



SITE LOCATIONS

The battle for premium space rages on



Strong rental growth has continued over the last 12 months for traditional 'in-demand' locations as trading remained largely buoyant in the immediate wake of Brexit and several chains remained acquisitive. However, the restaurant, pubs and bars sector is now feeling the pressure of business rates, increased costs and the uncertainty of a drawn-out Brexit and this is likely to have a different effect on rental growth in various locations around the UK.

Acquisitive Growth Brands

- ▶ Within the mid-market, large operators are tending to be less acquisitive than they have been over recent years. However smaller operators, particularly those backed by private equity (due to the demand for growth that this form of investment brings), are continuing to roll-out site acquisition programmes.
- ▶ The development of large retail centres across UK cities has allowed smaller operators to spread nationally. With e-tailing booming, retail centres are heavily reliant upon leisure offerings, including restaurants, bars and cinemas to coax consumers to shop in person.
- ▶ The emergence of restaurant 'quarters' in several UK cities (e.g. Charlotte St and Nara Victoria in London and Trinity in Leeds) provides another opportunity for restaurant chains looking to increase their national presence. Operators with sites in these areas are able to utilise their popularity to increase their brand strength.
- ▶ **It's not just about London**
- ▶ Like-for-like sales in London are higher than last year, ensuring that tenant demand in the capital remains high. However like-for-like sales have also grown outside of London, encouraging several chains to expand nationally.
- ▶ Developments in the other major city centres are bringing increased sales and this has meant that operators are competing for premium space, often having to commit to longer leases in order to secure good locations.
- ▶ Mid-market operators outside of London are having to compete with other growing restaurant chains for space, including:
 - ▶ international brands breaking into the UK market (e.g. Tim Hortons);
 - ▶ growing A4 operators with a food-led focus; and
 - ▶ national roll-outs of London based operators.
- ▶ Recent years have also seen considerable growth in affluent market towns and regional cities which have traditionally been reserved for more well-established brands.

Rental Growth

- ▶ Whilst rent growth may not continue at the rates we have seen over recent years, tenant demand in not only London and major UK cities but also affluent market towns suggests that there will be some upward pressure on rents in these markets.

"They are very thorough and pragmatic and a very impressive and co-ordinated team who work closely together. Quick response times and good advice. They are fantastic."

How we can help

Acquisition and/or disposal strategy	Industry know-how gained through our broad experience
Pre-lets and development projects	Overseas expansion plans through our network of international offices and contacts
Diversification through joint ventures and concessions	

Who we've helped

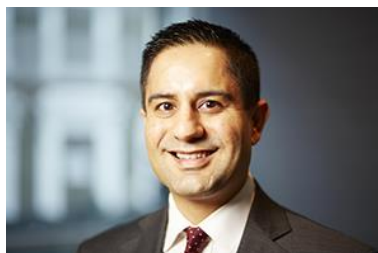
Hammerson on several key pre-lets to national restaurant chains including **Frankie & Benny's**, **Nandos** and **Prezzo**; **The Capital Pub Company** (now part of **Greene King**) on its acquisition of a portfolio of pubs including subsequent advice to **Greene King** in relation to various disposals and strategic management matters relating to the portfolio. **Byron Hamburgers**, **Côte Restaurants**, **Bleeding Heart Group** and **The Seafood Pub Company** in relation to acquisitions and a range of other real estate matters. **Loungers** in relation to acquisitions and lettings of various "Lounge" sites. **British Land** in relation to its portfolio of pubs let to **Spirit Pub Co.** **Battersea Power Station Development Company** on several key F&B lettings on the first phases at Battersea Power Station. **Trust Inns plc** on the refinance of its UK-wide business which included a real estate portfolio of circa 500 properties. Canadian coffee shop chain **Tim Hortons**, a new entrant into the UK market, in connection with its store roll out.

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