Restaurants and bars

There appears to be a stronger demand for restaurants and bars than ever before

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Abstract

Due to poor management by some local authorities, the number of restaurants is diminishing. Additionally, with the licensing authorities being tougher, the future of the restaurant and leisure industry is being stifled. As highlighted in this paper, this situation needs to be addressed now.

Keywords

pubs, bars, restaurants, demand, A3

WHERE HAVE ALL THE RESTAURANTS GONE?

There appears to be a stronger demand for restaurants and bars than ever before. Yet this is not actually the case: in the author's view, the demand has remained fairly consistent and it is only supply that has diminished. Therefore if one follows economics and supply and demand one will appreciate that demand appears to be greater than it actually was, which is not the case, it just appears so. The concern now is clearly planning and licensing.

LICENSING

Currently, the allowance for 24-hour trading has not been picked up by the operators as the cost of implementing this by way of staff, security and many other knock-on effects is too great to substantiate the small demand. In fact, the operators really would prefer to extend their operating hours by say two hours, rather than having the 24-hour offer.

PLANNING

The industry is still encountering many restrictions on planning, whereby the percentage of bar is a small percentage, say 10 per cent

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or 15 per cent of the overall area, and this can only be as ancillary to the restaurant. This too restricts the number of operations which can use the space, and which are currently seeking space.

LOSING RESTAURANT CONSENTS

Also, and most importantly, the industry is currently going through a period where retail rentals are exceeding restaurant rentals. This has happened before and will happen again, but the difference now is that retail rents are exceeding restaurant values, and landlords are now taking, as a preference, retail operations in what used to be A3 or D2 restaurant/bar premises/locations.

On the face of it one would feel this is not a problem, but once the planning consent on a specific unit is lost, the local authority is not under any obligation to reinstate this planning at a later stage.

ONCE LOST, NOT REGAINED

Therefore, if this situation reverses itself and restaurant rents overtake retail rents in the future, landlords will not be able to change this consent automatically back to restaurant and, as in past recession periods, one will find high streets struggling with many empty units and lack of takers.

Take as an example the recent assignment of the leasehold interest in Notting Hill Gate, London, of the very well-known Pharmacy restaurant/bar unit, which was being assigned to another restaurant group. The landlords received a proposal from Marks & Spencer, however, took a surrender of the leasehold interest and granted a new lease to Marks & Spencer as a retail use, which now means that on this site it is possible there will never be another restaurant. One will appreciate, therefore, that this is one less restaurant in Notting Hill Gate.

The author sees no reason why the planners, for the sake of good management, would not allow a consent to be transferred to other premises within the borough — the alternative unit may not necessarily be a retail location, but may be more suitable as a restaurant, as one will find restaurants are very destinational in certain places. The landlords would benefit, as too would the community, as clearly if the local authority gave consent in the first place to have a certain balance of retail and restaurant units, this previous mix is now becoming unbalanced. There could soon be no reason to go to certain areas at night, as where retail has overtaken restaurant in terms of values, there will not be many evening offers available and therefore the areas will die at night time.

TOO MANY RESTAURANTS

This is clearly evident in Islington, where the complete opposite has happened and too many A3 consents have been granted, which means there is very little A1 retail space and, accordingly, this area is fairly quiet during the day and very vibrant at night — there is a clear imbalance, which needs to be addressed.

NOT ENOUGH RESTAURANTS

Currently, throughout London and the suburbs, there is a massive demand for restaurants and bars and not enough premises to satisfy this requirement, which means that premium values are still being held to a high level and this in turn means that any new innovative offers are unable to enter the market due to the penal premium values that are created only by lack of supply.

This is something that needs to be addressed now. Additionally, the planners are still being incredibly difficult throughout the country, and in particular in suburbs surrounding city centres, in granting additional A3 planning applications.

NIGHTCLUBS

A3 is clearly distinctly different from a D2 consent, as a D2 is a nightclub or late-night venue and one appreciates that D2 consent could cause problems to local residential areas, and should therefore be kept closer to city centres where there is less residential accommodation to be affected.

GOOD MANAGEMENT

But from a restaurant point of view, and in a local environment, there is not enough good management being considered to allow restaurants within high streets. These really cause little disruption or effect on local residents in shopping parades and local high streets, so there clearly needs to be an improved balance and consideration given towards what is clearly becoming a difficult trading period for retailers. As retail becomes in less demand unless more restaurant consents are granted, within all city centres and surrounding suburbs throughout the UK, high streets are definitely going to suffer. This situation needs to be addressed now, before it is too late.