

# SHELLEY SANDZER

*Since 1983*

## Newsletter Q3 2021

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It is amazing that another three months have passed, but it has been anything but a summer break for Shelley Sandzer. Following the long awaited re-opening in July, demand has strengthened even more, with a number of brands seeking to make their debut in the capital or expand their existing portfolio of sites.

That has created some great opportunities for the Shelley Sandzer team to apply its unique insight to help fuel growth in the sector, securing sites in not just the heart of London, but some of its key suburbs and villages. We have also worked with some West End favourites to find new homes, including the much-loved Vasco & Piero's, and others to make their move to the capital, most notably Mowgli.

The partners have continued to consult with landlords and operators too about their future strategies, be it finding and working with leading brands and new concepts, or restructuring portfolios so they thrive as the economy recovers and

consumer confidence returns. Some of that work has been captured in a series of opinion pieces published by the industry's leading media.

The most remarkable aspect of the last three months, however, has been the change in sentiment in the market. Whereas once the word of the day was 'closure', it is now very much 'opening', and it is wonderful to be part of the sector's rebirth.

Long may it continue.

All the best

Ted, Nick, Duncan and Vicki



### **From Soho to San Francisco for Chotto Matte**

Shelley Sandzer secured a new San Francisco location for renowned Soho restaurant, Chotto Matte.

The 14,000 sq ft restaurant will be located on the rooftop of the former Macy's department store in Union Square. Offering one of the few open-air rooftop dining terraces in the city, with views across Union Square, the Bay Bridges and Twin Peaks, Chotto Matte San Francisco will open in 2022.

The new location was secured by Philip Sandzer, co-founder of Shelley

Sandzer, who re-joined partners and co-managing directors, Ted Schama and Nick Weir, to launch an international division in 2019.

Shelley Sandzer has a pipeline for Chotto Matte of other locations in the US, and is also working with a number of other clients on their expansion plans Stateside.



### **Shelley Sandzer serves up Mowgli's London debut**

We found Mowgli Street Food's debut site in the capital in August, with the brand taking a prime position on Charlotte Street in Fitzrovia.

Mowgli's new 5,800 sq ft site joins 13 regional sites across the country, including presences in Liverpool, Manchester, Oxford, and Birmingham. Created by chef, food writer, and television presenter, Nisha Katona, Mowgli is founded on the food eaten in Katona's Indian ancestral home and on her Varanasi streets, moving away from stereotypes of the cuisine.

Moving Mowgli to London this quarter follows a similar deal to help Takumi break into London from its Birmingham home, with Shelley Sandzer sourcing their maiden location in the capital in June.

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### **Tony Levine promoted to Director of Leasing**

Tony Levine received a well-earned promotion to Director of Leasing in July. Tony works alongside joint-Managing Partner, Ted Schama, in representing leading landlords in securing new F&B and leisure brands for their destinations.

Since joining Shelley Sandzer in 2016, Tony has acted for numerous clients, such as Landsec, Lendlease, Shaftesbury Estate, Hines and Portman Estate. An e-sports specialist, Tony has also helped Wanyoo launch in the UK, and is currently assisting the brand with its expansion plans.

As a devout foodie, his passion for the culinary arts is evidenced through his personal food blog reviewing upcoming Asian restaurants in the capital. Tony also sits on the committee of the Leisure Property Forum Extra, coordinating networking events throughout the year for next generation leisure professionals.

Alongside Tony Levine's promotion, newcomer Josh Hart has joined Shelley Sandzer, kickstarting his professional career following a passion for the property and hospitality industries. Josh will work across the Shelley Sandzer business as he completes his training.

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### **Soho legend Vasco & Piero's has a new home**

We found a new home for Vasco & Piero's Pavillion, the authentic Italian restaurant, at 10-11 D'arblay Street in Soho, in August.

After serving for fifty years in its previous location, Vasco & Piero's is moving into a 2,400 sq ft restaurant in the heart of Soho to continue its legacy in the West End. After an influx of demand following the closure of its former site last year, Vasco & Piero's is making a long-awaited return, highlighting the brand's commitment to Soho and emphasising the culinary vibrancy of the area.

As a Soho favourite for actors, creatives, and chefs, Vasco & Piero's takes pride in its ever-changing Umbrian-inspired menu, delivering authentic and genuine dishes imbued with tradition. The interior will be designed by Panetta Design Arichtects, who have also designed the likes of Petersham Nursery in Covent Garden, and will embody an Umbrian ambiance, accentuated by established paintings, lights and furniture. Vasco & Piero's is set to open later this year.

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### **A slice of Blackheath for Franco Manca**

Franco Manca, the fresh sourdough Neapolitan pizza brand, is to open in Blackheath Village in a site secured by Shelley Sandzer.

The new 2,500 sq ft restaurant – seating 70 inside and 30 on a terrace – will be on Tranquil Vale, located in the very heart of Blackheath Village itself and just a short distance from both Blackheath Station and London’s iconic Greenwich Park. The restaurant will open in late October 2021.

It is the second site in the area that Shelley Sandzer has signed for Franco Manca, joining the existing location in Greenwich Village.



## Advising Trispan on its investment in Pho

Our professional team played a key role in Trispan's investment in Pho, the 31-strong Vietnamese street food operator, through their dedicated restaurant fund, Rising Stars.

The team assisted Trispan by identifying opportunities to add value, as well as undertaking a detailed review of the leases and rental profile on the existing estate. We considered the impact of future rent reviews and the Covid Support Packages agreed with landlords.

We also used our considerable experience in negotiating support packages for other clients to assess whether those agreed by Pho were in line with market expectations. It was apparent Pho had adopted a proactive approach in dealing with their occupational costs throughout the pandemic, leading us to conclude that there were no concerns over unpaid debts to their landlords. This goes to demonstrate the power of the 3cs of 'collaboration, cooperation and compromise', which we have been advocating since May 2020.

Pho is now in a position to move on to the next stage of their growth and is actively reviewing new opportunities as the country emerges from the pandemic.



## Taking the arbitrary out of arbitration

There is something beneficial about uncertainty, it can have the effect of focusing the mind. This is increasingly evident in the ongoing discussions between landlords and operators as they seek an agreement on rent arrear payments accrued because of the pandemic.

The uncertainty is coming from Government policy on commercial debt and their 4 August paper ('Supporting businesses with commercial rent debts: policy statement') is short on detail.

Yet negotiations are continuing, with a clear determination from all sides to find resolution before – effectively – the government must step in. Ideally, we would have clear policy or guidance now on exactly what will happen by March 2022, but this is lacking.

Looking at how the powers are likely to extend, it is fairly safe to assume an arbitrator will be able to determine liabilities for rental arrears accrued during periods of closure. If there is to be trust in this process, arbitrators will need to be given the freedom to objectively consider each case on its merits.

In the meantime, there remains a window now for landlords and tenants to control their own destiny, and this has to be encouraged over waiting for a third party to settle it all up.

The government-led uncertainty is focusing minds in this way, but we now want to see a renewed vigour for collaboration between landlords and tenants. Commercially acceptable compromise is possible – we've seen it and been a part of it already – and it is necessary for restoring confidence in the sector.

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## **Expanding is a capital idea if you choose the right option**

*Nick Wallis, co-founder, Shelley Sandzer Corporate Finance*

*Published in full by MCA on August 12 2021*

For the last 18 months, the key word in hospitality and leisure has been “survival”. But as we start to get back to some degree of normality, the sentiment has shifted to “opportunity”. We are seeing more and more activity in the sector, with operators now ready to take advantage of the possibilities the pandemic has created.

To realise those opportunities, however, many operators are seeking funding. Yet with so many options available, choosing the right one is no easy task, and it is certainly a case of no one size fits all. IPOs, private equity or venture capital funding, crowdfunding, private investors or debt are possible options as the market recovers

Yet many business operators do not realise that there are so many possible routes out there for raising capital. Yet recent stories, such as Hawksmoor, Soho House, Pizza Pilgrims and Market Halls, highlight many of these are still available, despite the worst crisis to hit our sector probably ever.

The market is opening up again so make sure you are well equipped from a finance and cash flow perspective to take advantage of the hospitality and leisure revival.

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## **Move over drive thrus; the drive-in is here**

*Nick Weir, co-managing director, Shelley Sandzer*

*Published in full by MCA on August 3 2021*

While demand for drive thrus is showing no sign of dissipating, there is a new concept emerging: the drive-in. Led by consumer demand, the drive-in is fast becoming the next big opportunity for operators.

So why is this happening? The answer is the growth in EV sales is leading to widespread 'range anxiety' among consumers. The need to know with certainty where a top-up charge can be found, particularly on longer journeys, is fuelling the growth of the drive-in, leading to ambitious roll-out programmes by operators, backed by the weight of the government to meet its pledge to go all-electric in 2030.

With charging times typically ranging from 30 minutes to an hour for a useful top-up on the latest EVs, that creates an opportunity for operators to feed and water drivers and their passengers while they wait.

It is an opportunity not limited to longer distance travel either: the drive-in is set to take off in urban locations too. One can see former industrial sites, typically located close to major trunk roads such as the North and South Circulars, being snapped up by savvy landlords and operators keen to establish a significant drive-in presence while EV sales are building.

It is an exciting time and one our innovative, entrepreneurial sector is already rising to. An even greater choice of fast, fresh and healthy food while we

charge our cars will soon be only a quick pit stop away.

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**Freedom Day has been and gone, and the future is one of cautious**

**optimism**

*Victoria Oates, Director of Professional Services at Shelley Sandzer*

*Published by CoStar on August 3 2021*

As the dust has settled following 'freedom day', it is clear that caution is still required.

A shortage of personnel has created an inevitable hike in wages. Staff now need to be tempted, they cannot simply be brought in, so more money and better hours are fundamentals. The power is back in the hands of the employees in a big way.

The long list of problems goes on. Last year there was a campaign to prevent 'no-shows', but this appears to be rearing its ugly head again, with as many as one in five irresponsibly draining revenue from these restaurants. Financial implications are massive, particularly at a time when business rates are being paid again, and the end of furlough is on the horizon.

And the moratorium running until next March provides a sense of security, but it

may well be a false one. When all is said and done, operators will still have their debt mountains, accrued throughout the pandemic, to contend with.

But, for all the doom and gloom, the signs of recovery are there, and punchy operators are leading the way with confidence-boosting investment. Gordon Ramsay must certainly agree, using his presence and gravitas in the industry to roll out restaurants left, right, and centre.

You can also see it in the decision from JKS to takeover Arcade Food Theatre at Tottenham Court Road – these shrewd operators know the market as well as anyone, and are behind several of the most popular and highly regarded restaurants in London.

This is why ‘cautious optimism’ is the phrase that best summarises where we are. There are challenges everywhere you look, and these need to be respected, but while the industry continues to be led by our best-in-class entrepreneurs, there is a future worth looking forward to.



### **Still smiling the morning after the night before**

*By Ted Schama, Managing Director at Shelley Sandzer*

I was lucky enough to be invited to the opening party for Haugen, D&D London’s newest restaurant that has launched in a stunning building as part of Lendlease’s International Quarter in Stratford.

There seems a sense of real positivity, and perhaps even a milestone moment of us collectively passing through the covid crisis. The opening of Haugen, attended by the great and the good of the industry, plus me, captured that

feeling beautifully.

We all know trouble has stacked up on the hospitality sector with seemingly unrelenting problems, be it staffing, supply chains, outgoings or a plethora of other issues, trying to drag us all down. Yet the show still goes on.

Collectively, the sector has puffed out its chest and plucked up its feathers plucked up. In just our business alone. We are seeing new openings this month in Soho, Chinatown, Bluewater, Elephant Park and many others.

No one is saying the crisis is over. Nor does anyone believe the challenges are behind us, but there is a real sense of renewal and even a rebirth of business owners, their brands, and among their landlords. Confidence has returned to the sector.

I know I often have rose tinted spectacles, but I can always smile for as long as I am part of this great industry and its fantastic ability to never give up.

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Until next time!

**Team Shelley Sandzer**

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Shelley Sandzer is the leading leisure property consultancy, covering agency, leasing, acquisitions, rent reviews, lease renewals, valuations, investments and international expansion.

Just ask and we would be happy to help you on your journey.

