

**Marketing Report**

In respect of

**The Black Horse Inn, Pimlico Village, Clitheroe, BB74PZ**



**Prepared for:**  
**Ribble Valley Borough Council**

## **Background Information**

**The Black Horse Inn has previously been marketed by Kevin Ingham via his specialist and independent commercial property estate agency, My Online.**

**Kevin Ingham (My Online) was first instructed to inspect the Black Horse Inn on April 1st 2016, providing the seller with an initial report including recommendations of potential marketing strategies in anticipation of potential future business.**

**Using information provided directly from the previous owners, I can confirm that all avenues as a licensed premises have been exploited by the vendor whom as a family, continually ran successful "like for like" business's throughout the Ribble Valley throughout the past 30 years and continue to do so to this day.**

**The Black Horse Inn persisted under new and independent management during its final 12 months of trading, an 80% drop in Wet trade & food was highlighted and the lease changed hands twice culminating in the final leaseholder terminating their contract early. After extensive searches, no further tenants could be located forcing the property's inevitable closure.**

**At the time of instruction, the Black Horse Inn had completely ceased trading, the kitchen had been removed including all furniture, the bar and pumps. All essential facilities paramount to running a hygienic and successful business were either sold, removed or discarded.**

**With careful consideration the property was purchased by Ribble Valley Developments LTD with the sole aim of purchasing the land to the rear of the Black horse Inn.**

**Ribble Valley Developments LTD offered no intention or desire to own the Black Horse Inn as it falls outside our core business model. The company always had intentions to annex the Black Horse and return to the general market for resale at the earliest opportunity.**

## Preliminary Information & Reporting

Continuing changes in social trends have directly impacted the survivability of properties such as The Black Horse Inn.

Similarities can be drawn with a national downturn in the operability of individual or independent pubs, which without the support of larger organisations or multiple geographical locations, unfortunately succumb to the pressures placed upon them by fierce competition in a dwindling and constricted market.

At a national level, the statistics show that demand for licence trade premise remains relatively low and most recent evaluations show there's clear recognition of over-supply in, food-led businesses, especially in this particular catchment area, Clitheroe.

The market for licensed premises has been significantly constrained in recent years by minimal support in the terms of funding, from central government or private lenders.

The area of business is generally deemed "high risk" given the extensive initial outlay when purchasing Public Houses and perceived delays when negotiating the planning process. A

recent study commissioned by the BBC (visible below) shows approximately 18 pubs closing per week and the North West of England suffering the most.

- **Which area is losing the most pubs?**

Total pub closures, January to June 2018



Source: CAMRA

BBC

## **General market information**

More than 1,400 UK restaurants collapsed in the year since June 2018, underlining the scale of the so-called "casual dining crunch"

The accountancy firm UHY Hacker Young recently revealed that the number of restaurants falling into insolvency in the year to the end of June 2019 increased by 25%, to 1,412 when compared to 2018.

This is now the highest number of insolvencies since at least 2014 and is quoted to reflect tightened consumer spending on the back of greater economic concerns, stagnant wages and fallout from Brexit. Rising costs and the collapse in the value of the pound also contribute heavily.

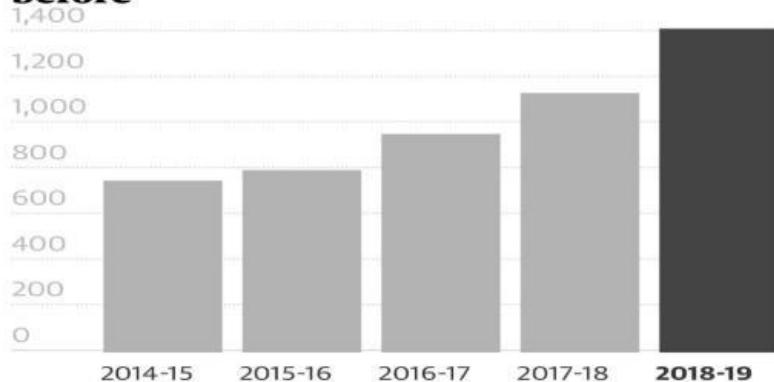
Data collected by UHY Hacker Young can be used to reiterate our earlier claim of:

"Similarities can be drawn with a national downturn in the operability of individual or independent pubs"

"The rapid growth of the casual-dining sector since the 2008 financial crisis has resulted in an oversaturated mid-market, which is still going through a dramatic shakeout."

The research found that the largest burden was felt by hundreds of small independent restaurants with the corporate giants coming a close second including chains owned by the celebrity chef Jamie Oliver"

### **More than 1,400 UK restaurants collapsed in 2018-19, up 25% on the year before**



Guardian graphic. Source: UHY Hacker Young

Peter Kubik, a partner at UHY Hacker Young, said.

"Good restaurants and bad have all struggled from overcapacity, weak consumer spending and surging costs. Having a loyal following is great but if that loyal following stops going out then you have a problem. The number of restaurants whose sales are at or near capacity is pretty small – they're the exception."

Industry experts predict that after the shakeout only restaurants with strong brand loyalty and a differentiated offering will survive.

The research also found that the UK's top 100 restaurants made a £82m loss in 2019, down from a pre-tax profit of 102m 12 months earlier.

## Application specific Information

The general dynamic of Clitheroe has been significantly influenced with the opening of sites such as Holmes Mill. Whilst I do believe this is of great benefit to the future prosperity of Clitheroe, the site of Holmes Mill offers an overwhelmingly strong attraction, almost gravitational, in which most, if not all potential customers chose to socialise at, completely shifting the balance of trade to the opposite end of town and away from the Black Horse Inn.

Holmes Mill's appeal to the general public completely removes passing trade from smaller properties in direct competition located on the peripheries of town.

Furthermore, the provision of casual to high end dining outlets suit the needs of Clitheroe's demographic which are better targeted by a "destination" Pub.

The calibre of properties in this category are far higher than could ever be achieved by the Black Horse Inn with the absence of the previous owners, who now own a property in chipping taking with them, all their loyal customer base and experience.

The Black Horse Inn would now contend directly against sites such as the Freemasons or the Higher Buck in what's already understood to be a crowded market locally. The pubs previously mentioned, or others of a similar nature have a prestigious and well-established accolade within the boundaries of the Ribble Valley and a loyal customer base to service.

Further exacerbating the struggle for passing trade and using data gathered from the Valuation Office Database, in excess of 90 licensed premises fall within an approximate 3 mile radius of The Black Horse Inn (BB7) listed as follows;

<b>Public Houses:</b>	<b>54</b>
<b>Restaurant Premises:</b>	<b>27</b>
<b>Club Premises:</b>	<b>14</b>
<b>TOTAL:</b>	<b>95</b>

As noticeable commercial trends evolve, it's now more apparent exactly how difficult it has become to sustain a viable business in Clitheroe's current economic climate. Properties such as the Olive press - (most recently known as the Hoof & Rooster) have successively struggled to maintain custom and profitability in what could be argued to be, the prime commercial plot within the town centre.

Each respective venue targeted customers at different variations of the dining experience and therefore, are expected to appeal to the widest spectrum of potential customers and yet, clearly demonstrate a reoccurring theme, with both venues closing indefinitely.

Situated directly opposite was the White Horse, another fantastic local landmark succumbing to economic pressure after 13 successful years of trade. The Public House was once situated in one of the best locations to entice passing trade and capitalise on a central town location.

Even with all these factors at work, the business still became unsustainable which inevitably led to its closure and subsequent redevelopment.

### **Marketing Activity:**

The Black Horse Inn was placed on the open market for sale with immediate effect at a value of 'offers around' £480,000 in accordance with comparable sites/premises in the local market. The retail price represented a fair, average valuation given the adjacent land included planning permission for a single dwelling in which a considerable start had been made and planning permission granted on a kitchen extension combined with all architectural drawings and ancillaries.

The Black horse Inn was drastically reduced over its period on the market, initially for offers in excess of £420,000 then further reduced to £380,000.

Sales particulars were meticulously prepared including detailed site plans and photographs of the property clearly highlighting the features and attributes of the site, offered with the intentions of appealing to the widest possible range of potential occupiers, not least including licensed trade users, hoteliers, caterers etc.

A large for sale sign was erected at the highest point on the property front nearest to the main road to utilise the popular Pimlico Road as a sales aid. The sign was well maintained and in position for the duration of negotiations and 12 months post initial sale, totalling almost 38 months in uninterrupted or continued marketing.

Sales particulars were circulated immediately, initially to MyOnline's extensive network of key commercial buyers, secondly to the general mailing list before finally being released to a wider variety of additional potential buyers through online websites such as Rightmove and Zoopla.

Specifics included;

- National, Regional and local 'Pub co' operators.
- Small regional brewers.
- Niche brewers.
- Multiple site operators
- Local licensee/traders
- Local Agents
- Upcoming and expanding businesses

Particulars were directly emailed to 500 parties as listed above. Rightmove generated over 6000 interactions of which 45 were converted into open day viewings on three separate viewing occasions.

Of those 45 conversations only 16 people turned up to view the property, with only two buyers able to prove funds and proceed further. Both parties later withdrew their offer.

This information was accessed from private correspondence with Kevin Ingham and information provided by Connie Andrews, a customer experience specialist at Rightmove. Connie provided me with a secure file which can be viewed but not shared.

In summary, The Black Horse Inn was vastly reduced throughout the advertising period in order to appeal to the largest audience and demonstrate flexibility to the open market. A combined total reduction of over £100,000 on a fairly priced plot still failed to generate a sale. Particular nurture was offered to all interested parties and careful, methodical planning applied in an attempt to secure a sale.

### **Current marketing**

Since Ribble Valley Developments LTD acquired the Black Horse Inn, the land to the rear has been annexed and a planning application was lodged for redevelopment of the site, recently gaining approval.

During that same period, Ribble Valley Developments LTD has continually strived to obtain a viable commercial option for the property with every offer taken seriously.

- Multiple meetings with potential landlords, chefs and hoteliers.
- Complex negotiations structuring lease, lease/purchase agreements to no avail
- Negotiations with other local businesses to repurpose the site including Absolute Fitness, Energy Finder, Johnson Matthey to name a few.
- Continual advertisement on modern platforms such as Facebook marketplace.

Registering at just over £2500 per advertising block, the excessive costs associated with traditional marketing are deemed to be too expensive to continually prop up by a relatively small company. With that in mind, Ribble Valley Developments LTD has continually sought to find a buyer through word of mouth, referrals, networking and a well-established personal contact base.

## **Independent Feasibility Report**

**'Prepared by Sean Heartly  
FAO – Dominic Giles**

**The Black Horse Inn  
Pimlico Road  
Clitheroe  
BB7 4PZ**

### **Introduction**

Jenics were asked to prepare a market appraisal on the subject property in January 2020. The property was closed at the time of the site visit.

### **Location**

The pub is situated on Pimlico Road, close to its junction with West Bradford Road. Approximately 1-mile North of Clitheroe town centre. The area is best accessed via the A59 motorway to the East.

### **Property Description**

The two-storey property is an end terrace and of stone construction, the ground floor footprint is c2,200 sq.ft. (GIA).

Externally there is a small car park to the side and a yard to the rear.

Total site area is approximately 0.211 acre.

At the time of a customer visit, the pub was closed for trading indefinitely.

### **Market Commentary**

The pub closed in March 2018 and has been empty since this time. It was placed on the market initially via My Online Estate Agency and advertised across all media platforms such as Rightmove, Zoopla, Co Star, Morning Advertiser, Estates Gazette along with direct marketing to a database of clients (approximately 500). A 'For Sale' board was erected on site to flush out local interest.

During this marketing period there was 16 viewing parties to date, the majority of whom were looking at the site for alternate use.

The property was advertised for sale, freehold at £420,000 and later reduced to £380,000.

Following its acquisition by Ribble Valley Developments, another marketing campaign was led by both Ribble Valley Developments and Licensed and Leisure Property surveyors – Jenics. Both seeking a viable option for continued use as a public house. Sales details were created, and the database of known operators contacted.

This resulted in interest only from the alternate use market, indicating again that the pub was not viable.

Prior to the exercise to sell the freehold interest, the owner of the pub also tried to let the site resulting in a number of different tenants over a short period of time.

It is our experience within the market that this type of venue – a semi-rural public house - would need to generate a net turnover of a minimum of £5,000.00 per week for it to be sustainable.

Given the information provided by the previous agent regarding barrelage, using industry standards, it can be demonstrated that The Black Horse was not sustainable as a wet led community public house.

The pub's best year in recent times was in 2013, when a recorded number of 102 brewers' barrels were purchased.

**Barrelage (brewers bills 36g)**

**2013 102 bills**

**2014 93 bills**

**2015 68 bills**

**2016 47 bills (MAT)**

Information provided by the previous agent.

For a wet led pub to be sustainable, the operator would have to sell at least 5 brewers' barrels per week, generating sales of approximately £5000 per week.

There has been an annual decline in barrelage, and this is further evidenced by the fact that the public house has experienced a 'revolving door' of tenants. This can only have had a negative effect on trade.

Over several years, the operators of The Black Horse have been unable to achieve the level of trade that would lead to sustainability. There are several reasons for this, these include the increase in running costs, limited scope for developing income streams (small public areas). The immediate area is lightly populated and has a mix of commercial property nearby, limiting the catchment area for custom.

Looking at the food led sector of the market, again the venue would fall short of being sustainable due to several reasons:

The level of investment required, including new catering kitchen and complete refurbishment of both the trade and ancillary areas. Cost of doing such work would run into hundreds of thousands of pounds and a return on this investment very doubtful.

Also, a problem that will affect this type of operation would be the lack of trade space, with The Black Horse GIA being approximately 2,200 sq.ft. Profitable food led pubs trade from at least 4,000 sq.ft., combined with supporting car parking.

Pubs/restaurants in the area are food driven/family dining establishments, with a considerably larger square footage and suitable car parking. The Ribble Valley has a good number of recognised, quality operators such as Ribble Valley Inns, Seafood Pub Co, Brunning and Price or James Places.

These factors, combined with a change in drinking habits, a general fall in disposable income, rising operational costs with the implementation of the national living wage and other factors such as utilities and rent and rate hikes.

Due to the reasons highlighted above, it is our opinion that the Black Horse is no longer sustainable as a Public House and the most desirable option would be that of alternate use.

## **Conclusions**

The marketing campaign for the property has taken place over a long period by two separate agents. Overall, there has been little interest from buyers looking at existing use due to several factors that include:

- Condition of the property.
- Small trade areas.
- Semi-rural location (limited number of residential properties within walking distance).
- Lack of car parking.
- Change in drinking habits.
- Historic inconsistent trade levels
- Competition

Given the length of time of the marketing exercise and the lack of suitable buyers looking at A4/A3 use. This has shown that this building does not have a reasonable prospect of finding a traditional employment user and that the terms of the planning policy tests in this case are met.

