

at your Leisure

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in this issue:

In-‘Gin’-ious:
the rise and rise of gin

Interview:

in conversation with
Aaron Othman

**Road to
Redemption**

inside the prison-based
speciality coffee company

lots more
inside



Welcome

to the first issue of **At Your Leisure**, the quarterly newsletter from May & Company.

In our world we take a keen interest in the ever changing landscapes of the retail, food and drink, health and fitness and alternative leisure sectors and how they effect real estate. We observe trends, keep our ear firmly to the ground and provide our broad mix of clients – both owners and occupiers of real estate – with well thought out and focused property advice.

In this issue, key features include the expansion strategy for Redemption Roasters coffee shops, the rise of Gin bars and operators, an interview with children's soft play operator Aaron Othman of Partyman World of Play, and we conclude with an interesting article on a recent Business Rates tribunal relating to the valuation of Wigan Athletic FC stadium.

For specific advice on F&B or Leisure agency or our professional property services, please contact us at info@mayandcompany.co.uk see our website www.mayandcompany.co.uk

or call us on **020 3503 0635** to have an informal no obligation chat.



Samuel May MRICS
DIRECTOR



Vagabond are on the move

May & Company have been asked to identify new sites on behalf of Vagabond.

The pour-your-own-wine bar where drinkers top up a payment card before serving themselves have recently secured £3.5m from UK leisure and hospitality investor Imbiba to open new venues across the UK. Vagabond are looking for new sites in high density office locations measuring between 2,000-3,000 sq ft.



Bon appétit!

May & Company client **Bon Pan Asian**, the successful Pan Asian restaurant concept masterminded by Aiden Kang, opened their first site in Stoke-on-Trent in late 2015. Liverpool opened in early 2018.

The format has worked so well that we are seeking similar scenarios on Bon's behalf, in town and city centres adjacent to leisure anchors, ideally cinema and/or bowling. Site size would ideally be between 8,000 and 12,000 sq ft, preferably on one floor or ground and first floor and with A3 planning use.

The road to Redemption

Redemption Roasters have retained F&B agents May & Company on new site acquisitions.

Redemption Roasters who first began roasting coffee in March 2017 are excited to announce their plans to open more coffee shops. "Starting this new prison-based coffee concept was a bit frightening," said Ted Rosner, Founder of Redemption Roasters. "But when we received wonderful feedback from our two coffee shops I saw this as such an exciting opportunity for us to roll the brand out further!"

Redemption coffee beans are roasted by a dedicated team at Aylesbury Young Offenders Institute. As part of their mission to help young offenders successfully integrate back into society, Redemption Roasters train the inmates in professional roasting and competition level barista skills.

Their current coffee shops trade from two sites: Long Lane in Farringdon and Lamb's Conduit Street in Bloomsbury with a third opening in Coal Drops Yard, Kings Cross at the end of October 2018.

"Our target is to open eight new shop sites by 2020," said Ted, who has recently appointed May&Company as sole retained agents for their new site acquisitions.

This unique concept helps provide an opportunity for the prisoners to build a better life. Prisoners are 50% more likely to re-offend if they leave prison without skills and a job, and to roast speciality coffee, people need exceptional skills.

The roll out will build a profitable group of shops forming the first chain of its type in the UK – a coffee business underpinned by domestic social responsibility.

May & Company are seeking sites ranging from kiosks up to 800 sq ft in high footfall office locations.

To discuss new site opportunities, please contact May & Company on 020 3503 0635 or email us at info@mayandcompany.co.uk



In-‘Gin’-ious: the rise and rise of gin

The UK has become a nation of cocktail drinkers as a gin boom means sales of spirits are earning more money for the Treasury than beer for the first time ever. We take a look at the growth of gin bars and operators.

New figures from the **Wine And Spirits Trade Association** found the equivalent of over 50m bottles of gin were sold for the first time with a value of £1.4bn, add on 2017's exports value and it's £1.925bn, perilously close to £2bn. Three more quarters of similar value growth and gin may well be a £2bn industry based on domestic sales.

Britain's love for the tippie made gin a popular gift last Christmas, along with a wide range of gin-themed gifts. There is also the UK's first gin spa, where visitors can indulge in a juniper foot soak and a gin tasting menu.

This wasn't the only time UK has had an infatuation with gin. Its origins date back to the early 18th century when the unlicensed

production of gin was allowed by the UK government and because of extortionate duties on imported spirits a gin craze began.

So, what has changed? How has this once dormant category seen such an increase in popularity that it is now considered part of the modern lifestyle of the British consumer

First, the increased interest in complex cocktails has brought interest back to gin. Gin is well loved for cocktails because it is inexpensive for bars and there is a good deal of taste difference between kinds of gin.

This allows for even greater specialization within gin drinks on a single menu.

Secondly the rise of craft and small batch distilleries both in the United States and in the UK, has assisted in the increase of popularity in gin. Gin is relatively easy to produce, and new and better technology allows for the creation of craft gins, each with its own distinct flavour.

In April 2016 The Holborn Dining Room restaurant at the Rosewood London hotel in Holborn, operated by Des McDonald, opened a relaxed and stylish copper-topped Gin Bar. The dedicated gin bar offers London's largest collection of gin, featuring over 500 gins and 30 tonics and compliments the British-themed restaurant whilst capitalising on the ever-growing trend for gin. Gin lovers can savour more than 14,000 possible gin and tonic pairings from well-known international brands to small-batch and local distillers to choose from. The bar menu includes new Gin cocktails and much-loved classics, as well as a selection of spirits, fine wines and craft beers.

Urban Golf who operate virtual golf simulators at Smithfield and Soho in London, and at White Plains in New York, have announced a dedicated gin bar run by Hampstead village distiller sacred gin who have created a golf themed gin menu for them.

English winemaker Chapel Down have just announced subject to planning and licencing the creation of an experiential bar, restaurant and ginnery in King's Cross. Chapel Down Group has exchanged on an

agreement to lease a 5,000 square foot site in King's Cross by the Regent's Canal where it will be opening the 'Chapel Down Gin Works' an experiential bar, restaurant and ginnery.

Hotel du Vin has recently partnered with Slingsby Gin to create a series of luscious hotel suites at five of their hotels for the ultimate gin fan. Slingsby 'Ginspiration' Suites offer their guests a one-of-a-kind hotel experience, with each element of the room – from the soft furnishings, to living botanicals, mini bar and copper details – carefully curated with the gin lover in mind. Each hotel suite also contains a gin bar complete with full-size bottles of Slingsby's award-winning London Dry and Rhubarb gins.

Another operator capitalising on the recent gin craze is Inception Group through their Mr Fogg's brand based on Jules Verne's Phileas Fogg character. Mr Fogg's opened their first site on Bruton Lane in Mayfair called 'Mr Fogg's Residence' followed by their second on New Row in Covent Garden called 'Mr Fogg's Gin Parlour' with over 300 gins from across the globe. They have since rolled out further sites: 'Mr Fogg's House of Botanicals' on Newman Street, Fitzrovia, 'Mr Fogg's Tavern' on St. Martins Lane in Covent Garden,

and 'Mr Fogg's Society of Exploration' on Bedford Street in The Strand. Most recently British Land have announced that Inception will be opening their first 'Mrs Fogg's', a 6,200 sq ft bar at the former Crab Tavern site at Broadgate Circle which will open September 2018 and features a Victorian cocktail bar and British-Indian themes throughout.

So, what does the future hold for gin bars?

We predict the revival of Victorian themed and new craft gins and associated bars, both stand alone and within hotels will continue to flourish in London and start to move out to the regions. With the continued importance of 'Instagramable' products, botanicals, flavours and themed fit out will be even more ambitious to create a point of difference for operators and to draw customers. Landlords with vacant space in busy city locations or hotel operators looking to re invigorate their offer can draw on the growth in the gin trend to add further value and diversify their portfolios.



in conversation

with Aaron Othman of Partyman



On a cold and rainy day in late August we drove up to Marsh Farm, close to Southend-on-Sea, to meet with Aaron Othman, Managing Director of leisure operator Partyman World, for our first full feature interview where we hear about Partyman's humble origins and diversification of revenue streams during tough trading periods, and their growth plans for the future.

Q Hi Aaron, thank you for taking the time to see us today. How has business been recently?

A Hi Guys, likewise! Business has been hard the past few months to be honest. The weather in England has been phenomenal and people don't want to think about spending the day indoors, they are making the most of this weather and spending as much time possible outdoors. The World Cup has made trading challenging for us, especially with England doing so well, people have been opting on spending the summer days watching the footy at home or in the pub, which has affected both our indoor and outdoor business.

Q Apart from the hot summer, World Cup and Brexit, has anything affected your businesses?

A Yes, we recently took over an existing kids' soft play business at Cambridge called Funky Funhouse, a 16,000 sq ft site. The building got broken into and there was a fire which was arson. Although the insurers paid out, it was not enough, and we had to spend a lot of our own money on totally refurbishing the site. This will soon be rebranded as Partyman World of Play and we will have a day nursery offering there too, which is our new model, and the new site will open either at the end of this year or early 2019.

Q How have you managed to keep your overheads low during this quiet period?

A Our main costs are our staffing and therefore we have a flexible working arrangement with our workers. From the get-go, before we interview our workers, we explain to them that some days will be very busy and other days we will be quiet and because of that there will be days when they might not be needed to come in for work. We have a great understanding, transparency and openness with all our staff, they know what the business brings in and they know we will run on losses if we hired them for days we weren't busy. The majority of our workers live at home with their parents and don't have many overheads, so this works well with them too.

Q How many staff do you have altogether, and how many sites do you have?

A Together we have over 450 workers who work across our estate. We currently have eight sites for Party Man in Basildon, Braintree, Eastleigh, Ipswich, Lakeside, Oxford, Stevenage and Wembley. We also have an adventure park called Fort Fun in Eastbourne and of course Marsh Farm near Southend where we are today.

Q So tell us, where did this all start for you? How did you become the Managing Director of Partyman?

A It all started for me at the age of 14 when I did three weeks' work experience at the David Lloyd club in Basildon, which I really enjoyed. Then at 15, I started a permanent cleaning job at David Lloyd. I was so intrigued with the children's entertainment and leisure sector I was literally willing to do anything to get a foot in.

So what happened next?

One day I was cleaning, and the manager came up to me and told me that the person who usually runs the kids' club was not feeling well and could I take his place. I grabbed the chance and I did arts and crafts along with other activities, and the kids loved me. The centre had really good feedback about me from the parents and in light of this they then decided to let me carry on running the kids' club, which in turn led to me becoming the Family Coordinator where I oversaw children's tennis, swimming and summer camps. In 2014 I won David Lloyd employee of the year, out of all the David Lloyd centres including the clubs in Europe; I was the youngest employee to win the award at the age of 18.

Q So how did you end up meeting James Sinclair (Founder of Partyman)?

A I was doing a Halloween party for David Lloyd and I was looking for an entertainer. I noticed an advert for 'Jimbo the Partyman' and I booked him. We bonded well together, and I kept on using him for our parties. We became really good friends and we decided to start an entertainment agency together in his house. We worked from his home and called it 'Partyman Towers' We did really well, at our peak we had 12 entertainers going around doing events and we had no overheads as our head office was from James's house.

Q When did the first Partyman site open and how did it come about?

A James and I once went together to the LIW - Leisure Industry Week - to buy some bouncy castles and noticed soft play frame manufacturer SPI. This led us thinking about doing our first indoor children's play centre. In 2007 we opened our first Children's entertainment site in Basildon. We contacted all local commercial agents in Basildon and looked at about 30 sites. We ended up leasing two adjacent units on an industrial estate and knocked down the dividing wall, creating one large unit totalling 14,500 sq ft. We needed £500,000 for the fit-out of the unit which we borrowed from family, friends and banks. James's father who is an electrician helped with the electrics, and my parents came to help on the opening day. In our first year we grossed £1m which was an incredible feeling. In hindsight, we spent far too much money on fit out and didn't take on enough staff.

[\[continued ->\]](#)



Q What are your core trading hours?

A Our core hours are weekends, but we have loads of different events during the week to keep the place busy. We have around 600 birthday parties a month, and we have a Childcare operation called Twizzle Tops Day Nurseries, where we have 50 babies and toddlers enrolled per site every day, Monday to Friday.

Q Why did you decide to open a day nursery in a kid's soft play Centre?

A At the end of the day we are a business and we need to be making a profit, what we do as soft play operators is very competitive, and you need to find ways to diversify the business to survive. 25% of our overall income now comes from Twizzle Tops, which provides a constant cash flow and a guaranteed income. Twizzle Topps are regulated by Ofsted and we are responsible for everything including allergies, changing nappies, choking hazards and all round to ensure that we are very detail orientated all round.

Q Besides for the day nursery, do you do anything else to diversify your business?

A Yes, we certainly do! We have a product called Teddy Tastic. Teddy Tastic is a collection of Teddy bears which we manufacture ourselves in China. We use them in our own venues for 'Make A Bear' themed parties where the kids get to choose a teddy bear from the collection and stuff the teddies themselves, which the kids love, and they feel excited in taking part of the making of the bear. We also sell our collection of teddies to retailers and to big leisure operators such as Busy Bees, Gambado and Kidspace. We also sell our teddy products online on Amazon and other portals. As part of diversification/growth strategy, we also started Membership at our centres in May 2018, which has increased our fixed cashflow income.

Q Has Brexit affected Partyman at all, good or bad?

A Thankfully Brexit hasn't affected us too much due to our staffing flexibility, but there have been some issues with suppliers and pricing due to the uncertainty in the market.

Q What are your plans for the future with Partyman? How many more sites are you looking to open?

A We are always looking for new ideas for the already existing Partyman, Marsh Farm and Fort Fun. I always look at new activities and new equipment to enhance the customers experience. I would look to potentially open five more sites, but I wouldn't want to do more than five as I don't want to lose control of the business. We would look at both shell units and would also look to buy existing kids soft play or leisure attraction businesses which are already fully fitted with staff who they would TUPE over to the existing Partyman business. Same with expanding Twizzle Tops – we would buy existing fitted nursery businesses.

Q Lastly, what advice would an entrepreneur such as yourself give to struggling department stores like House of Fraser and Debenhams?

A In 2018, businesses need to be all about outstanding customer service and brand exposure through social media, which makes a huge difference to the experience. Operators need to be creative and high end, people want to be proud to tell others about it and consumers need to be enticed into stores due to brand loyalty, take photos and check into the store to post to social media. I would say they also need to identify what their business is about and market it well, reduce the retail space and put in restaurants or coffee shops. There needs to be an understanding of **WHY** people buy clothes and a commitment to utilising technology where experiences can be pre-booked online. I'm sure customers would pay a premium rate for this.

→ **May & Company are seeking new sites and opportunities on behalf of Partyman group. For further information please contact May & Company.**

Rating assessments: what's the score?

An interesting Valuation Tribunal decision takes centre stage in this edition's rating section. The case concerns the fate of Wigan Athletic Football Club, an erstwhile premier league team whose fortunes have dipped considerably following two demotions in recent years, firstly to the Championship and then to League One (although, happily for them, they are now back in the Championship).

The club argued that these relegations constituted a 'material change of circumstance' or MCC in rating parlance, effectively arguing for a reduction in their rating assessment to reflect the vastly reduced revenue resulting from their changed status.

Given that Premiership clubs receive at least £100m per annum in TV rights, the figures did indeed make for grim reading, with revenue from broadcasting rights representing 80% of the club's income when it was in the

Premier League, 23% when it was in the championship and just 13% when it was in League One.

Although the Tribunal agreed that relegation did have an impact, they did not agree that the relegations constituted a 'material' change, given that the stadium did not change physically. They did not accept that the closure of a ticket office and the loss of some seats covered by advertising banners could be described as physical changes as they were still available for

use and, if the club's fortunes changed for the better, they could be brought back into use, along with the media centre and other broadcasting facilities. As regards the loss of revenue, they concluded that this was an economic factor and could not be considered until the next revaluation.

The problem is that, unlike most other commercial premises, the rateable value of a football stadium is arrived at primarily by reference to the estimated cost of building a replacement stadium.

Given Wigan's superior facilities compared to some of the longer serving members of the lower divisions, this merely came back to bite them once they were relegated, resulting in a rates liability several times that of many of its rivals. [continued →]



The counter argument is that the valuation method also allows for an adjustment that recognises the ability to pay, based on income. If this adjustment cannot adequately reflect the changed circumstances, then it is perhaps time to look at the valuation method as a whole, recognising and acknowledging that financial rewards currently on offer have changed the commercial reality of the modern game. Indeed, this is something the Tribunal, in dismissing the case, suggested should be looked at more closely.

The case has been appealed to the Upper Tribunal and could easily make its way to the Court of Appeal and Supreme Court in due course. Aside from the eventual outcome, it will be interesting to read the reasoning of the Tribunal Members/Court of Appeal or Supreme Court Lords as they arrive at their respective decisions, because the ramifications are likely to be felt way beyond football stadia. Especially interesting will be whether the Valuation Office's definition of a

'material change' as being something that must be physically manifest (and Wigan did go out of its way to try to demonstrate at least some physical difference between its current and historic status) will hold, or whether other factors can also be considered.

As an example, whereas the closure of a large anchor department store could undoubtedly be defined as a material change as regards the neighbouring units who will almost certainly lose trade as a result of the closure, would the upcoming changes to the law on fixed odds betting terminals in high street bookmakers (maximum stake to be reduced from £100 to £2), count as a material change, despite unquestionably hitting their profit margins?

As an aside, if Wigan's appeal is successful, could this give rise to increased assessments in the middle of a rating list if a club is promoted, again with possible wider ramifications?

Whatever the outcome of this appeal and whatever sector of the leisure

market you operate in, it is always worth keeping an eye on both local and wider changes which may impact on your business. The Wigan case may eventually afford some clarity on what does and what does not constitute a material change worthy of a potential rateable value reduction but, in each case, we need to be asking the question if we are to stand a chance of benefitting.

If you are in any doubt as to whether a recent change in circumstance might merit a rates reduction, please contact us to discuss.



Ian Landau
BUSINESS RATES CONSULTANT

Thanks for reading this issue of **At Your Leisure:** we hope you've found it both interesting and useful. If there's anything we can do to help, whether you are a Developer, Landlord, Investor or Occupier, then please get in touch.

And look out for our next issue, due out in the New Year.



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