

at your Leisure

MAY & COMPANY NEWSLETTER | WINTER 2018

in this issue:

First Light First Site

New fitness concept
opens its doors in London

Lending in the Leisure Market

Launching our new Corporate
Leisure Finance division

Planning and Leisure

Highlights of the 2018
Use Class D2 legislation

lots more
inside

Welcome

As we move from 2018 to 2019, we reflect back on some of the projects we have been involved with at May & Company, how the market has performed, the issues surrounding retail and leisure and look forward to what the New Year will bring. We spent 2018 involved in a range of work from Restaurant Lettings for Landlords, Restaurant & Leisure site Acquisitions, Rent Review and Asset Management. We have a wide range of retail and leisure instructions ranging from high street shop units, restaurant and gym spaces, shopping centre leasing, and corporate leisure group disposals.

This year we have been appointed as Retail & Leisure leasing agents at Callendar Square in Falkirk Scotland; we are also in discussions with other UK wide shopping centre owners about adding value to their shopping centre and retail and leisure park assets.

We are excited to share our newly formed Corporate Lending and Finance platform focused on F&B and Leisure operators seeking Growth Capital as well as real estate Investors looking to finance leisure property acquisitions, through our newly appointed Head of Corporate Finance, Benedict 'Ben' Joseph.

Our lead article in this newsletter is about FirstLight, one of London's newest and most exciting boutique fitness operators, who we advised on their site acquisition at Westfield London. To close, we have an expert opinion from our Head of Town Planning, Simon Birnbaum with his take on 2018's Leisure planning.

Wishing you a warm Winter break and Seasons Greetings from the entire team here!



Samuel May MRICS
DIRECTOR

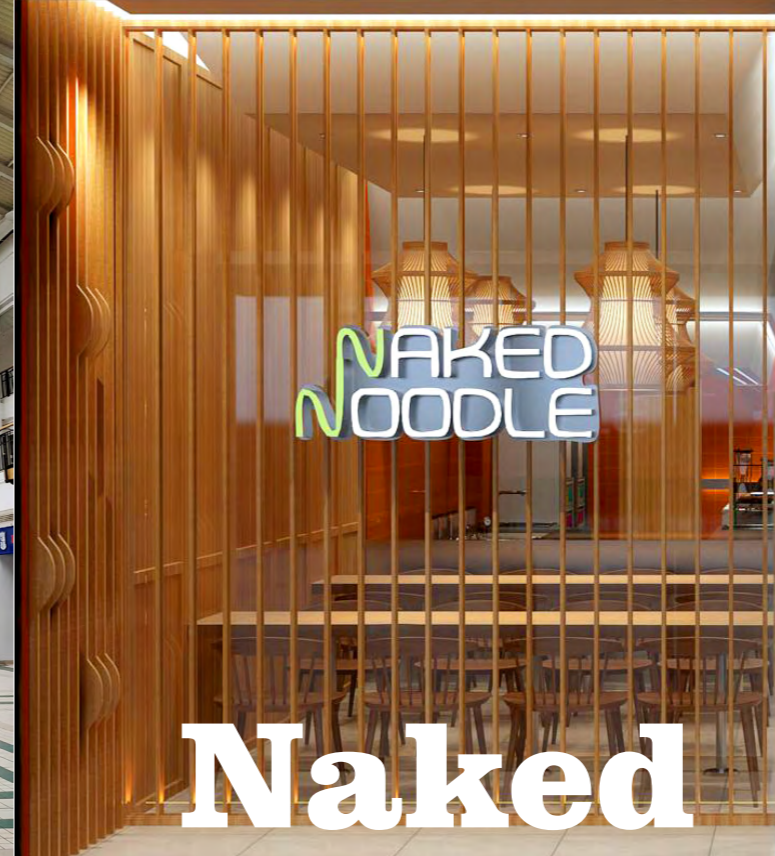


Looking north of the border

May & Company have been instructed by new owners of Callendar Square Shopping Centre in Falkirk city centre, Scotland to advise on retail and leisure leasing strategy. Callendar Square is a 125,000 sq ft covered mall on three levels with a 500 space multi-storey car park, located in the heart of the town.

With a number of existing anchor tenants including Xercise4Less, Iceland and Falkirk Council, and recent lettings to kids laser tag operator WeeHeroes, escape room operator Transcend and Cocktail bar La Cure. There are a number of opportunities ranging from small kiosks, through to larger units as well as the former BHS department store of 28,000 sq ft available. We are keen to talk to food, drink and alternative leisure users who are keen to come to Falkirk.

Please email us at info@mayandcompany.co.uk



Naked

in Liverpool

New Naked Noodle Asian Grab & Go Restaurant about to open in city centre.

The team behind 'Bon Pan Asian' who currently operate two large buffet restaurants at Intu Potteries in Stoke and at Clayton Square Liverpool are about to open the first of a new restaurant format which will be called 'Naked Noodle' at Bold Street in Liverpool city centre.

Having acquired a new lease direct from the Landlords at no. 5 Bold Street, Naked Noodle will replace the former El Mexicana restaurant, which is 1,500 sq ft mainly over ground floor. Naked Noodle will be a simple Japanese grab and go style restaurant focused on handmade noodles.

Director Fiona Chen commented "We are very excited to open our first Naked Noodle on Bold Street, Liverpool. We look forward to serving a variety of authentic Asian noodle cuisines with our freshly hand made noodles. After Liverpool launches, we plan to open 2 or 3 more sites in 2019."

Naked Noodle Liverpool is currently being fitted out, with the launch planned for the New Year. In the meanwhile, the team have retained niche restaurant and leisure agents May & Company - who advised on the acquisition of 5 Bold Street Liverpool- to identify new sites of up to 3,000 sq ft with target locations being Birmingham, Manchester and London.



For further information or to discuss any similar new site opportunities, please contact May & Company on 020 3503 0635 or email us at info@mayandcompany.co.uk



First Light first site

In June, First Light Cycle, a totally new boutique fitness concept, opened its first site at Westfield White City, London, as part of the centre's £600 million expansion. May & Company was proud to have brokered the deal on behalf of First Light founder and fitness entrepreneur, Mark Anthony, as he moved out of the budget gym sector and in to the boutique sector.

Samuel May, Director at May & Company who advised FirstLight on the acquisition, said: "Having seen the incredible growth of the boutique fitness sector over the last few years, we knew that the FirstLight concept – which is the culmination of many years of fitness research – needed a truly special home. We are delighted to be able to facilitate and position FirstLight Cycle to open up at the most exclusive retail scheme in London – Westfield London – which will allow this ground-breaking concept the exposure it needs, because there is simply no fitness concept or brand like this in the UK."

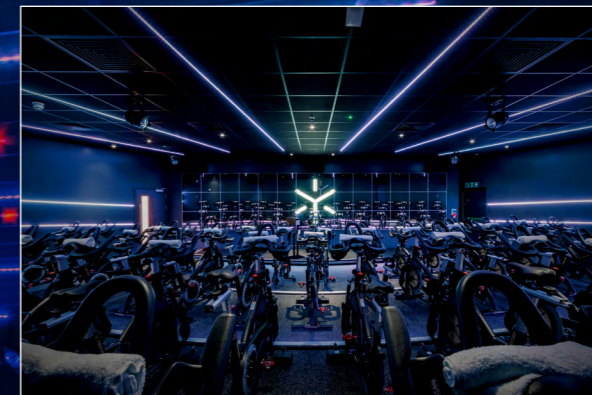
Keith Mabbett, Director of Leasing, Westfield UK and Europe, commented: "We're delighted that First Light Cycle has chosen Westfield London for its first fitness boutique concept, and are excited to welcome an operator with such an innovative new concept in a first for London. At the recently expanded Westfield London we aim to bring new concepts and experiences to our customers that they can't get elsewhere, proving our position as a world-leading retail and leisure destination."

Housed in three separate studios, the FirstLight Cycle club will feature full body, cycle workouts led by trainers in light-adjusted rooms in order to heighten the senses and create an innovative workout. The club's signature full body cycle workouts include cardio, mindfulness and meditation, together with upper body strength workouts using body bars to build and tone core muscles, with four 45 minutes classes offered each day, two in the morning and two in the evening. Maestro instructors will create dedicated playlists for each class, which are then choreographed to deliver a full body work out on a bike, with weighted body bars used for upper body and core strength movements. Riders are then taken on a digital journey from sunrise through to sunset, revealing a themed destination using specialist acoustics and visuals.

Via big screens, all cyclists can 'visit' FirstLight destinations such as Manhattan, Ibiza, Africa, London, Rio or Dubai. The largest of the three studios will have 68 bespoke bikes – supplied by Scwinn – arranged in a stadium-style layout and creating a unique atmosphere and environment.

It's probably fitting that the last word goes to FirstLight founder, **Mark Anthony**: "The concept for FirstLight has been five years in the making and the FirstLight experience is incredibly special to me. It represents so many important things: happiness, energy, motivation, purpose. We all need that light in our lives! With the indoor cycling revolution well under way, now is the perfect time to push what is possible with the format. The Westfield London expansion is the perfect space to showcase our incredible fitness adventure, and I believe this is one of the best locations in London."

We are excited to bring this amazing experience for the body and senses to Londoners. Our aim is to enlighten the city with our passion and energy from sunrise to sunset, during our inspiring indoor cycling classes. And as an integral and trusted part of our team advising on every facet of this transaction, May & Company comes with the highest recommendation for any fitness UK operator."



Planning for Leisure Highlights 2018

As 2018 draws to a close, the main focus in the planning system has been on the delivery of much needed housing.

The main Central Government document produced was the revised National Planning Policy Framework in July 2018 which replaced the original version published in March 2012.

Part of the strategy to ensure the vitality of town centres is to *allow them to grow and diversify in a way that can respond to rapid changes in the retail and leisure industries*. Furthermore, the NPPF advises local planning authorities to *allocate a range of suitable sites in town centres to meet the scale and type of development likely to be needed, looking at least ten years ahead*. This includes sites for leisure development.

Central Government policy clearly indicates the preference for leisure uses to be located within town centres or in edge of centre locations where there is good accessibility by all modes of transport (especially public transport) and minimise private car journeys.

When assessing a planning application for leisure development outside town centres, which are not in accordance with an up-to-date plan, local planning authorities are advised to request the developer to provide an impact assessment if the development is over 2,500sqm gross floorspace). This should assessment focus on:

- a) the impact of the proposal on existing, committed and planned public and private investment in a centre or centres in the catchment area of the proposal; and
- b) the impact of the proposal on town centre vitality and viability, including local consumer choice and trade in the town centre and the wider retail catchment (as applicable to the scale and nature of the scheme).



Major leisure proposals are therefore still subject to the same 'sequential test' as those for retail development – i.e. town centre first, edge of centre second and out of centre last in order of preference.

Where an application fails to satisfy the sequential test or is likely to have significant adverse impact on one or more of the considerations in paragraph 89, it should be refused. Central Government planning policy clearly defines leisure as being a main town centre use with the ability to assist in maintaining the viability and vitality of these locations. Very little, if anything, has therefore changed in terms of Central Government planning policy towards the leisure industry since 2012.

However, the Government are currently consulting (until 14 January 2019) on extending Permitted Development rights* to allow existing premises in typical high street uses to change to a wider range of uses, allowing more leisure and community uses such as gyms, libraries, health care and office use as well as homes. The consultation paper states that the Government *want to support the modernisation of the high street and enable businesses to adapt to changes in consumer demands* and they are *consulting on changes to use classes for uses commonly found on the high street to make it easier for certain uses to change use*.

* Planning Reform: Supporting the high street and increasing the delivery of new homes (Ministry of Housing, Communities and Local Government, October 2018)

The current Use Classes Order (2015) allows for change of use from Classes A1 and A2 to D2 (subject to prior approval) and from Class D2 to A1, A2, A3 or B1 for a temporary 2-year period.

The consultation seeks views on proposals that inter alia, D2 premises should also be allowed to change to certain community uses – namely public library, exhibition hall, museum, clinic or health centre. In addition, to allow sufficient time to establish a business the Government propose to extend the period of the temporary use from 2 years to 3 years.

There is obviously a long way to go before these proposals become embodied in a Statutory Instrument, but nevertheless it recognises that 'problems' exist in the country's town centres and high streets. Developers and Leisure Operators who may require advice for mixed use or leisure development should take early planning advice to ensure the best outcome.

For further information, contact Simon Birnbaum, our highly experienced Head of Leisure Planning Consultancy services on simon@mayandcompany.co.uk



Simon Birnbaum
HEAD OF LEISURE PLANNING CONSULTANCY



Lending in the Leisure Market

By **Benedict Joseph**, Head of Leisure Corporate Finance

A survey conducted by United Trust Bank reveals that 42% of brokers within the property and finance sectors are not planning for Brexit, as the effect on the UK economy is unknown. Half of those brokers surveyed said that they think Brexit will have a positive effect on the economy, while 26% believe there will be no effect. (*Jake Carter Mortgage Strategy 30.11.18*).

Does this optimism apply to the retail and leisure sector? The main concern is the uncertainty about the freedom of people coming in from outside the UK as the British economy is heavily reliant on immigration, particularly in London and the South East. One in seven workers in the retail and leisure sectors were born outside the UK. (*Alex Doman Egremont International*).

Despite the uncertainty surrounding Brexit, there is still a strong appetite for investment within the UK leisure sector. Chris Whitney, Head of Specialist Lending with Enness, an international lending company with offices in London, Jersey and Dubai, has said that funding would be easily available for sustainable projects with in the Retail & Leisure sector.

Private Equity's fascination for entrepreneurial leisure showed no signs of slowing down in 2018. In February, leisure fund Imbiba closed their Imbiba Growth Fund at £50m with £25m from British Business Bank. Imbiba's newly funded businesses this year included children's private members club Purple Dragon as well as wine shop and bar brand Vagabond. In August, NVM Private Equity invested £3m of growth capital in to leading indoor climbing business 'The Climbing Hangar' who already have trading sites at Liverpool, London and Plymouth. The £3m investment will allow further roll out and diversification in to other complimentary uses.

On the 26 November, Cain International announced it had made a 'significant investment' in crazy golf and cocktails concept Swingers' parent company Competitive Socialising, which would allow the leisure brand to open new venues in the US. The investment is worth roughly £28m, with Cain Investment taking a majority stake in the company.

On 28th November, The Restaurant Group (TRG) shareholders approved the purchase of Wagamama for £559m, paying £357m in cash. Assuming Wagamama's current debt, TRG intend to raise £315m by issuing 290 million new shares, with existing shareholders offered 13 new for nine old shares based at 108.5p.

Another expansion is Vita Mojo, the restaurant which lets diners design their own meals and calorie count via in-store tablets, has raised £10m funding to expand. It sourced its investment from Investec Bank and 'a high net family office' to recruit senior talent and take its concept worldwide. Vita Mojo also raised £3.2 million through a crowdfunding campaign to further its investment worldwide.

May & Company are delighted to announce our latest additional service offering Corporate Lending & Finance solutions both to assist leisure operators, and to help fund real estate investors buying leisure assets. For further information contact Ben Joseph on ben@mayandcompany.co.uk



Ben Joseph
HEAD OF LEISURE CORPORATE FINANCE

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.

→ **May & Company** Real Estate Advisors Limited
3rd Floor | 207 Regent Street | London | W1B 3HH

+44 (0)20 3503 0635

info@mayandcompany.co.uk

www.mayandcompany.co.uk

