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Water & Leisure

Fenn Wright are leading experts in the valuation and sale of water and leisure related property across the UK.



Water & Leisure
Market Update 2023





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2022 Overview – Market Update

The first half of 2022 was particularly active for the water and leisure sector, with more completions in the first six months compared to the second half of the year.



This was a continuation of post-Covid activity, with transactions driven by an increase in the number of buyers looking to make a significant lifestyle change. Fenn Wright sold a broad range of properties over the year, including holiday complexes, campsites, trout farms, coarse and fly fisheries and fishing rights.

The second half of the year was more settled in comparison to the two preceding years, which resulted in fewer properties coming to the market. Rightmove reported that due to increased interest rates, the residential market slowed to levels of activity more consistent with pre-pandemic market conditions. Although there is some debate as to how interest rates will change over the next six to twelve months, the water and leisure sector has not been reliant on significant bank borrowing for some time.

At the end of 2022, there were less water and leisure properties on the market than at any point post-Covid. The rise in interest rates, together with inflationary pressures, appeared to temporarily suppress market activity, with many postponing plans until early 2023 in the hope of a more stable economic outlook.

In this year's publication, we share two detailed case studies; a 37 acre holiday lodge complex in the Lincolnshire Wolds, developed from a commercial coarse fishery, and a well-designed fish farm in an enviable location in Somerset. There has been increased coverage of the issues around wastewater pollution in the mainstream media, with the focus on improving water quality of the country's waterways. We look at the potential impact of Government policy changes and legislative targets.

Case Study: Wold View Fisheries & Leisure Park

Sold by Fenn Wright in 2022, Wold View started life as one of the premier commercial fisheries, originally designed and purpose built to be one of the largest coarse and match fisheries in the country, with a site of over 37 acres. The site has since evolved to become a thriving leisure complex on the edge of the Lincolnshire Wolds AONB, with 11 luxury lodges.



Prior to the sale, Fenn Wright assisted the owners by submitting a retrospective planning application, which was subsequently approved. This included an additional lake and lodge, seven touring caravan pitches, together with access and car parking.

There are seven large man-made lakes at Wold View Fisheries, all of which were individually designed and built with a combination of match, pleasure and specimen fishing in mind. In total, the fishery provided approximately 200 pegs.

The 11 luxury open-plan holiday lodges were erected in 2018 and 2019 along the western boundary, accessed over a tarmac road with individual car parking areas. All units are raised and positioned overlooking the lakes and the Lincolnshire Wolds beyond, with perimeter decking and most benefitting from a hot tub to the side.

After an extensive marketing campaign, the sale completed in September 2022 to a private buyer looking to expand the holiday accommodation on-site, which had potential for further development of the remaining land and lakes.

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“The combination of fishing and holiday lodges sets Wold View apart from other holiday complexes in the area, with both leisure uses providing a profitable business. The site still has significant scope for further development, subject to planning.”

Martin Freeman FRICS



Clarity on **Water Quality**

In last year's Market Update, we commented on the Government's new Environment Bill, which was passed in order to put a legal duty on water firms to reduce untreated sewage discharge.

The pressure from peers and campaigners has put the focus on cleaner water for the nation's waterways as a whole. In January this year, The Angling Trust called upon Chief Executives of the 11 major water companies in England and Wales to disclose the length and number of sewage spills entering rivers from their sewerage networks. Under the Environment Act, there is an obligation on the water industry to fit Event Duration Monitors (EDMs) and to publish the data in real time. This allows the public to know immediately whether or not sewage pollution is occurring in their local river,



and enables them to make an informed choice on whether or not to enter or go near the water. At the time of writing, only one of the eleven, Thames Water, have complied and have a live system.

An ongoing issue alongside wastewater is nutrient mitigation, with an increase in nutrients entering waterways. Nitrates and phosphates from various activities, such as development, can harm surrounding landscapes and bodies of water, and the issue has prompted local authorities in some areas to start withholding planning permissions.

For over two years, Natural England has been advising against new development in certain parts of the country where this involves creating overnight stays, unless developers can demonstrate that their schemes are nutrient-neutral. The RICS estimate that in 2022, the construction of up to 30,000 homes in Wales and across the south of England was significantly delayed. The problem affects 74 of the 333 Local Authorities in England, where pollution levels in nature-rich sites are so high that

extra mitigation measures are needed, such as ‘Nutrient Neutrality’, which ensures that any increase in pollution is offset by a reduction in pollution in the same area – a form of mitigation.

Natural England is therefore also establishing a scheme to help fill the gaps and make finding solutions quicker and simpler. Defra and DLUHC are investing up to £30 million over the next three years to fund the Natural England-led Nutrient Mitigation Scheme. Details announced in November 2022 suggest a formal launch of the scheme by inviting applications for credits from developers before the end of March 2023

The scheme will initially aim to run until 2030 as under the proposed LURB amendment: this is the date by which water companies will be expected to have upgraded their Wastewater Treatment Works (WWTW) to Technically Achievable Limits (TAL).

14% of English rivers meet ‘good’ ecological status

0% of rivers meet ‘good’ chemical status

Sewage and wastewater account for **36%** of water pollution

£5.3bn invested into river basin management plans by 2027

Government target of ‘good’ chemical and ecological status moved from 2027 to 2063



85% of properties marketed
in 2022 **Sold/SSTC**

Our deals add up!

17%
increase in
registered
applicants

Over
35
years'
experience

+

Over
2000
sites
visited

=

Water &
Leisure property
experts

SOLD, LET AND ACQUIRED LAST YEAR

Established in 1768, Fenn Wright is the most active firm specialising
in the sale of water and leisure properties throughout the UK.

2022

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Case Study: Exmoor Fisheries, Somerset



Fenn Wright acted in the sale of Exmoor Fisheries, a picturesque trout farm on the edge of Exmoor, and successful business with a reputation for producing high quality rainbow trout for recreational fisheries. Extending to around seven acres, the farm comprised a total of 14 tiered earth ponds, owner's dwelling, staff accommodation and various outbuildings.

The farm is fed by virgin spring water and water from the River Haddeo, which filters down from the surrounding moorland. The owners purchased the farm in 1996, building the hatchery and developing the farm into a thriving business, producing in excess of 450,000 fry per annum. The restocking production exceeded 120,000 fish, ranging from 1lb to 12lbs, supplying farms, recreational fisheries and large reservoirs across England and Wales.

The farm is almost 100% self-sufficient through multiple generations of bloodstock. A small number of table fish are produced and sold locally. Deliveries are made to local businesses via the farm's transport vehicles and a small number are sold directly to customers, as well as at farmers' markets.

Exmoor Fisheries also holds two non-consumptive abstraction licences from the River Haddeo and surrounding substrata for the

purposes of fish farming. The farm employed three full-time and two part-time members of staff, including the owners. In terms of on-site accommodation, Pheasants Nest is a three-bedroom bungalow overlooking the farm with commanding views of the Haddeo Valley and rolling hills of Exmoor. The attractive barn is believed to date back to the 18th Century and has been converted into a comfortable two-bedroom property, used as worker's accommodation.

Tom Good, Associate Partner at Fenn Wright commented:

"Exmoor is a relatively unique fish farm, given the combination of accommodation, picturesque location, and a well-designed fish farm with an excellent reputation, making it an exciting lifestyle opportunity. The successful purchasers have a background in engineering and other businesses, making them ideally suited to a move into fish farming. We wish them every success in their new venture."

01206 216555



A Guide to Raising Finance

Chris Arnold, Managing Director of Fishery Finance UK, is widely regarded by lenders and fishery owners as having more experience in financing fisheries than anyone else in the UK. Fenn Wright have recommended him for over 18 years.

Chris has successfully arranged finance for many fisheries throughout the UK, including angling clubs. Below, Chris provides an overview of financing a fishery and leisure assets from the perspective of both a purchaser and property owner. He also provides a brief insight into the work he has undertaken.

How did you get started in finance broking for fisheries?

The first fishery I arranged finance for was in 2004. A keen angler since childhood, and

having established my commercial finance brokerage in 1990, the fishery sector was a natural step, and indeed, my passion

How easy is it to obtain funding for a purchase or refinance?

No lender has ever had a policy for this sector, so each time I need to educate the lender on how to approach a funding application. Because of this, I always try to visit every fishery that needs finance to gain a clear understanding of the business and plans for the future.

How many fisheries have you arranged finance for?

I have arranged finance on around 130 occasions for over 50 fisheries. Many owners return to me for more finance as their fishery develops. This often includes the construction of owner's accommodation, café, tackle shop, lodges, or glamping pods. Some of the fisheries financed appear on the 'Where to Fish' section of my website.

How do lenders react to Fishery Finance UK being involved?

A bit like fishing really – it is regular feeding of fundable propositions that produces results. The more fisheries I finance with a lender, the more comfortable they are with the sector. If they receive a direct approach from a potential customer, lenders often ask for my guidance on an informal consultancy basis. To my knowledge, there is no other broker in the UK regularly financing fisheries.

How has the lending market changed in response to increased interest rates?

There needs to be a certain level of profit within the business accounts. Rising interest rates have meant that higher profits are needed to fit the affordability tests.

What criteria should a buyer consider when looking at a purchase?

A combination of business and fishing experience is advantageous, along with the financial performance of the fishery, outside income, future plans, and a sufficient cash contribution.

What other sectors do you arrange finance for?

I also arrange finance for the leisure sector, such as holiday complexes, campsites, caravan parks, hotels, and guest houses.

If you would like more information or advice on financing a fishery or leisure property, please get in touch on 01984 618661 or email chris@arnold-cf.co.uk. Find out more at www.fisheryfinance.co.uk.

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FISHERY
FINANCE UK



The Water & Leisure team at Fenn Wright are experienced Chartered Surveyors who specialise in the valuation and sale of properties in this niche sector of the market. We are also on hand to help and advise you on a range of matters including valuation, planning and other consultancy services.

Valuations

- RICS Red Book Valuations
- Rental Valuations
- Desktop Valuations

Planning Consultancy

- Planning Applications
- Pre-application Advice
- Strategic Advice

Consultancy

- Business Strategy
- Fishery Management
- Asset Reviews

Professional Advice

- Market Appraisals
 - Rent Reviews & Lease Renewals
 - Expert Witness
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If you would like expert advice on any aspect of your property, or would like to register for property alerts, please get in touch on 01206 216555.



2023 Outlook

The year has started positively, with an increase in activity and enquiries suggesting there will be a steady stream of properties coming to the market.

We expect demand to continue to outweigh supply and therefore, we are unlikely to see any significant price reductions in the short term. Full or partial retirement is the main driver for the majority of sales, and some vendors who decided not to proceed with marketing at the end of 2022 due to perceived economic instability, are now gaining confidence in the market.

Income levels for many leisure operators is now back in line with pre-pandemic levels. Expenditure remains higher than in previous years, due partly to increased energy costs. This is starting to result in operators facing higher energy bills, although the increased cost of living may persuade

customers to choose to holiday domestically and locally, avoiding increased travel costs.

The availability of bank borrowing is likely to remain modest in the face of increased interest rates. However, the water and leisure property sector has not been transactionally dependent on significant bank borrowing levels for a long time. The Bank of England has suggested that interest rates are beginning to stabilise, and inflationary pressures may also start to ease. These factors, combined with a possible reduction in residential values, is likely to give added incentive to those considering a sale for retirement-led reasons. As a result, we are expecting an active market throughout 2023.



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We've got the UK covered

Fenn Wright are leading experts in the valuation and sale of water and leisure related property across the UK.

Contact us on 01206 216555



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 **RICS**

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