Leisure revolution continues at UK shopping centres

The ability of food & drink and leisure amenities to boost footfall, dwell time and consumer spend is driving a revolution at both existing and new UK shopping centres.

Research from CACI has shown that shoppers who use the catering facilities in a centre will spend, on average, about 50% more than those who do not. The recent opening of a new IMAX cinema at British Land’s Broughton Shopping Park in Chester has seen footfall increase by 15% overall.

The new emphasis on increased eating and drinking amenities in shopping centres has been vividly illustrated by new schemes such as Trinity Square Leeds and Friars Walk in Newport, but existing centres are now also looking at how to enhance their offer by re-engineering their leisure component.

intu, the leading owner and manager of prime regional shopping centres in the UK, has appointed Colliers International, as sole catering and leisure agent to market an enhanced casual dining offer at intu Chapelfield shopping centre in Norwich.

Colliers International Leisure Director, Ross Kirton, comments: “intu Chapelfield is a great example of an existing centre which has good potential to further leverage its standing in the region by enhancing its food & drink and leisure offer.

“Preliminary discussions have begun with a number of established and innovative food and beverage occupiers and we are confident a unique dining experience can be delivered. This is an exciting opportunity for Colliers to extend its relationship with intu and deliver attractions that will excite the intu Chapelfield customers”.

intu Chapelfield attracts more than 1.2m customer visits each year to its wide choice of existing shops, such as House of Fraser, H&M, Zara, Apple, River Island, Superdry and Hugo Boss.

To provide compelling experiences so that customers visit more often and stay for longer, the food and leisure offer will be enhanced, including some new casual dining concepts, several of which are likely to be the first within the East Anglian region.

Colliers will review the feasibility of remodelling the food court to provide new restaurants and more leisure such as a boutique cinema to attract more evening visitors which will complement the retail offer and existing catering on Chapelfield Plain.

More than half the UK population visit intu branded shopping centres each year with some 300m customer visits. Rebecca Ryman, regional director of intu, said: “Norwich is listed 16th in the CACI Retail Rankings of Retail Footprint and Retail Expenditure. In addition to local residents, many of the shoppers in the city are students or tourists, especially day trippers. This gives great potential to strengthen the choice of restaurants for all visitors to intu Chapelfield, increasing dwell times and benefiting our retailers and restaurateurs so their businesses can flourish.”

However, if it is clear what synergies that better food & drink and leisure amenities can deliver to shopping centres, it is essential to get the mix right.

Kirton observes: “It can be tempting for centres – particularly if they are struggling slightly – to see this kind of enhancement as a cure-all, but the truth is that these improvements are best deployed in centres which – like in Norwich – already have a clear identity and are looking to build on that.

“If a centre is approaching the initiative from a position of relative trading weakness then it is necessary to look at the entire offer rather than just explore where some additional food & drink or leisure amenities might be brought in.”
Cinema openings on the up

More than 50 new cinemas are forecast to open in the UK over the next two years providing more than 150,000 new seats a year – a substantial increase on the level of 2014 openings.

Whilst these openings remain dominated by the Vue, Odeon and Cineworld chains are also new operators such as Everyman, Everyman and The Light who cater for a more focused demographic and are now complementing the more market approach of the multiplexes.

Colliers’ Paul Hands comments: “We advise Everyman whose offer of diverse film selection and more luxurious seating with a licensed café bar is proving attractive.”

Whilst affluent market towns and London villages remain their preferred locations, these operators are selectively considering shopping centre environments.”

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Watch me bounce

Despite being a relatively new concept to the UK, indoor trampolining and free jumping is being successfully rolled out in a growing number of locations.

There are now several new occupiers seeking representation such as Gravity who opened at Xscape in Yorkshire and also the Australian operator Sky Zone. In certain locations, it is a concept that has proved a good fit for surplus space on leisure parks or in shopping centres.

Requirements range from 25,000–50,000 sq ft plus, as you might expect, a good ceiling height of around six metres.

Casual Dining on the move

Casual Dining Group (CDG) has bought the Las Iguanas and La Tasca groups in combined deals worth over £100m. The purchases have created an estate of almost 290 branded restaurants throughout the UK.

CDG plans 30 new sites over the next 10 months, whilst most are expected to fall under its flagship Bella Italia brand, seven are expected to become Las Iguanas sites.

The 41-strong Las Iguanas restaurant business has been acquired from Leisure Ventures which is considering to a variety of locations throughout the Midlands and South East for the roll out of its Alchemist, Gastron and New World Trading Co formats.

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Raising the bar

It’s just under a year since Toby Smith took over the reins at Novus Leisure – the operator of some of the best bars in London and beyond. He talked to us about progress so far and his plans for the future.

At midnight on Sunday, August 30th, the iconic London bar and restaurant, Tiger Tiger, closed its doors for a 10-day, £1m transformation. Even by the quick-in/quick-out, high-volume standard of the leisure-refitting business this was an exceptional project.

Every hour a venue remains dark constitutes a double whammy of losing revenue while fixed costs like rent and rates pile up.

Toby Smith described it as “having Lion Head on the bench rather than in the game.” Given that the St James’s venue constitutes around 10% of the Novus turnover, it’s easier to see why speed was of the essence. So work continued 24 hours around the clock until the job was done with spectacular results.

Smith reports: “We’ve completely refitted the restaurant. Tiger Tiger is a very significant food business – and have made it more contemporary. We’ve spent more than £1.2m on giving it an amazing sound and light system. There’s a completely new back bar with new stations for server service and what was the old White Room has been transformed into LUXE.

A comprehensive programme of capital expenditures is one of the features of Novus Leisure’s strategy since Smith took over last year: “Depositing on which venues we choose to transform, we’re looking to spend about £1.5m a year for the next three years.”

Novus has a portfolio of 46 unique bars, restaurants and late night experiences which together with Tiger Tiger also encompass venues such as Ball Brothers, Strawberry Moon and The Loop which have become part of the fabric of London’s night life. The Tiger Tiger concept extends outside London to Croydon, Cardiff, Leeds, Manchester, Newcastle, Glasgow and Portsmouth but it is the Capital which remains the engine room of the business.

“We are very much in what we call the premium mainstream – whether they are planned or spontaneous – and the celebration market. We have big square footage, big venues and we’re in the big volume business.”

Crucially, 30 Novus venues hold Xam bar licenses in London, while there has been huge growth in other areas of the Capital’s food and drink scene there are still relatively few places you can walk after midnight to eat, drink and dance. The eventual introduction of the 24-hour tube services will further cement Novus’s position as London’s leading late night operator.

Focusing on the key trading times of the Novus portfolio was very much uppermost in Smith’s mind when he arrived last year from Stonegate.

“What I tried to do was to come in and reaffirm what the business is – which is unabashedly a late night bar and food business that operates predominantly in central London. We started to concentrate on getting key nights back in growth. That meant getting Thursday, Friday, Saturday back in growth and then – within that – getting that key trading period of post-10pm back into growth. That meant getting Thursday, Friday, Saturday back in growth and then – within that – getting that key trading period of post-10pm back into growth.

“What else parts of day are important it’s not where we take the majority of our money. It’s not where the business had suffered and it wasn’t where the business was going to recover.”

In May, Barrel Capital Management took control of Novus which has brought stability and certainty to the future strategy.

“We’ve moved into what I would call normal running,” Smith reports.

“We have the sites, we have a mobile operating platforms, we’ve got four strong operating templates and we’ve been putting new offices in place, with new look and drink menu introduced and have started our capex programme which will be transformational.”

While it’s still early days, Smith doesn’t rule out further acquisitions.

“We’ve got great sites and we are very aware of this competition for new sites particularly in London and how tough it is but equally we can add sites to our portfolio almost at any additional running costs because we have the London infrastructure – we’re not in setup mode.

“We have a very positive platform with our new owners to be able to go and acquire sites. If that opportunity presents itself – either single sites or small groups – chases we would jump at it.”

With all-important Christmas trading period just around the corner, Smith reports that Novus already has 50,000 covers booked for the festive season.

“We’re 40% up on the corresponding period last year but we’ve got a long way to go – we’re targeting over 130,000 Christmas covers this year.

“It’s always difficult to know precisely how Christmas trading will go until you’re in the thick of it. Will the champagne be flowing or will it be Prosecco? But at the moment the early booking profits are very positive.”

Smith is clearly relishing his new role:

“At Novus, I know every general manager, every assistant general manager, every sales manager. It’s a big business but it’s quite an intimate business because of the venue locations.

“I can get to the majority of the sites within 20 minutes of leaving our office.” He enjoys the hands-on nature of the job and is out “two or three nights a week visiting our bars and checking out the competition.”

Is there a fast car that whisks him from bar to bar?

He laughs: “No, it’s just me and my Oyster card it’s quicker.”
Health clubs boom

The budget gym market has been a success story in recent years. There are now more than 220 health & fitness operators in the UK – which represents a remarkable growth rate of more than 20% during the last five years.

Pure Gym, which acquired LA Fitness this May, and rival The Gym Group have led this growth although a number of competitors such as easyGym now have mainly online subscriptions.

The emergence of micro gym is suggesting that consumer habits in the gym market would appear to be more super-market shopping where people are blending discount and upmarket classes. In the gym sector, many users have traded down from mid-market clubs to a budget offer whilst also booking specialty classes in micro-gyms such as 1 Rebel, Heartcore and Barry’s Bootcamp. These studio based clubs typically comprise 3,000-5,000 sq ft and focus on instructor led high intensity classes which are often complemented with a wider retail provision of juice bars and training kits.

NewRiver Retail grows its pub estate

Advised by Colliers International, NewRiver Retail has acquired a portfolio of 138 freehold pubs from Punch Taverns for £53.5m.

The portfolio is fully operational and, in contrast to many of the other portfolios sold in recent years, is in growth. NewRiver has appointed a specialist management company to run the estate on its behalf but will take an active role in looking for strategic investment opportunities, as well as unlocking capital growth by converting many of the current short term agreements onto longer, sustainable leases and delivering efficiencies across the estate.

Colliers worked with NewRiver throughout the acquisition, from identifying the initial opportunity through to providing detailed due diligence on the assets and negotiating the deal with Punch and its advisers. Colliers’ James Shorthouse who brokered the deal, comments: “NewRiver recognised the good value and attractive returns which the leased/tenanted pub sector offered to investors. As well as delivering good cash returns from day one, this portfolio includes opportunities for both revenue and capital growth.”

The acquisition follows NewRiver’s purchase of 202 pubs from Marston’s in 2013 and brings its total portfolio to more than 350 pubs.

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Bingo!

Gala Bingo is set to build a £5m club in Jenner’s Park in Southampton – its first new club for nine years. The company has also scrapped plans to close nine clubs and aims to invest £5m into its programme of club refurbishments. Both decisions have come as a result of a bingo tax reduction from 25% to 15% announced by the government in the 2014 budget.

Gala Bingo MD, Simon Wyles, commented, “This concept caters for all types of bingo players, both regular and new”.

Colliers’ Southbank instructions from St Martin’s

A joint pitch by the Colliers Leisure and Retail Agency teams has won instructions from St Martin’s Property to handle all Agency and Lease Advisory instructions on the retail and leisure elements at the More London and Hay’s Galleria estates on the South Bank of the Thames.

More London is a major mixed-use estate covering more than 13 acres and its office occupiers include EY, PwC and Wragge Lawrence Graham.

Sushisamba into Mayfair

Sushisamba is to open its second London restaurant at 11 Berkeley Street in Mayfair. Owner Samba Brands is to launch a new unnamed concept at the site which will specialise in raw and barbeque cuisine.

Samba Brands opened its first restaurant in the Capital, pictured right, on the 38th floor of 110 Bishopsgate in the Square Mile.

Sushisamba will be joined by Nobu and Novikov on the street. Colliers advised Arab Investments on the letting of the 5,000 sq ft unit at 11 Berkeley Street.

Jeremy Corbin and Chris King, the operators of The Wolseley restaurant in London’s Piccadilly, are opening their first neighbourhood restaurant in Islington.

Corbin & King have acquired the former Brown’s site fronting Islington Green in a deal brokered by Colliers International. The 20,000 square foot site will be known as Boulanger and is being designed by Brady Williams. It will open this autumn.

Corbin & King go local

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Ten-pin Bowling is back in fashion. The public – and investors – are keen on a sector which provides a good time and long-dated income. Jonathan Essex looks at what’s happening in the lanes...

The bowling market is fragmented with the majority of sites held by independent operators although 50% of the lanes are run by the four leading operators.

The Original Bowling Company is the largest operator with 44 sites trading under the Hollywood Bowl and AMF Bowling brands. MFA Bowl has the second largest number of sites at 31 sites and Essenden is the third largest with 30 sites trading as Tenpin. The smallest chain is Bowlplex with 17 sites.

In April of this year, Electra Partners, the owner of The Original Bowling Company (TOBC), announced a bid to acquire Bowlplex. The Competition and Markets Authority raised concerns about six areas where both operators have sites but TOBC has agreed to sell six sites to appease the CMA’s concerns. There was then further corporate activity in June when it was announced that Harwood Capital would buy Essenden for £40.1m.

Investors are attracted to the sector both by the renewed popularity of the pastime and also the long income streams that flow from the leases which are typically taken by operators.

In March of this year, the Hollywood Bowl in Birmingham was sold for £5.1m representing a net initial yield of 6.45%. The site is let to Mitchells & Butlers plc on a 25 year lease from 2009 at an annual rent of £348,029 and is sublet to TOBC.

Last month, Olim Property purchased the freeholds of five TOBC centres on leases expiring in 2035 for £12.6m. These are older style sites trading as AMF Bowl.

Colliers has developed a lease advisory specialism in the sector. As you would expect, this is an area of the leisure sector which requires a particular understanding of how centres work in the context of their market. During the past five years, we have advised operators on a number of successful lease negotiations and are increasing our work in the sector.

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