

Victoria Vaults Pub, Nunnery Lane

The Pub was let on a 30 year full repairing and insuring lease with 5 yearly rent reviews at an initial rental of £25,000 pa on a Tied House basis

Appleton Estates acquired it in 2013 subject to the existing lease and allowed the tenant to trade free of Tie so it became a Free House. It operated as a pub but with occasional live music performances

In 2017 the original tenant sought to dispose of his lease as he was looking to retire from the trade

A new tenant acquired the lease and decided to concentrate on it being a music venue

The rental was reduced to £17,500 pa to help the tenant. During Covid restrictions the tenant applied for and successfully received in excess of £90,000 in a grant from the Government

The current tenant took responsibility for The Victoria Vaults in 2022

Approximately 16 months ago the tenant asked whether he could surrender his lease as he was losing considerable sums of money per month

The current tenant has compiled a history of the pubs trading which clearly shows that the fickle nature of live music venues in York is unsustainable for small venues

There are currently over 40 Live Music venues in York all competing against each other and it is therefore obvious that the market is over supplied with venues (list attached)

We subsequently instructed Lawrence Hannah (now Carter Towler) to market the freehold with the benefit of the existing lease or with vacant possession, the latter enabling the tenant to walk away from his lease responsibilities

The extensive marketing activity and list of interested parties has been compiled by our agent (letter attached) but no offers were received on either basis

In the last two months an offer was received to purchase the property on an unconditional basis and with vacant possession. This has been accepted and contracts exchanged, allowing the tenant to surrender his lease and alleviate his ongoing responsibilities

This clearly illustrates that small music venues are wholly unsustainable even at a reduced market rent and with government help during the pandemic. With no offers being received from music venue or pub operators during the extensive marketing, the prospect of continued music venue use is wholly unrealistic

The local community has failed to support the Victoria Vaults as too many other opportunities exist close-by and throughout the City

Victoria Vaults, 47-49 Nunnery Lane, York, YO41 5QS

Info for York Council

The Vaults has made a loss every year after the grants stopped and the business has never properly recovered. Prior to Covid the business barely broke-even making a profit of about £50 per month.

After Covid and the war in Ukraine the cost of Utilities sky-rocketed. Our electric bills went from £550 per month to over £2000 per month. The highest I recall was £2400 for one month!

Attendance numbers did not recover after Covid, and since the cost of living crisis, the spend per head has fallen from £20 per head to £10 per head on average.

Typically the bar-take needs to be 5 - 6 times the cost of the band. As a guide, the break-even point is at about 5 times the cost of the band. So, a band costing £300 requires a bar take of 1,500 to break even.

Break Even Figure

Bar take £1500 from 75 attendees @£20per head bar spend

Costs

VaT £250

cost of Alcohol £420

Staff at £150

Band £300

Total costs £1120, leaves £380 towards O/Head

Reality – Typical Event

Bar take £770 from 75 attendees @ £10.25/head bar spend

Costs

VaT £130

cost of Alcohol £215

Staff at £150

Band £300

Total costs £795, leaves £25 loss on gross margin and no contribution to O/Head

The above is aggravated by many customers coming in to watch bands and only drinking water rather than buying drinks. This obviously negatively affects turnover. Also affecting turnover is bands pulling gigs at the last minute because they have low ticket sales leaving us having to close for a night. It isn't possible to replace a band at such short notice and promote it adequately.

All the above makes the Venue unsustainable as a business. It has made a loss every year in spite of us personally funding many of the events ourselves in the sum of £31,000 over the last 2 years.

We have inherited a £40-£50,000 dilapidation bill accumulated over various previous managements. This has kindly been waived by the Landlord due to the sale of the freehold.

In the course of our tenure we have replaced the roof to the gent's toilets plus considerable redecorating, works to the plumbing, sound proofing and the electrics and fire alarm system.

To improve the venue we combined the saloon and public bars by moving the servery to the side of the space. This gave a single large space for the audience. We extended the dance floor and we raised and extended the existing stage and installed a lighting rig.

We also bought new furniture for internal and external areas and put in a Beer Garden to provide outside space with heaters.

We made improvements to the beer chillers by moving the evaporation units outside of the cellar to reduce the heat load on the cellar cooler which reduced the electric consumption.

We also rectified a problem with the cellar cooler to further reduce the electric consumption.

The savings that we made were more than eaten up by the increased running costs as per 2nd paragraph.

We tried opening during the day to provide a community pub and thereby increase revenue, but very few customers made use of the facility. The cost of staff far exceeded the income.

In Summary

The reality is that the Vaults location is too far from Bishy Road, and also too far from the city centre, to attract passing trade. People ONLY come to the Vaults to see bands. We open the doors at 7pm but, in the main, customers arrive just before the main band starts and leave immediately after they finish, presumably so they can spend less money at the gig. We have tried putting on DJ's after the bands but it is not possible to hold the crowd.

The Vaults has not been supported by the Community as there are 40 other different Live Music Venues for them to choose from in the City. The combination of an excess of music venues and the pubs location together with the continuing downturn and pressure on disposable income has made it totally unsustainable

YORK LIVE MUSIC VENUES

(As compiled from "Whats Occurring in York" website)

York Barbican	Paragon Street
Grand Opera House	Clifford Street
Blue Bear	Castlegate
O'Neills	Low Ousegate
The Snickleway	Goodramgate
Cross Keys	Goodramgate
Bootham Tavern	Bootham
Forty Five Vinyl Café	Micklegate
The Terrace	New Street
Crooked Tap	The Green, Acomb
Red Lion Inn	Boroughbridge Rd, Upper Poppleton
The Gillygate	York
The Three Legged Mare	High Petergate
The White Horse	Bootham
The Black Horse	Monkgate
The Edinburgh Arms	Fishergate
Severus Social Club	Milner Street, Acomb
Hi Ho Club	Kings Square
National Centre for Early Music	Walmgate
Dringhouses Sports Club	St Helen's Road
The Stonebow	Stonebow
Golden Fleece	Pavement
Hole in the Wall	High Petergate
Ye Old Shambles Tavern	Shambles
Crescent Community Venue	The Crescent
Royal Oak	Goodramgate
Fulford Arms	Fulford Road
Black Swan Inn	Peasholme Green
The Phoenix	George Street
Golden Ball	Cromwell Street
Cat in the Wall	The Stonebow
The Habit	Goodramgate
Three Tuns	Coppergate
Kennedys	Little Stonegate
Golden Slipper	Goodramgate
The Falcon	Micklegate
The Old Bank	Lendal
Roman Bath	St Sampsons Square
The Hop	Fossgate
Last Drop Inn	Colliergate
Kuda	Clifford Street
Dusk	New Street

[Redacted]
Appleton Estates Limited



13th November 2024

Dear [Redacted]

Victoria Vaults, 47-49 Nunnery Lane, York

I write further to your request to provide a summary of the marketing activity undertaken by me through Lawrence Hannah Limited and Carter Towler Ltd over the last 15 months associated with the above building.

You have asked for the following information, which I have highlighted below.

- Duration property has been on the market
- Details of the marketing campaign
- Details of offers received and feedback provided

Duration the Property has been on the Market

Lawrence Hannah Ltd were first instructed by Appleton Estates Limited in late summer 2023 to promote the availability of the subject building on a freehold basis either with the benefit of the existing tenancy or with full vacant possession. The latter being as a direct result of the existing tenant's express desire to bring their tenancy agreement to a premature end for commercial and economic reasons, through direct discussions with you. Clearly, we would not be able to offer the option of vacant possession without the sitting tenant's full support. The existing tenant we understand had made some attempts to trade his lease as a going concern, but no 3rd party interest materialised.

Following the merger of the agency functions of Lawrence Hannah with Carter Towler Ltd in midOctober of 2023, this instruction was then switched to the aforementioned and continued to be managed by me in my capacity of heading their new York office. Lawrence Hannah Ltd then voluntarily ceased trading in late October 2023. The property has continually and without interruption been on the

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Chartered Surveyors

open market up until the point where acceptable terms were mutually agreed between Appleton Estates Limited and the existing tenant to sell the property with vacant possession in late September 2024.

Details of Marketing Campaign

From late June 2023 standard “in house” marketing details were produced by my old business Lawrence Hannah Ltd and widely/regularly circulated to the appropriate local, regional and national commercial & leisure property consultants, principally through PIP Distribution which Lawrence Hannah then subscribed to. Following the appointment of Carter Towler in October 2023, new marketing details were produced and again widely and regularly circulated through various specialist online information distribution business’s including EACH (Estate Agents Clearing House) which also covers off all the principal national regional and local specialist Licence Premises property specialist agencies, Christie & Co, Fleurets and locally Barry Crux & Co for example. In addition to the circulation of the marketing details once a property is listed on the Carter Towler web-site it is automatically uploaded to the principal property platforms of LoopNet, Realla/CoStar, Zoopla, Primelocation etc, to mention a few.

Details of offers received and feedback provided

From the beginning of the marketing up until the hand over of the instruction in October 2023 to Carter Towler, no real interest had emerged. We had one inspection from an individual looking to run the building as a licenced premises but following that inspection no further interest was shown.

In late 2023 there were further inspections, none of which were interested in retaining the existing tenant..

In March 2024 following your approval we dropped the quoting and listed price of the property and again the details were widely distributed and re-listed on the various online property platforms.

We then had some initial interest from Ossett Breweries (who have both the Fox & Hounds on Holgate Road & The Hopp on Fossgate). Following their inspection of the premises and further subsequent due diligence on the potential trading performance of the building and location, this interest fell away without an offer, at any price. Further general enquires were received from a number of other local independents including the owners of The Three Legged Mare on High Petergate, who we know own another licenced premises in central York. Again following further scrutinization of the potential trading performance of the location and costs associated with re-fitting this interest did not materialise in any further action.

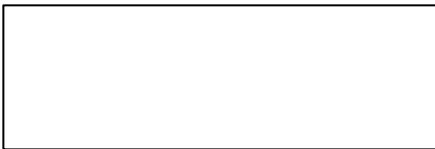
We were contacted in April of this year from an on-line enquiry by the venue manager & promoter for The Crescent Community Venue to inspect the premises but again this came to nothing despite several attempts to follow this initial enquiry up. It is worth noting that this applicant on his enquiry details is listed as the Co-Chair of the York Music Venue Network, which naturally leads me to believe that as a continued live music venue opportunity, it was not of any interest to him or members of his network.

Throughout the year we have had sporadic interest and inspections. In the main these have been from individuals who work in the pub & licenced sector however they have appeared to either not been able to raise any finance for this opportunity or just drifted onto other potential opportunities to run a pub.

After a considerable amount of time and effort over the past 15 months I am pleased we are now in a position to conclude an unconditional sale of the property with vacant possession

I trust the above summary is sufficient for your immediate purposes but if you require any further information, please do not hesitate to contact me.

Kind regards



All correspondence is subject to contract and without prejudice unless otherwise stated.

