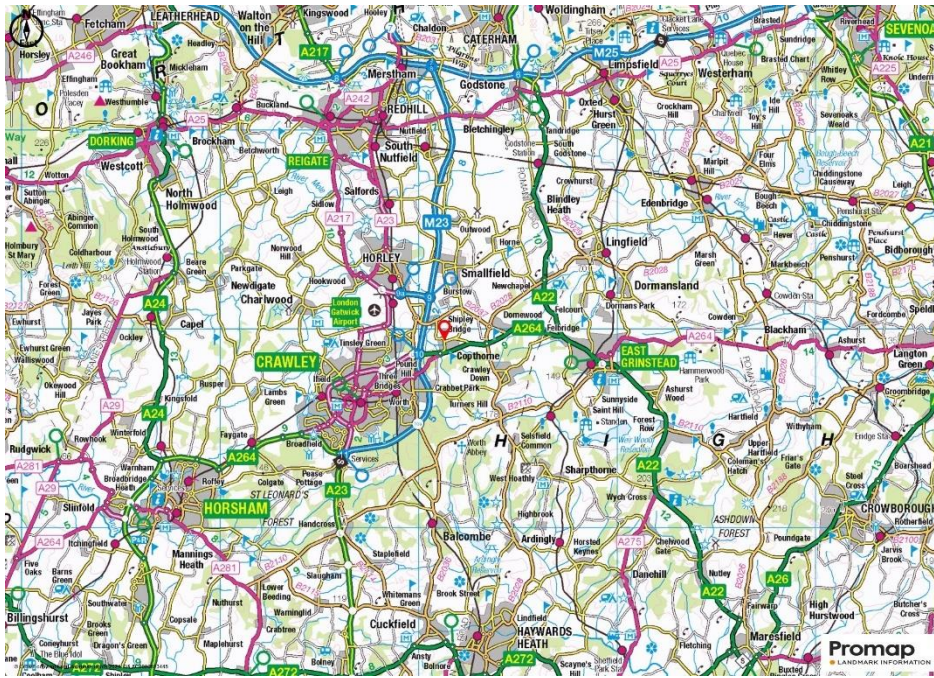
6.0 Location

The property is located on Copthorne Bank in the village of Copthorne, West Sussex. Copthorne is situated approximately 4 miles (6.4 kilometres) northeast of Crawley, 5 miles (8 kilometres) southwest of East Grinstead, and 30 miles (48 kilometres) south of London. Gatwick Airport is approximately 3 miles (4.8 kilometres) to the northwest.

The village benefits from excellent transport links. The M23 motorway is accessible at Junction 10, approximately 3 miles (4.8 kilometres) west, providing direct connections to London and Brighton. The A264 runs through Copthorne, connecting the area to Crawley, East Grinstead, and the A22. The nearest railway station, Three Bridges, is located 3 miles (4.8 kilometres) southwest and provides regular services to London, Gatwick Airport, and Brighton.

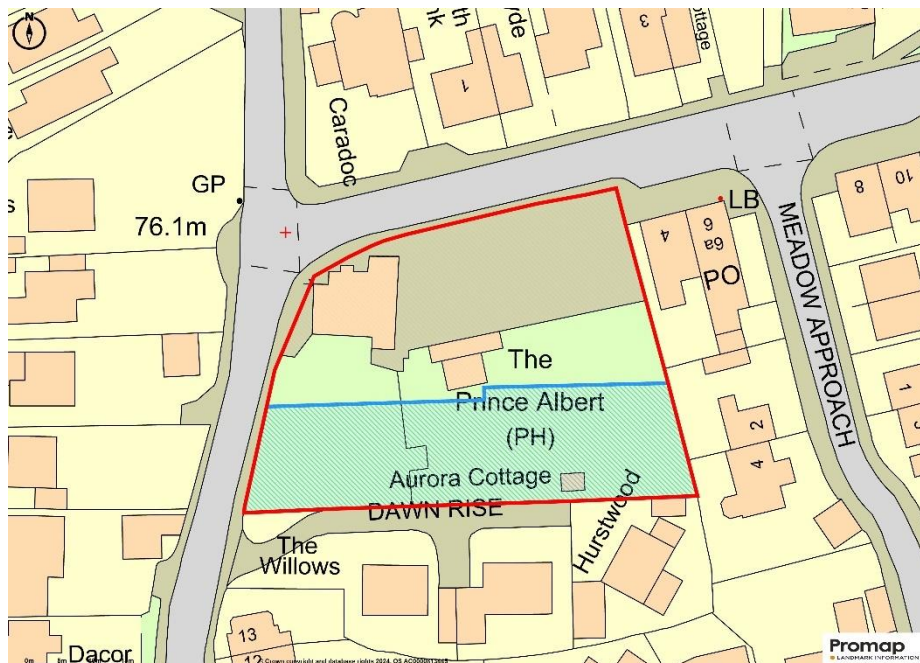
The immediate vicinity comprises primarily of residential properties, with nearby local amenities serving the community. The property is well-positioned within a residential setting, benefiting from proximity to major transport hubs while retaining access to local markets.

A general location plan is shown below.



General Location Plan

An Ordnance Survey plan is shown below outlining our understanding of the boundaries of the site edged red. For the purposes of this report, the land in question is the 'land to the rear of the Prince Albert' which is shaded blue and measures approximately 0.271 acres (0.11 ha). **Section 7** below, details the current layout and existing trade areas at the subject property but also provides detail of the proposed plans.



Ordnance Survey Plan

7.0 Description

The Prince Albert is a detached public house featuring traditional brick rendered and painted elevations under a pitched slate tiled roof. The ground floor is accessed via a single entrance, leading to an open-plan trade area. The space is furnished with loose tables and chairs. A servery is positioned at the rear of the trade area, with toilets located nearby, along with access to a small kitchen and cellar at the rear.

The second floor comprises the owner's accommodation, which includes two bedrooms, a living room, a kitchen, and a bathroom.

Externally, 'land to the rear of the Prince Albert' which is the existing trade garden comprises a large lawned area with seating across loose benches and two covered areas and a large storage container. There is a large space also not currently used by the public house which sits at the rear and has been left overgrown. we understand the majority of this remains unused, due to it being surplus to the requirements of the current external trade areas. We will review this area in further detail within **section 9** of our report.

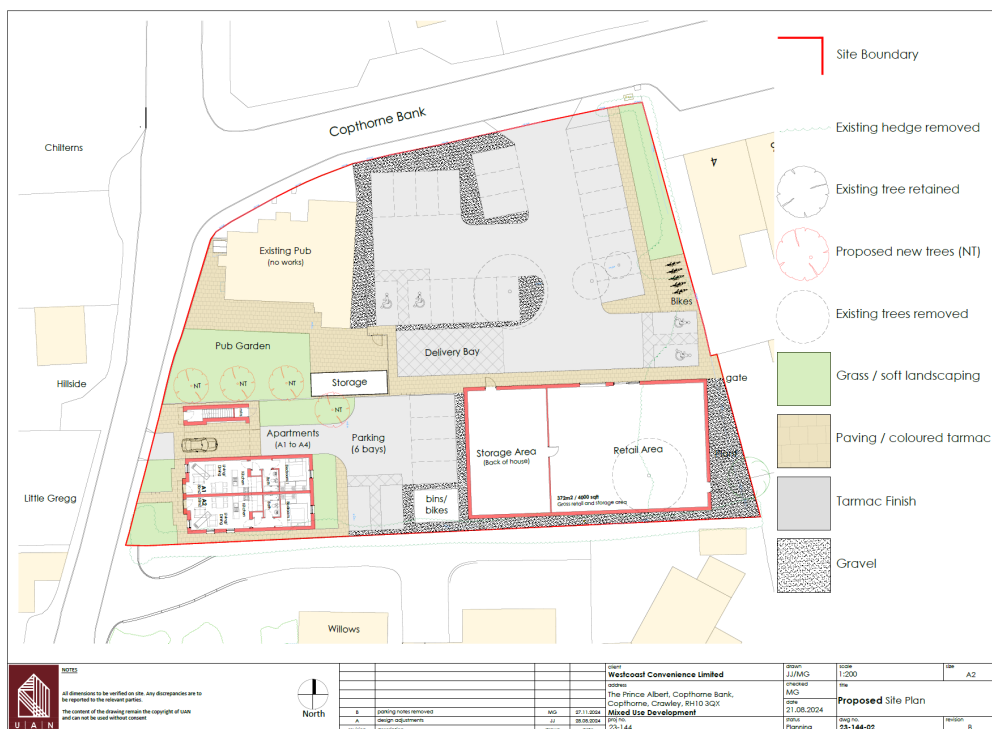
The approximate Gross Internal Area of the building is 2,236 Sq ft (208 sq m).

The overgrown scrub land behind the Prince Albert had planning for a proposed 2 storey rear extension with external staircase to provide 8 letting rooms with new kitchen, disabled toilet and staff accommodation which was approved 2019 but planning has lapsed under the reference of DM/19/0134.

Our understanding of approximate site areas are as follows:

Site	Approximate Site Area
Current total site	0.62 acres (0.251 ha)
Land to the rear of The Prince Albert (currently included within the existing title)	0.271 acres (0.11 ha)
Reduced site (excluding the land to the rear of The Prince Albert)	0.329 acres (0.141 ha)

We provide below the proposed plan which details how the excess land is to be utilised



We have also attached a copy of the current photographs at **Appendix 2**.

8.0 Business Overview

The Prince Albert is currently leased and trading under a free of tie tenancy agreement. We understand the property is run as a traditional English public house with a decent local following, serving typical bar snacks and good selection of ales. We suspect the trade split is round 95:05 in favour of wet trade.

From our inspection, the business is clearly reliant on local trade and significant ‘wet trade’ with limited catering on site, which is evident from the limited internal cover numbers at the public house and limited kitchen facilities (the kitchen was not in operation during our inspection and was used purely as storage).

Due to the property being run under a tenancy agreement, we are not privy to trading information and cannot comment on trade levels or profitability. However from our inspection, the property appears to compete satisfactorily with local competition due to its prominent location in centre of the village and limited immediate alternative public house venues close-by.

9.0 Land to the rear of the Prince Albert

As mentioned, Savills have been asked to comment on whether the loss of the land to the rear of the Prince Albert from the ‘tradeable area’ will have an impact on overall viability at the public house in the short and longer term.

From our inspection, the existing trade garden comprises a large lawned area with seating across loose benches which has the ability to accommodate around 60 patrons. There are storage units located on the land in addition. Also there is a large space of scrub land that is not used by the public house and been left overgrown which had historic planning for a proposed 2 storey rear extension with external staircase to provide 8 letting rooms with new kitchen, disabled toilet and staff accommodation which was approved 2019 but has lapsed under the reference of DM/19/0134.

In our opinion, this land together with the current beer garden is surplus to the requirements of the public house and its overall size as it is. The current kitchen and bar servery are very small to cater for significant customers as evidenced within the pictures in **Appendix 2** and as a consequence, the existing tenant has opted to concentrate on wet trade and no food. The current external seating has been designed with large spacing between them.

Given that the rear land is laid with grass, it would also be unusable during the wetter months where the ground would become wet and unusable. As a result, this limits the overall time throughout the year in which it would even be possible to use as a 'trading area' despite not being required by the existing tenant at present.

At the current time, the pub has c. 30 internal seated covers, including those at the bar area. However, we suspect the number of customers standing within the premises would be in excess of this figure on a day today basis. We understand the total internal capacity is circa 100 persons which is significant in relation to the small kitchen which is not in a modern commercial format and also relative to the size of public bar area.

It is worth noting and as evidenced within **Appendix 2**, that the trade kitchen is clearly very small and the accommodation is of poor quality (it was subject to a fire which has made the space redundant). This would need to be extended / repositioned/ refurbished in order to incorporate a viable food offering and be capable of accommodating an increase in external cover numbers if the land to the rear of the Prince Albert was utilised. In our opinion this is unlikely to be possible at the Prince Albert when considering the current size of the property. It is also important to note that this is not a 'family food orientated' pub and therefore the car park and garden are under-utilised as a result of the personnel frequenting it (male dominated).

In light of this, we are of the opinion that the loss of the land to the rear of the Prince Albert would have a nominal effect on trade at the public house and would in fact ensure that the property remains operational in a capacity in which it can cater for and be 'viable' in the short and longer term. In the property's current form, it lends itself well to the current 'wet led' business operated at the Prince Albert, appealing to much of the local population.

10.0 Commentary on Internal and External Layout

Further to the above, the Prince Albert has no characteristics that fulfil any of the managed house or destination public house requirements. We set out below the requirements for these types of operators who are currently in the market for additional sites:-

- Site size of 0.75 to 1.5 acres;
- Prominent 'A' road locations;
- Sufficient car parking of between 60 and 100 car parking spaces;
- 100 to 200 external covers;
- 100 to 200 internal covers with optimal operation layout and sufficient kitchen facilities.

Despite the above, that is not to say small pubs within locations like The Prince Albert cannot be profitable, however the current public house has small trading areas and limited internally which as mentioned, lend itself well to the drink focused business currently run at the property. As a consequence, it is therefore only likely to be of interest to individual operators and as a wet led operation.

In our opinion there is limited to no angle to reposition the business to a more destination led business even with an extended commercial kitchen and increase cover numbers for diners or even drinking custom, by utilising the land to the rear of the Prince Albert. As it stands, the business appears to be successfully independently run as a wet led operation in this location.

11.0 Alternative Provision

There is a reasonable amount of competition from other pubs in the area, with google maps illustrating a number of businesses within a 5 miles radius. Despite this, we are of the opinion that due to the prominence of the Prince Albert and its position in the centre of Copthorne it will continue to trade competitively in the future.

The likes of The Cherry Tree 0.7 miles, The Shipley Bridge 1.1 miles and The Curious Pig in the Parlour 2.4 miles from the subject property respectively already appear to be providing a decent food offering in comparison to the Prince Albert, making it harder for the business to remain competitive if the current offering shifted to focus on food.

12.0 UK Pub House Market (November)

The pub has proven to be resilient with a good track record of innovation, adapting to the changing tastes of the consumer over many hundreds of years. The sector has seen renewed transactional activity and strong trading results. The sector has a number of key characteristics that attract the attention and investment of financial and operatorial buyers and these are:

- Freehold backed portfolios provides strong vacant possession underpin to value
- Pub numbers have declined but revenue has grown and cost pressures are easing
- Flexible operating models gives optionality
- Well-funded operator demand

12.1 Freehold Backed Ownership

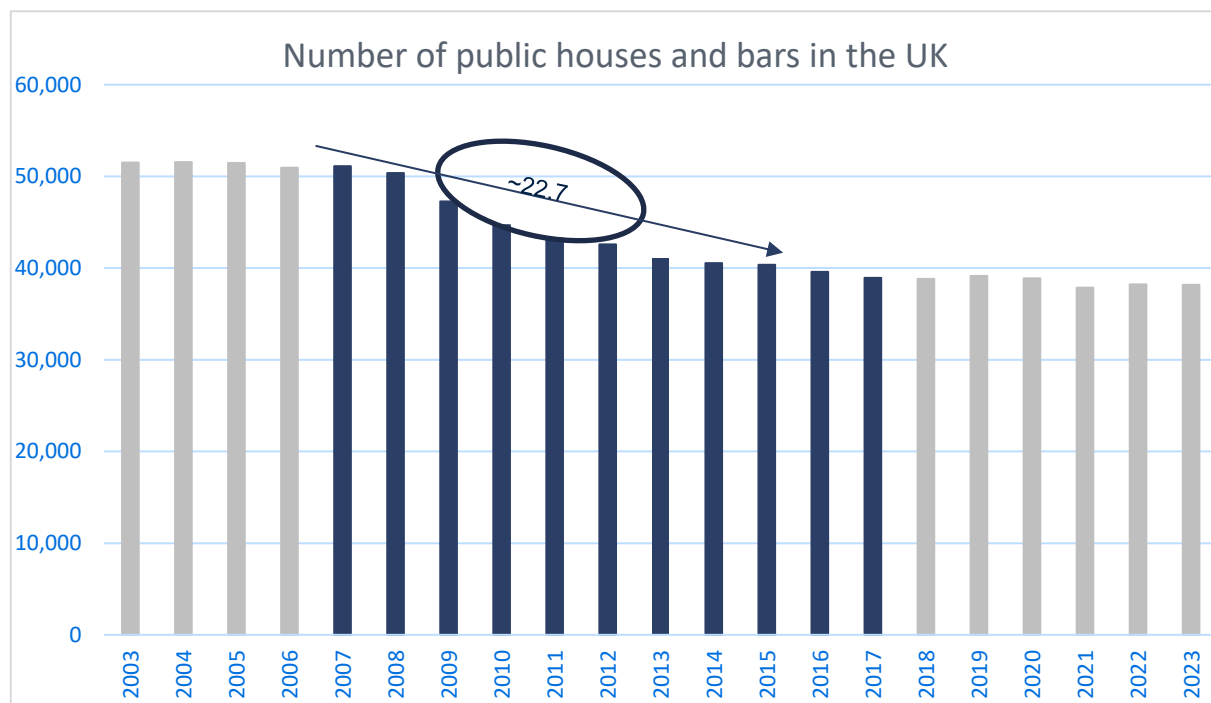
The top five pub operators, by number of properties, own 30% of UK pubs and, as illustrated below, report that the majority of their estates are freehold. This attracts investors who are seeking operational real estate opportunities.

Pub Company	Number of Pubs	Reported Proportion of Freehold Assets	% Size of the Pub Market
Stonegate	4,432	Predominantly	12%
Greene King	2,623	Predominantly	7%
Mitchells & Butlers	1,654	83%* Freehold and Long Leasehold	4%
Admiral Taverns	Over 1,600	Predominantly	4%
Marston's	1,414	Predominantly	4%
Top Five Pub Operators Total	11,723		30%

12.2 Pub Numbers and Revenue

Whilst pub numbers have declined, the sector has been broadly at equilibrium for the last six years. The public house sector now comprises a reported 38,175 sites (Source: ONS 2023). The chart below shows the decline between 2008 and 2017 when the smoking ban in July 2007 and the credit crunch of September 2008 resulted in a rationalisation of the sector with a loss of ~22.7% (11,430 sites/ on average 25 per week) between 2008 and 2017.

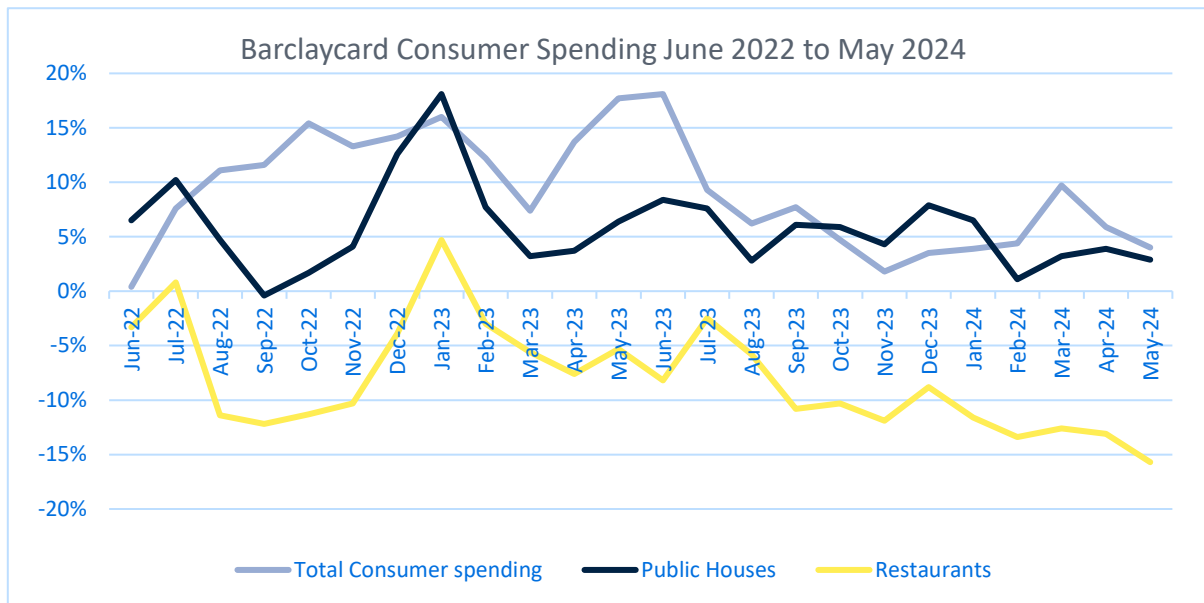
It should be noted that whilst pubs are still being lost these are generally the smaller less profitable businesses as a consequence of changing consumer habits and oversupply in some localities. The total number of sites however remains stable, which also means new sites are entering into the pub count. These new sites tend to be larger managed or operator managed operations, either new build or conversion from retail developed by operators such as J D Wetherspoon, Loungers and Marston's.



12.2.1 Consumer Spending

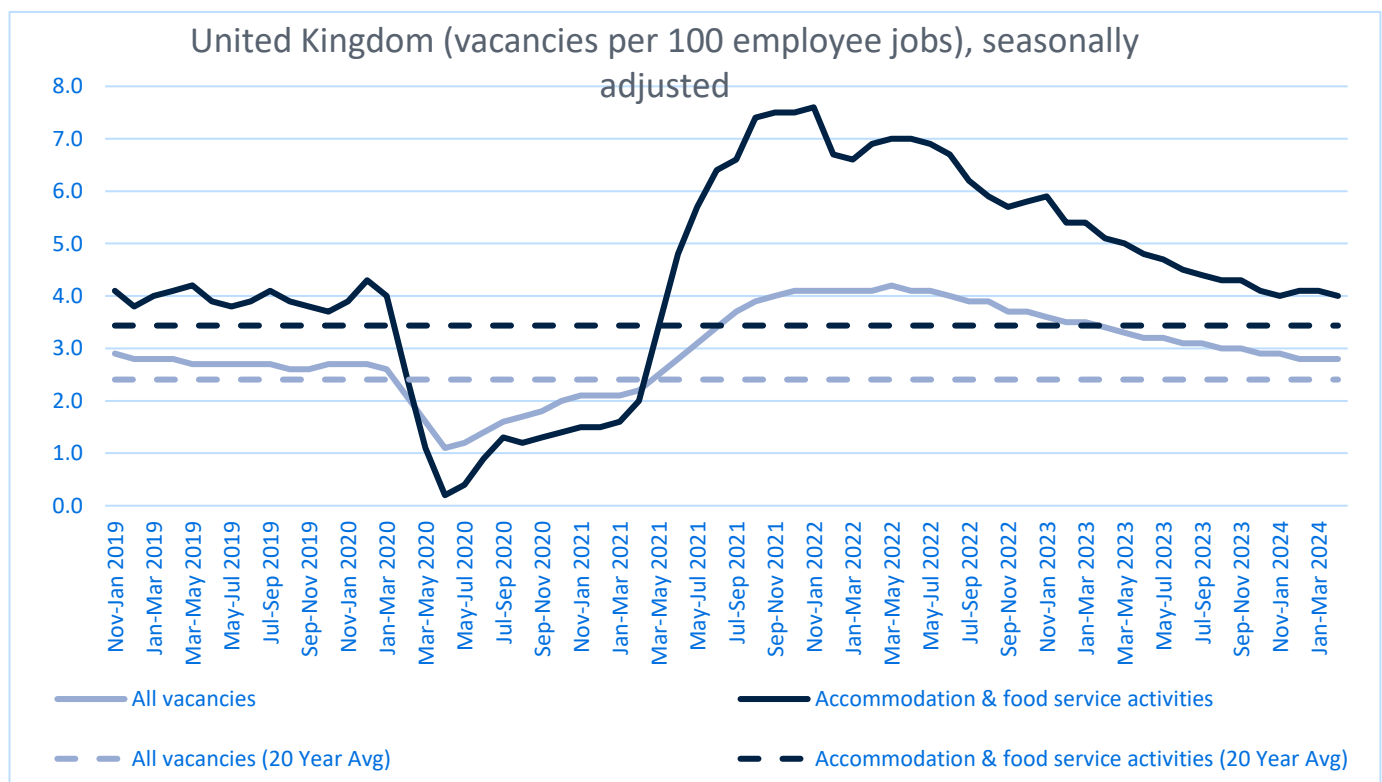
Consumer behaviour illustrates the strength of the pub in gaining a share of available spend, with the desire to socialise very much evident. Operator results show strong like for like turnover growth with Youngs reporting LFL sales up 3.4% at their year-end 1 April 2024, Stonegate reporting like for like ("LFL") sales in the leased and tenanted division up 6.2% for the 28 weeks to 7 April 2024, and Marston's reporting LFL sales growth of 7.3% for the 26 weeks to 30 March 2024.

Consumer spending is tracked by Barclaycard and the chart below illustrates pub spending is generally tracking overall spending, but is ahead of restaurant spend which indicates the pub is taking a good share of leisure spend.



12.2.2 Cost Pressure

The sector, along with the wider economy, has seen strong headwinds in terms of costs pressure. There is however evidence that this is abating, particularly for utilities and inflationary pressures on food and drink. The news that inflation has returned to the Bank of England's target rate of 2% in May 2024 is welcomed. Labour costs are still however a big challenge and the rise in the National Minimum Wage represents a continuing cost pressure for the sector. There is however evidence that general vacancy numbers in the labour market are declining and this is mirrored in the accommodation and food service sectors, as demonstrated chart below, which will relieve the difficulties operators have been experiencing in the availability of labour:



12.3 Operating Models

The pub sector has three main scalable operating models; managed businesses, franchised and leased and tenanted operations. This gives operational flexibility and means pubs can be traded in the most effective model to generate the highest possible returns.

Each model has a different distribution of turnover, cost and profit, this is illustrated below:

P&L Line Item	Managed	Franchise		Leased & Tenanted	
	Operator	Operator	Pub Company	Operator	Pub Company
Wet and Dry Income					
Machine Income					
Franchise Fee					
Wet GP					
Machine GP					
Wages / Franchise Fee					
Taxes					
Utilities					
Repairs & Maintenance					
Other Operating Costs					
EBITDAR					
Rent					
EBITDA					
Key	Turnover / EBITDA	Costs			

12.4 Operator Demand

The strength of the sector is evidenced by recent market activity. Two key operators have, for example, stated their intention to invest in their portfolios. Heineken announced on 7 May 2024 that they are investing £40m into their UK pub estate and reopening 62 pubs. J D Wetherspoon stated on 22 March 2024 that they are aiming to grow their portfolio to 1,000 pubs from their current 814. Private Equity also continue to view the sector positively as evidenced by Apollo Global Management who at the end of 2023 invested in Stonegate and The Restaurant Group.

Market activity is strong and the freehold backed sector continues to attract interest from both private equity and investors but also from well-funded operators. We outline below some recent transactions within the sector:

Date	Vendor	Purchaser	Geography	Number of Properties	Reported Price	Average Price per Property
May-24	Fullers	Admiral Taverns	South East	37	£18.3m	£495k
May-24	Milton Portfolio Op Co 3 Limited (In Administration)	Punch Taverns	North East	24	£15.4m	£642k
Mar-24	City Pub Co	Youngs	London, South East, Wales	50	£158m	£3.1m
Oct-23	St Austell Brewery	Red Oak Taverns	South West	17	£6.5m	£382k
Jun-23	Camerons	FB Taverns	North East	26	£8.8m	£325k
Oct-22	Peach Pub Co	Revolution	South East	21	£16.5m	£786k
May-22	C&C Group	Proprium Capital Partners	National	47% Stake	£55m	N/A
Mar-22	City Pub Group	Portobello Starboard	South East	5	£16.2m	£3.24m
Feb-22	Lucky Onion Group	Youngs	Cotswolds	7	£25.6m	£3.66m
Feb-22	Alchemy Partners	Inn Collection	North East	31	£300m	£9.68m

12.5 The Autumn Budget

The recent budget will continue put pressure on operators with increased wage costs and a reduction in business rates discount from 75% to 40%. However, albeit the Government has also announced that it will introduce a new hospitality multiplier which may mitigate some of the rates payable increase.

12.6 Market Conclusion

Many of the challenges faced by the sector are abating and trading results are positive as a result of consumer behaviour which shows the pub is valued as a place to socialise. The proven ability of the sector to adapt to changing consumer preferences ensures continued growth prospects and demand from operators and investors in the sector seeking new opportunities is ensuring that transactions are continuing to take place.

13.0 Future

Whilst it is impossible to predict future changes in drinking and dining patterns, We would expect the Prince Albert to represent a viable trading prospect into the future based on current condition and situation at the existing public house ensuring that this is maintained. This will ensure that the property will remain competitive in its market place (in terms of providing customers with a pleasant environment) and compliant with legislation.

14.0 Conclusion

From our inspection of the property, further investigation and analysis, We are of the opinion that the proposal of removing the land to the rear of the Prince Albert (as tradeable area) and relocating the beer garden, will have a nominal effect on the viability of the business in the short and longer term due to the land being surplus to the requirements of the property and capacity of the kitchen and bar facilities together with the continuation of the patrons that currently frequent the venue.

The updated trade garden is considered to be of ample size in our opinion.

The proposed plans will enable the pub to be invested in in the short term. The scheme proposed will allow the Landlord to invest in the fabric of the public house and re-landscape the grounds to enable a scheme that will benefit the local community with increased footfall and activity on this central hub. The proposed development will therefore provide much needed capital expenditure on the public house to ensure its long term viability is secured.

We hold no hesitation in recommending the proposed plans.



Adam Bullas MRICS
Director

Date: 12th December 2024

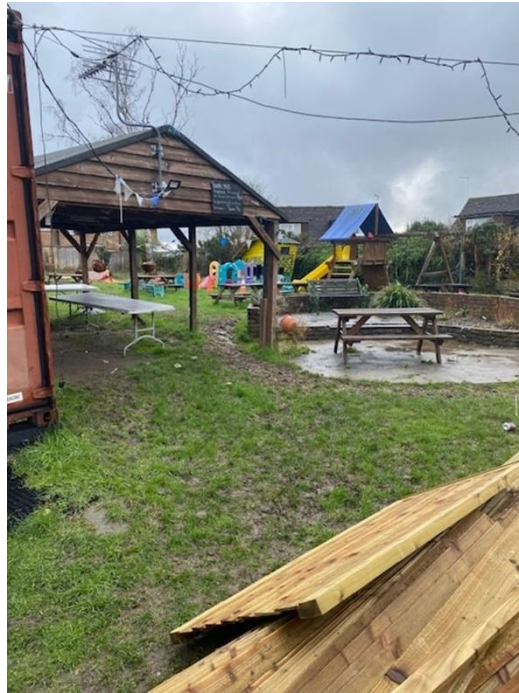
Disclaimer

The projections outlined within this report are assuming a good average operator running the business efficiently. Savills would have no involvement in the running of the business and therefore cannot be held liable for the projections not being obtained.

Appendices

Appendix 1

Land to the Rear of The Prince Albert



Land to rear of the Prince Albert



Land to rear of the Prince Albert

Appendix 2

Photographs



Front Elevation



Side Elevation



Black Elevation



Car Park



Car Park



Trade Area



Trade Area



Trade Area



Garden Area



Garden Area



Garden Area



Garden Area

Appendix 3

Proposed Site Plan

