Over the past 12 months we have valued over £400M worth of parks with values ranging from £250,000 to more than £15M.

We have sold a park at least every 10 days throughout the year.

72% of parks sold were holiday and 28% residential.

Average Static Pitch value increase to £19,500.

Average value of parks sold in 2018 up 65% on 2017.

Average Touring Pitch value up 12.5%.

Over the past 12 months we have valued over £400M worth of parks with values ranging from £250,000 to more than £15M.
The UK economy has endured a further year of uncertainty largely centred around the ongoing Brexit negotiations. At the time of writing these have entered a new phase with the fall out over the proposed “EU exit deal” announced by the Prime Minister.

There remains huge uncertainty as to whether a deal will be accepted by parliament and whilst there is much speculation about how leaving the EU will affect the UK there is little fact as to the likely impact on the economy and wider markets including the property and holiday park sector.

ONS figures show the UK’s annual GDP growth for 2017 at 1.8%, compared with 1.9% in 2016 and 2.2% in 2015; this is the slowest since 2012 but a far cry from what was feared at the time of the 2016 Brexit vote. Current Bank of England estimates for 2018 year-end GDP growth is 1.4%, down from 1.8% forecast in February. In the November Budget, the OBR predicted 2018 growth of 1.3% but picking up to 1.6% over 2019.

Throughout 2018 inflation has fallen from 3% at the start of the year to 2.4% in October, though remains ahead of the 2% target rate. With average pay rising by 3.1% in the 12 months to September, this has eased the recent squeeze on real incomes, if only marginally.

The Bank of England base rate was increased to 0.75% in August 2018 along with commentary indicating that any future rises should be gradual and limited.

Whilst the fall in the value of the pound remains an inflationary pressure it also acts to make the UK a more affordable destination for overseas visitors and also increases the cost to UK residents looking to holiday abroad. To date, these dynamics have only been a positive influence on the UK holiday park sector and we see no sign of the demand for UK holidays abating in what continues to be a very buoyant sector.

Surge in demand for UK holidays despite Brexit
2018: A record breaking summer

Holiday Parks
A record breaking 2018 will be remembered as a year of two halves, certainly in terms of the weather — The ‘Beast from the East’ gave us a slow start keeping many holiday makers at home for much of the spring. It also proved a difficult period for caravan sales, reported by many operators to be weaker than anticipated. What a difference a couple of months can make — A record breaking summer, hotter than 1976, the year Edwards and Partners were established, helped to recover lost ground and has resulted in 2018 being another excellent year for the caravan park sector.

Despite a slower start, touring and camping parks enjoyed a good year on the back of holiday makers seeking to stay closer to home and assisted by prolonged spells of dry, warm weather.

A similar trend has been enjoyed by parks offering hire fleet and self-catering accommodation, with strong revenue reported and with many operators benefitting from forward bookings for 2019.

On the back of this demand we are aware of many park operators also looking to further increase their fleet of letting accommodation in 2019.

Another trend we have seen is parks diversifying to provide high quality glamping accommodation, again seeking to benefit from the upturn in demand and also catering for a wider and younger market of holidaymakers who may not have previously been attracted to a caravan or camping holiday.

A very strong market for the sale of holiday parks continued in 2018 with the level of demand significantly outstripping a low level of supply.

Encouragingly the main high street banks and funders we work closely with continue to see the strength and growth of the sector and it remains a business sector they are keen to support.

On the whole there remains a high level of confidence in the sector. In the last 12 months we have transacted park sales across all sizes of parks, although it is undoubtedly larger parks that command the greatest demand with established park operators and equity backed purchasers aggressively seeking new opportunities to expand.
Residential Parks & the Housing Market
The latest Land Registry and ONS data show average residential property prices in the UK increased by 3.5% in the year to September 2018 although the rate of growth has been falling since mid-2016. The average house price is currently £233,000.

Sustained low mortgage rates, a lack of housing stock and healthy rates of employment growth continue to support house prices. This is partly offset by pressure on household incomes and the political and economic uncertainty which is now weighing more significantly on consumer confidence to create relatively subdued market conditions; in recent weeks this has become more marked with uncertainty over the outcome of Brexit. Regional price variances remain significant with a levelling of prices in many parts of the UK, strong growth across parts of central England, and price falls in the higher-value parts of London and the South East.

The wider housing market is one of the key factors for the parks industry with many purchasers of park homes down-sizing from traditional bricks and mortar housing stock, and holiday caravan purchasers releasing equity from their homes.

The market for the sale of residential mobile home parks mirrors that of the residential market to some degree, noticeably with a significant variance in values across the UK. Parks developed and occupied with privately owned mobile homes continue to offer a secure return on investment, driven largely by the level of pitch fees.

Vacant pitches and parks with opportunities to develop new pitches are most sought after as the operator has full control over these pitches which can achieve significant profits when new homes are sold. We have seen an even greater variance in the value of vacant and undeveloped pitches across the UK with those in the South East and other high value areas attracting very strong values.

Prime North Yorkshire caravan park sold in less than 24 hours

We confidentially sold Burtree Lakes Caravan Park a high quality static and touring caravan park in the heart of North Yorkshire.

Burtree Lakes Caravan Park is located in the rural and idyllic country setting close to the popular market town of Bedale. Set in over 11 hectares of land the park has permission for 53 static pitches and 56 touring pitches as well as attractive lakes and outbuildings.

Adam Burkinshaw, holiday and caravan park specialist in our York office commented, “The park is in a highly sought after location and provided a fantastic business opportunity with immediate potential to develop additional static caravan pitches.

“We were instructed to seek a confidential sale. As a result of the park’s grade A location, attractive layout and further development potential we were delighted to agree a sale to an established operator within 24 hours of finalising the details.”
Analysis

With our pitch value records dating back to 1976 our analysis of the caravan and holiday park sector has been established for well over 40 years recording and analysing all transactional activity that we have been involved with. Our annual survey covers many thousands of pitches on parks of all sizes across the UK.

The pitch values themselves are not a guide to value though result from an analysis of the sale price of parks that have transacted over last 12 months. It is also important to note the variance in pitch values, which results from many factors including: location, profitability of the business, pitch fees, caravan sales, park facilities and further development opportunities.

Touring Pitches
Transaction activity in 2018 has included a larger sample of touring caravan parks in addition to several mixed holiday parks with a significant proportion of touring pitches. In 2018, on the back of the sale of a number of high quality touring parks we have seen the average touring pitch value increase to just over £9,000, a 12.5% increase on 2017. It is worth noting that touring pitches do cover a wide range of pitch types including un-serviced grass pitches to fully serviced super pitches with electric, water, grey waste and TV aerial connections.

Static Holiday Pitches
Caravan parks with privately owned and park owned static caravans have again seen a very strong level of demand throughout 2018, with particular demand for larger parks in excess of 100 pitches. One of the main drivers of the market has been the limited availability and supply of parks for sale. Following a strong year in 2017 we have seen a further strengthening in values with an increase of 2.5% to an average of £19,500 per pitch. Again we note that this average value includes parks across all corners of the UK and as a result pitch values within the sample range between £11,000 and £37,500.

Residential Pitches
In the previous 2 years, the average pitch value for residential parks has been driven by a prevalence of transactional activity in the south with an average of £33,000 per pitch. From the transactional activity in 2018 the average has reduced to £30,000 per pitch, although we note this is only representative of the park transactions within the sample.

In the last 12 months we have seen transactional evidence across a wider area in to the North West and Midlands conurbations. The range in pitch values for pitches occupied by privately owned homes was between £22,000 to £41,250.

There is a far wider variation in pitch values attributed to vacant or undeveloped pitches. Particularly in the South East of England such pitches have commanded very high values driven by the potential to generate substantial margins from the sale of new homes.

We are also noting a degree of caution from some operators when looking at parks solely reliant on pitch fee income from privately owned homes. This is centred around the ongoing dialogue and uncertainty of possible changes to the Mobile Homes Act legislation including changes to the 10% commission that is presently levied on all private sales.

Caveat
As in previous years we stress that the average pitch values stated above should not be used in relation to the valuation of any particular property.
Fig 1: 10 year history of average pitch values

The values shown are based upon fully developed operational pitches, including facilities necessary to comply with Site Licence requirements, excluding the value of any caravans or additional amenities. No adjustment has been made for the variance of the sample from year to year. These figures are offered only as a market guide and should not be used in relation to the valuation of any particular property.

Fig 2: Range of pitch values

Range of pitch values achieved in the 12 month period 1 December 2017 to 30 November 2018. The results depend entirely upon the sample of parks sold and serve only to illustrate the wide differential of values.
In recent months, many of our clients have received an increasing number of direct approaches from operators either in person, by phone or by post and e-mail expressing an interest in acquiring their parks. Indeed, we are aware that in some instances operators are employing call centres to make an initial approach though that may not be particularly obvious.

Why is this happening? The simple explanation is that we are experiencing buoyant demand for parks with only a very limited supply of parks coming to the market. We are also seeing a much greater degree of market segmentation and agglomeration occurring which can lead to the value of the whole being greater than the sum of the parts.

The dynamics of the market are constantly shifting, often as a result of new sources of funding becoming available with innovative financing and legal structures being put in place. The underlying strength and the variety of income streams available from parks has become increasingly recognised and whilst park businesses are truly distinguished from one another by their management, location, scale and facilities, they also represent an asset class which at their core, provide a return on investment.

Whilst parks are not traded as financial instruments, the way in which parks are financed is becoming increasingly diverse and has a considerable impact on marketability and value. Maintaining a close watch on this aspect of the market together with up-to-date knowledge of market conditions generally and of the range of buyers who have the strongest appetite for parks are all key components in understanding the value of parks.

Naturally, in a competitive environment where supply is constrained, imperfect information provides opportunities that can sometimes be exploited. Equally, the desire to do a ‘quiet deal’ is often at the forefront of the minds of park operators who are considering disposing of their park; the benefit in terms of ensuring that staff and customer loyalty is not compromised is usually a powerful motive.

Frequently, the best way to ensure that the best possible price is realised is to expose a park to the market fully though on occasion there can be ‘special purchasers’ such as immediately adjacent similar businesses who will always outbid the market. However, there can also be instances where more discreet marketing can extract an element of premium value that is not available in the market as a result of perceived exclusivity and discretion. Likewise, a desire by vendors to maintain complete confidentiality may prompt a requirement to deal with any sale in confidence.

At Sanderson Weatherall, we provide confidential and discreet advice on sales and options available, without charge or obligation however, factors such as those identified frequently dictate that we undertake park sales on a confidential basis.

The key to extracting maximum value whilst also successfully concluding a ‘quiet deal’ is to have a comprehensive and up-to-date knowledge of the market and to ensure that competing interest is engendered. This is still possible within the confines of a confidential marketing exercise and in our experience, despite suggestions otherwise, there is seldom only ‘one game in town’.

To discuss the possibility of a confidential sale of your park and how this would be undertaken or to register your requirements, please get in touch.
Glamping, or luxury camping, is more popular than ever and with tree houses, pods, bell tents, yurts, shepherd’s huts and even converted London buses on offer, there’s plenty of variety for consumers to choose from in this ever-growing market.

The recent recession, coupled with the increasing trend for the ‘staycation’ has helped to make holidaying in the UK a much more popular choice amongst UK tourists. As ever holiday businesses have been forward thinking to embrace the new demand, creating and developing many new forms of accommodation to appeal to different customers, one of the most notable, the rise of glamping.

The UK now boasts hundreds of sites, including hotels and B&B’s, offering glamping in its many forms. With this trend over the past few years, glamping has brought a new, younger demographic to the market attracting consumers who might not have considered traditional forms of holiday accommodation such as touring caravans, camping and holiday lodges before.

With the UK domestic holiday market remaining buoyant, and the attractive return on investment for park owners, demand for glamping accommodation in the foreseeable future will remain strong and interest in the sector will continue as long as operators keep finding interesting ways to present the holiday offering.

At Sanderson Weatherall we have an experienced team who specialise in the holiday accommodation sector and can assist with the valuation or sale of your site, or even if you are considering introducing glamping to your park we can help.

Glamping: introducing a new demographic to the market
Truly Nationwide Coverage

Our specialist team offer truly national coverage across England, Scotland and Wales. During 2018 we have visited parks all over the country as shown on the map and will be pleased to come and visit you at your park in 2019.
Bingham Grange Touring & Camping Park
Confidentially marketed and situated in the heart of Bridport on the Jurassic Coast, this attractive touring park proved the strength of the market selling over the guide price of £3,000,000. Set in 25 acres of well-maintained and landscaped grounds with facilities to match, the park saw considerable interest before going under offer to a national operator.

Scoutscroft Holiday Centre
The year got off to a good start with the sale of Scoutscroft Holiday Centre, an established mixed holiday park in a fantastic coastal location close to the popular village of St Abbs in the Scottish borders. With the existing owners looking to retire we were able to secure a prompt sale to an existing park operator already represented in the local vicinity. The property was marketed with a guide price asking offers in excess of £3.25M.

Berrynarbor Park
Developed with 43 units and the benefit of permanent planning permission and site license for up to 55 residential park homes in 6.7 acres, this park didn’t take long to sell. The sites enviable location combined with the additional income made this a really desirable park.
Chacewater Park
Set in 11 acres this ‘adults exclusive’ park developed for 100 tourers had potential to add static caravans. The park offered quality owners accommodation and sold off an asking price of £1,100,000.

Pinegroves Caravan Park
Offered for sale with a guide price seeking offers in excess of £2.5M, Pinegroves Caravan Park was snapped up just before Easter.

Situated in a picturesque countryside setting some 5 miles from the Peak District National Park and only 3 miles from the Derbyshire Dales town of Matlock, it comprises approximately 23.6 acres of level land with planning consent for 55 static and 100 touring caravans to be sited. An adults only site offering scope for further development subject to planning, it includes a 4 bedroom detached owner’s house together with an extended 4 bedroom twin unit former park home.

Merryhill Country Park
A very attractive and established holiday park located on the outskirts of Norwich and developed with holiday lodges, static caravans, touring caravans and glamping units. Additional land with planning permission provided further scope for the development and sale of holiday lodges and static caravans. Marketed with a guide price of £2.95M, the park attracted a great deal of interest with a sale concluded to an existing park operator, seeking further expansion opportunities in the south of the country.
Burgh Castle Marina and Holiday Park
The sale of Burgh Castle Marina and Holiday Park proved a prime example of the very buoyant market for caravan parks, in particular those with immediate redevelopment prospects. Effectively offering a blank canvas for a comprehensive redevelopment to include either static caravans or lodges the park also included an existing marina with scope for expansion along with a number of residential mobile homes, a public house and two residential dwellings. After only a brief confidential marketing campaign a sale was promptly agreed to an existing operator off a guide price of £4M.

Portfolio of 3 mobile home parks in the South
Acting on behalf of a family park operator, we were pleased to secure a buyer for the parks in Swansea, Bath and Portishead in an off market transaction. The parks boasted over 200 pitches between them and were sold in excess of £6.5million.

Marketing to completion in 3 weeks - it can be done!

We are often asked how long a sale may take to complete. Unfortunately, there is no one correct answer as much depends upon the complexity of the property. However, in our experience, the time taken between the date an offer is accepted and the date the sale completes is typically around 3 to 6 months though we have had instances of sales taking up to 18 months to complete.

If proof were needed that timescales do not have to be this protracted, we have just completed the sale of a long leasehold park in South Shields. The property, Lizard Lane Caravan Park comprises an area of approximately 5 acres and accommodates 65 developed and part developed static caravan pitches and 33 touring pitches.

Offered with a Guide Price of £1.35 Million, we commenced marketing the property at the end of November, agreed a sale within 10 days, arranged a round-table meeting with all parties and their advisors and successfully completed the sale within 3 weeks of marketing commencing.
1. Has there been a decrease / increase in the number of pitches?

It is inevitable that operators will seek to maximise revenue potential on their parks by configuring them in the best way possible. This may result in the addition of new pitches or, where a park is overly cluttered and cramped, a reduction in pitch numbers to improve layout, comply with regulations and enhance visual appeal.

Where pitches have been added in recent years, it’s probably best to keep quiet but where there has been a reduction, there may well be the opportunity to reduce the assessment.

2. Has the Touring and Tenting operation changed?

If there has been a notable change in the touring turnover in recent years this needs consideration in the wider context of the valuation.

One of our clients moved away from a touring led operation to a static led park and, as well as the change in their touring income, their restaurant and bar sales also decreased as this was mainly derived from the tourers, not the static caravan occupiers. Correcting this saved the client £73,000.

3. As well as the main park assessment, are there any other Rating assessments at the address?

Shops, restaurants, amusements and other leisure facilities are sometimes separately assessed for rates. One element of the rates’ valuation for a holiday park is the turnover attributable to these, so if any are already separately assessed, there is a risk of double counting.

4. Are there any third-party operators / tenants providing services on the park?

Not only is there the potential issue of double counting on elements that are already separately assessed but there is also the possibility of including areas and income that should be separately assessed. Rents to third-parties should be ignored and there should be separate Rating entries for such areas. Splitting them out from the main park could produce a significant reduction in the rates payable by the main park operator.

5. Were there any exceptional items in the accounts in 2013-2015?

Income from any hire fleet vans, owner-occupied vans sublet through the operator and leisure activities are considered in the years running up to 2015 for the rates’ valuation. If any of these years were inflated, giving a year of over-trading, or if there are any ‘beyond the norm’ operational costs associated with the operation of a park, this may warrant a detailed review.
6. Have any physical changes occurred that have been detrimental to the business?

Where a change in performance can be directly linked to a physical change in an area, there are grounds to contest the rates’ assessment. The most obvious of these would be the opening of a new holiday park in the vicinity or the expansion of an existing competitor but this could extend to the opening of a new convenience store or pub, taking trade away from an on-site shop or bar.

Alternatively, it could be that a new road has divided a park or cliff erosion has impacted on the number of pitches. If any of this sounds familiar, it’s time to consider challenging the assessment.

In summary, there are a number of elements to be considered and the complex web of legislation surrounding business rates means that expert advice from a Chartered Surveyor with experience in this sector is a must in order achieve the best results.

If you want to discuss these or any other business rates matters, Rob can be contacted at rob.cohen@sw.co.uk, Tel. 0113 221 6120

Our holiday and caravan park specialists based in the South have recently sold Smugglers End Caravan Park, a small park located adjacent to Winchelsea Beach, a seaside village in East Sussex.

Smugglers End Caravan Park had been family owned for just over thirty years. The park consisted of nine holiday caravans and one mobile warden’s home, offering purchasers with significant redevelopment potential thanks to the site area.

Lee Southan, agent on the park commented, “Winchelsea Beach is a desirable holiday destination that appeals to many as it’s often quieter than many of the more developed resorts along the surrounding stretches of the coast.”
Park Home Proposals for England

The Government has published its review of Park Home legislation for England and has stated that it proposes to bring forward further legislation when parliamentary time allows. Key proposals include:

- Amending and clarifying the definition of a pitch fee to prevent the use of variable service charges.
- Introducing a fit & proper person test for site owners.
- Changing the pitch fee inflationary index from RPI to CPI in due course.
- Commissioning research to allow a detailed assessment of the likely impact of any change to the 10% commission rate on sales.

The timescales and detailed proposals are not known at this stage.
When can a fall-back development be a material planning consideration?

The majority of caravan parks are in countryside locations where planning policies generally restrict development to agricultural uses, horticultural activities, forestry operations or other rural enterprises. In fact some caravan parks, particularly those in popular tourist destinations, are located in highly sensitive landscapes such as National Parks, Areas of Outstanding Natural Beauty (AONB) and designated Heritage Coasts. Planning policies are even more restrictive in such areas. Over the last year, we have advised on sites in a number of sensitive locations including the North Yorkshire Moors National Park, the Cotswolds AONB and the Gower AONB, amongst other areas.

Given such restrictions, it can be very easy for local planning authorities to resist proposed developments on the basis that their planning policies do not allow new holiday caravan parks, additional park homes or site extensions in the countryside, including if a proposed development is limited to the confines of a caravan park's existing operational boundary. We are therefore often appointed to devise supporting planning cases based on Development Plan policies and material considerations, which can include national planning policy as reflected in the NPPF (revised in July 2018) and national planning guidance. This can require ‘out of the box thinking’. For example, we pride ourselves in undertaking thorough site research at the beginning of commissions to establish what Permitted Development Rights (PDR) (i.e. what type of development can take place without the need of planning permission) exist at a site. This can then be used when negotiating planning applications and in some circumstances, it can tip the planning balance in favour of a planning application.

In this regard, a relatively recent Court of Appeal Judgement (Mansell v. Tonbridge & Malling Borough Council [2017] EWCA Civ 1314) clarified when a fall-back development may be a material planning consideration for an alternative development. This case concerned an appeal concerning a decision of Garnham J in dismissing a claim for judicial review of a planning permission granted by Tonbridge & Malling Borough Council. The demolition being the demolition of a barn and bungalows and the construction of 4 detached dwellings.

In the Court of Appeal Judgement, Lindblom LJ confirmed the legal considerations in determining the materiality of the ‘fall back’ position as a planning judgement were as follows:

The basic principle is that for a prospect to be a real prospect it does not have to be probable or likely, a possibility will suffice.

There is no rule of law that in every case the ‘real prospect’ will depend, for example, on the site having been allocated for the alternative development in the development plan or planning permission having been granted for that development, or on there being a firm design for the alternative scheme, or on the landowner or developer having said precisely how he would make use of any permitted development rights available to him under the GPDO. In some cases, that degree of clarity and commitment may be necessary; in others, not. This will always be a matter for the decision-maker's planning judgement in the particular circumstances of the case in hand.

We have recently referred to this case when submitting planning applications in Wealden (for 31 park homes), Cornwall (for 9 park homes) and Lewes (for 1 park home). Although these planning applications are still under consideration, we have persuaded the planning officers that each of these sites benefit from a number of fall-back developments and this position should be given significant weight in the planning balance exercise. Our research in establishing that fallback developments exist has strengthened the supporting cases; we are hopeful planning permissions will be received shortly. Please contact Owen Pike if you want to discuss this Court of Appeal Judgement or if you require planning assistance.

If you want to discuss any planning matters then contact Owen on 0117 338 1813 or at owen.pike@sw.co.uk.
Parks For Sale

We are pleased to present a selection of parks from our portfolio currently for sale.

Please contact us if you would like any further information or would like to register on our mailing list.

Mixed Use Leisure Opportunity
North Yorkshire
YRK1661
£1,600,000

Mixed Holiday Park & Holiday Cottages
Cornwall
DVN1390
£1,695,000

Mobile Home Park
Cheshire
YRK1786
£950,000

Established Park Home Estate
Carmarthenshire
DVN1796
£795,000

Static and Touring Caravan Park
Dumfries & Galloway
YRK1794
£2,150,000

High Quality Self Catering Holiday Complex & Touring Caravan Park
North Yorkshire
YRK1782
£1,850,000

UNDER OFFER
Static holiday park & home
Isle of Wight
DVN1757
£795,000

Mobile Home Park
West Yorkshire
YRK1744
£700,000

Mixed Holiday Caravan Park
Tyne & Wear
YRK1798
£1,350,000
SOLD

Holiday Lodge Development
Shropshire
DVN1735
£450,000

Holiday Lodge Development
Devon
DVN1791
£750,000
UNDER OFFER

Log Cabin Holiday Village
West Wales
DVN1772
£1,100,000

Development Opportunity with Existing Glamping Business
Shropshire
DVN1767
£1,750,000

Caravan Park Development Opportunity
North Yorkshire
YRK1793
£695,000

Riverside Park Home Estate
Dorset
DVN1774
£3,100,000
SOLD
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