

Ted Schama: 'Premiums are now almost non existent'

The managing director of leisure property agency Shelley Sandzer has said premiums are now 'almost non existent' and the pandemic has given landlords a 'greater understanding' of restaurant business models.

Speaking at this week's [Restaurant R200 conference](#), Ted Schama set out his views on the post-pandemic commercial property scene, including how he expects the imminent end of the lease forfeiture moratorium to impact the market in the months to come.

With regards to the overall property landscape, Schama noted that what has really changed as a result of the pandemic is capital contributions and the shape of new rent deals.

"Whether that means landlord involvement or more realistic rents, there's certainly been more of a partnership approach and more understanding of restaurant businesses model than landlords ever had," he said.

"And the more they understand the more they can structure deals that are more sustainable."

Premiums, meanwhile, are at an all time low.

"Premiums are almost non existent say for exceptionally exciting and desirable sites, and/or sites that can be converted relatively easily," Schama added.

The end of the rent moratorium

Next Friday (25 March) will mark the end of the lease forfeiture moratorium, which was introduced at the onset of the Covid-19 crisis and prevents the repossession of commercial premises if businesses are unable to pay their rent due to the pandemic.

At various intervals over the last year or so, representatives from across the hospitality sector have [voiced concerns](#) that the eventual end of the moratorium could lead to a bloodbath of small business failures, but Schama believes that various extensions to the protection and the [recent introduction](#) of new laws and a Code of Practice by the Government that's intended to help resolve disputes over arrears, should mean that the majority of commercial tenants have been able to form new rent agreements with their landlords.

"Our view is there will not be a tsunami of sites coming on the market when the moratorium ends," he explained.

"But notwithstanding that, we are even now dealing with some situations where tenants and landlords have not been able to agree terms and deals. And in circumstances where a business might not have had the ability or desire to agree a new deal with their landlord, sites come available.

"A lot of them won't be great sites, anyway, but you will find the odd nugget in there. But we're not anticipating the market to be awash with sites."

While the impact of the Covid crisis did lead to a glut of commercial premises coming onto the market, particularly in 2021, the appetite for businesses to expand as the sector comes out of the pandemic means there is now more demand than there is supply.

"Quite a few things changed [during the pandemic] and have now reverted back," he said.

"In London, the West End took a massive hit. They were the most exposed and least appealing sites during the pandemic, but that has now swung back.

"Suburbs, meanwhile, have taken on a brand new light of desirability, and that has remained. Sites that were good pre pandemic are seen as really good now. And I think that will stay in the main, even though more people

are returning to the city centres.

"What we see now is a bit more normality, and city centres have become more attractive again."

London still appealing to investors

Investment in the capital from both regional and overseas operators remains strong, according to Schama. The fall in rent prices during the pandemic saw a number of firms sweep on the capital, and there is still huge appetite for businesses to come to London.

With regards to overseas businesses entering the London market, Schama confirmed that casual Thai restaurant format Long Chim, which is [led by former Nahm chef David Thompson](#) and currently has restaurants in Australia and Dubai, will make its debut in the capital later this year having secured a site in Chinatown.

"We're never short of really exciting new entrants from overseas."

Beyond London, Schama noted that the Trinity Leeds development is currently a major area of interest within the sector, with a massive food hall project set to launch there in 2025.

Looking ahead

Asked about what the future might hold, Schama said he hopes that the ability of restaurateurs to be heard in a much more meaningful way by their landlords will continue.

"For the vast majority of my career, landlords didn't actually understand the business they owned the freehold on; so they'd only look at it when going in to battle every five years at rent reviews to push up rent. And I think that has seen a structural change.

"Things inevitably go around in cycles, but I hope there will just be that edge on it that means it doesn't get that little bit too dangerous again."

