



michael paul  
CONSULTANCY



## MARKET OVERVIEW 2023

Independent, Professional Property Specialists





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# ABOUT US

Michael Paul Consultancy property professionals are experts in the leisure sector, specialising in holiday parks. We are members of the Royal Institution of Chartered Surveyors (RICS); British Marine, the trade association for the UK leisure, superyacht and small commercial marine industry; and the British Home and Holiday Parks Association (BH&HPA).

We have more than 50 years' relevant industry experience and our industry professionals are vastly knowledgeable in the area of park home, lodge and caravan parks. We can undertake a variety of functions and services from due diligence, site appraisals, valuations, planning applications, and site agency to professional consultancy.

## KEY CONTACTS



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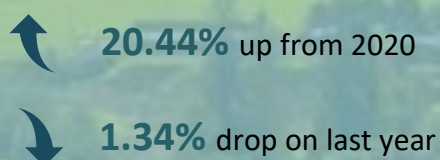


# FAST FACTS

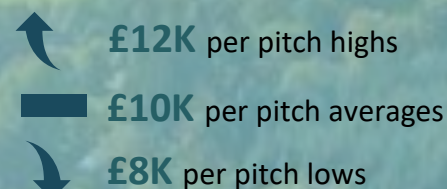


**Touring Parks** are being seen as a strong asset class due to planning potential, inflationary and economic pressures driving the customer base.

## Motorhome & Tourer Production

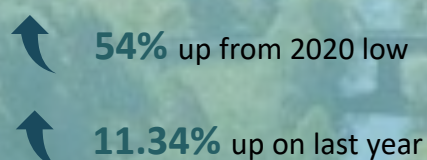


## Touring Park Pitch Values

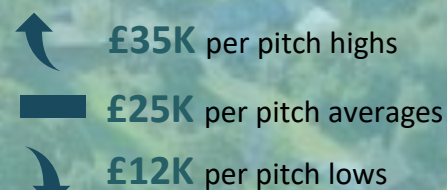


**Static Parks** have become highly segregated depending on location, facilities and season, with consumer demands increasing.

## Static Production

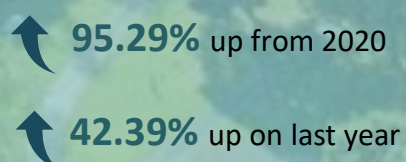


## Static Park Pitch Values

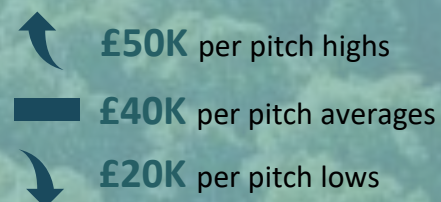


**Lodge Parks** that are highly geared towards development have faced supply cost pressures, increasing the demand for ready developed assets.

## Lodge Production

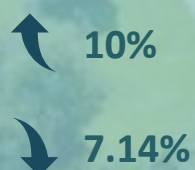


## Lodge Park Pitch Values



**Marinas** rarely come to the market but analysis of individual sales indicates:

## Yield Requirement



## Multipliers



# THE MARKET

## UK Economy

The cost of goods and services rose at a slower rate in the year to April 2023 as inflation continued to ease. The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 7.8% in the 12 months to April 2023, down from 8.9% in March and from a recent peak of 9.6% in October 2022. Consumer price inflation currently remains high and the long-term effect on the UK economy is yet to be established.

The October 2022 rate was the highest in more than 40 years. The CPIH annual inflation rate for housing, water, electricity, gas and other fuels was 7.3% in April 2023, down from a peak of 11.8% in January 2023 and a rise of 11.6% in March 2023.



Monthly gas prices fell by 1.0% between March and April this year, compared with a rise of 66.8% between the same two months a year ago. This was the first fall in monthly prices





since October 2020. Electricity prices also fell by 1.1% between March and April this year, compared with a rise of 40.5% between the same two months a year ago.

As with the private sector, public sector borrowing continues to increase. In April 2023, the public sector spent more than it received in taxes and other income, requiring it to borrow £25.6 billion, £11.9 billion more than in April last year.

This was the second highest April borrowing on record, behind that of April 2020, and £3.1 billion more than forecast by the Office for Budget Responsibility (OBR).



Borrowing in the financial year ending March 2023, remained the fourth highest in any financial year on record, after provisional estimates were revised down. The Office for Budget Responsibility predicts final public sector borrowing in 2023 will be £152.4 billion, £15.3 billion higher than the current estimate.

National debt at the end of April 2023 was £2,536.9 billion or 99.2 % of the UK's annual gross domestic product (GDP). By the end of May it had risen to 100.1%.

The ONS reports that the first quarterly estimate of real gross domestic product (GDP) shows that the UK economy grew by 0.1% in Quarter 1 (Jan to Mar) 2023. This matches the last quarter of 2022. Whilst this may seem worryingly low, a lot of positives should be taken from the fact that for the second consecutive quarter the UK has avoided negative growth and any predictions of recession in 2023 dissipated. However, the government is ready to accept recession if it helps tame inflation.

Inflationary rises continue to dampen the UK economy with official figures showing that inflation in April slowed by less than expected to 8.7%, with core inflation - which strips out volatile factors such as food and energy - at a 31-year high.

## Residential

UK average house prices increased by 5.5% in the 12 months to February 2023, down from 6.5% in January 2023. This is also lower than the previous year's 9.6% increase. The average UK house price was £288,000 in February 2023, £16,000 higher than 12 months ago but £5,000 below the recent peak in November 2022

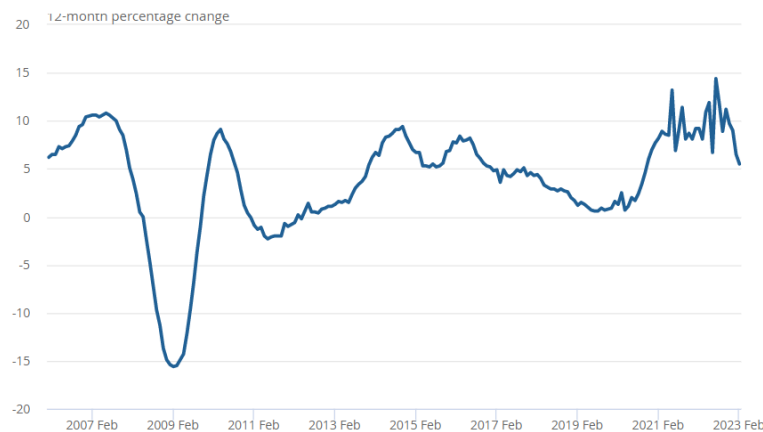
The latest house price data published on GOV.UK by HM Land Registry (HMLR) for March 2023 show that average house prices in the UK increased by 4.1% in the 12 months to March 2023. This was down from 5.8% in the 12 months to February 2023 and the annual recent peak of 14.3% in July 2022.

Average house prices increased over the last 12 months to £308,000 (6.0%) in England, £215,000 in Wales (6.4%), £180,000 in Scotland (1.0%) and £175,000 in Northern Ireland (10.2%).

Out of these nations, Scotland's annual house price inflation has generally been slowing since the recent peak of 13.8% in the 12 months to April 2022, declining to 1.0% in the 12 months to February 2023.

Regionally, the West Midlands saw the highest annual percentage change of all English regions in the 12 months to February 2023 (8.6%), while London saw the lowest (2.9%).

### Annual house price rates of change for all dwellings, UK, January 2006 to February 2023



Home values are built on supply and demand and while government targets are said to be 300,000 completions a year for England ONS statistics tell a different story. The last time 300,000 was exceeded was in 1969 (306,860). In 1988 202,930 were completed; not until 2019 did the figures soar to 177,880. The COVID 19 pandemic saw that drop to 146,630 and since then it has climbed back to 174,940 in 2021 and 177,810 in 2022. This means homes market price pressure will continue, despite the current interest rate hiccup, allowing owners to continue to unlock capital for years to come and use released equity to change their lifestyles, some through investing in new ventures of the type in which MPC specialises.

For our sector this means that new entrants looking to deploy equity from their homes to buy a lifestyle park are likely to be more cautious. Add to this the increased interest rates on a commercial loan compared to a residential mortgage and we predict that the sellers in our sector will be those with a consistent trading record that allows for the increased interest rate burden to be covered. The capital that buyers bring from a house sale will also help limit borrowings, putting them at an advantage over others who may have to leverage the complete purchase.

The pandemic may be a long distant memory for some but the trends are here to stay after



it caused people to reassess their housing preferences. We are seeing increasing interest from lifestyle buyers; we consider them to be new entrants to the sector and moving away from a 9-5 job or another business with a view to living in an attractive area and working where they live. Their age profile seems to be middle-aged to early-retired.

Month-in, month-out we continue to register buyers who meet these criteria and anticipate this trend continuing. More often than not, they will be raising equity from the sale of a home and in many cases will be looking to buy with cash. Accordingly, we thought it would be useful to highlight what we consider to be the key points to consider if you think a lifestyle buyer might go for your park:

*“It is frequently the case they need a good home to live, accordingly the decision to buy can be as much heart as head.*

*It’s not just the business element of your park that needs to look good, so does your home. A smart and well-presented home cannot be underrated. “*

Bearing in mind a lifestyle buyer is invariably going to be new to the park industry, be prepared to offer extra support and guidance through the sale process, keep good records of the physical infrastructure, and know what future bookings you have. Most importantly, don’t be tempted to over promise.

## Holiday Parks

The UK tourism economy has bloomed since 2008 with lodges becoming the norm as opposed to static caravans on parks, and more water-based offerings, with house boats and floating lodges, becoming more mainstream.

Visit Britain’s study of the available accommodation stock in England shows: 33,374 serviced accommodation businesses (e.g bed and breakfasts, guest houses and hotels) with 786,775 bedrooms and 1,768,795 bed spaces; 31,845 non-serviced accommodation businesses (e.g holiday homes, camping and caravan parks) offering 1,401,716 bed spaces.

Visit Britain predicts annual tourism growth of 3.8% through to 2025 - significantly faster than the overall UK economy's predicted annual rate of 3% per annum and much faster than sectors such as manufacturing, construction or retail.

Britain will have a tourism industry worth more than £257 billion by 2025 – just under 10% of UK GDP and supporting almost 3.8 million jobs, around 11% of the UK total. Within the leisure park sector, 73% of turnover is derived from capital sales, with an average margin of 62% on overall costs. The average pitch fee is circa £2,500 per annum, however this can be as much as £4,000 to £6,000 depending on the quality and availability of facilities.

### ANNUAL TOURISM GROWTH OF 3.8%

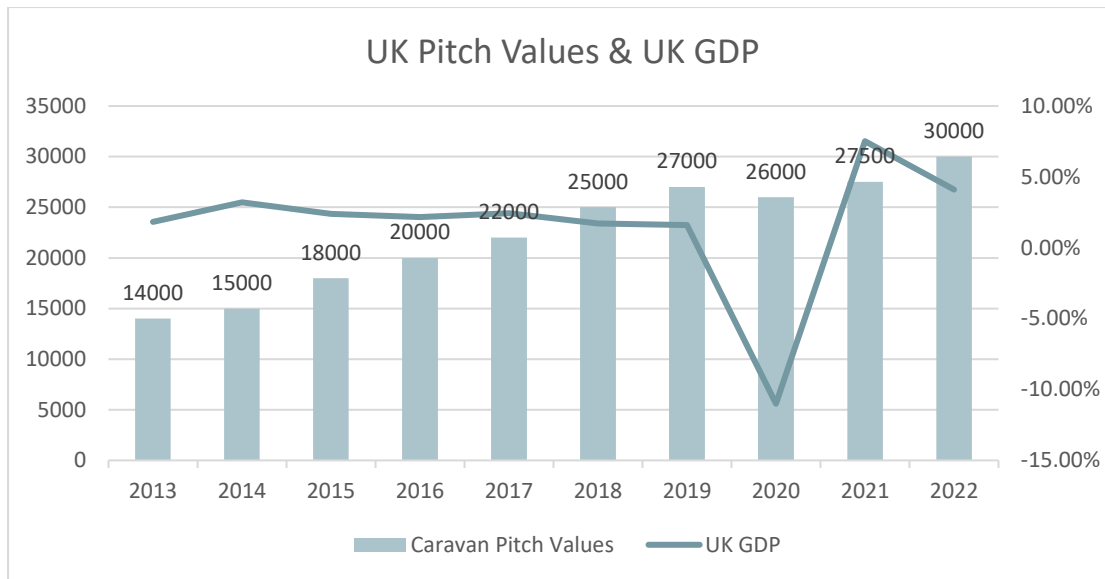


The tourism staycation economy has continued to drive values upwards. The rate per pitch varies greatly, particularly within the static caravan market which is seeing pitch values becoming highly segregated depending on location, facilities and season length.

Pitch values continue to ameliorate the general economic woes, a continuing trend since 2010. Values saw a noticeable uplift in 2018/2019, following a season of increased consumer spend due to a strong summer and uncharacteristically warm weather. This raised EBITDA levels and in turn the asking prices for parks.





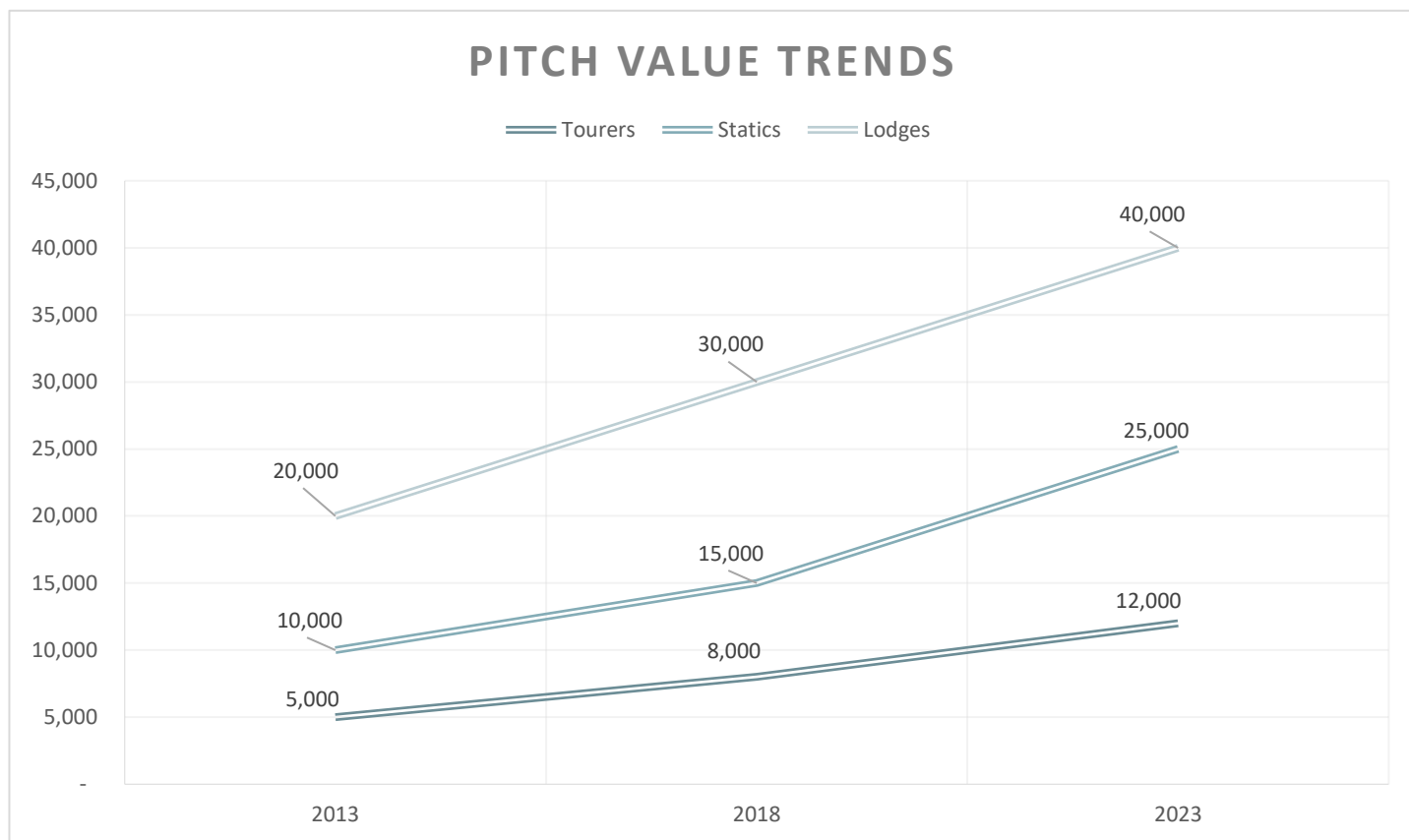


As can also be seen from the graph above, 2020 saw a dip in values. The cause was twofold, partly lack of supply from manufacturers that faced cost and supply issues due to COVID, dampening development capabilities; and a lack of parks coming to market. As with historic values, this saw a quick bounce back and a small stagnation opposed to a prolonged or sharp dip, as per the general economy.

Whilst GDP and general economic concerns look to continue, in our view this will not necessarily equate to a pitch value reduction as seen in 2020 and it is more likely we are in a similar position to 2012/2013 as the UK escaped from the peak of the world recession in 2010 with staycation demand continuing to stabilise values.

The above chart covers all pitch types and shows an average of £30,000 for 2023, more than double the £14,000 per pitch in 2013.

We have studied historic transactions to reveal the following pitch rate highs and lows. It would be inappropriate to provide averages as the circumstances of value will vary greatly between location, licence conditions and local market factors.



Obviously these are big rises in value and not reflective of the median average. For example when assessing a site where they are reporting below average returns, the pitch value comparable method can't be used as an average as it won't take into account variables. Like-for-like comparison however can give a good indication of value. The current value needs to be held by the multiplier of income to assess a business performance. For existing assets, whether it is ground rent, holiday rents or sales commission, the multiplier of value is the underpinning principle. However the pitch value averages provide the best cross check for assessing performance and the underlying property asset value.





# HOW TO SELL YOUR BUSINESS

## Marketing

Marketing should be more than just creating a brochure and putting it online. We will assist in creating drone imagery, marketing videos and bespoke websites. Access to our contact data base and buyers list will then ensure a sales process that maximises the business potential and achieves maximum value.

## Preparation of Paperwork

Prospective purchasers will want to undertake due diligence, so having all the licences, planning permissions, accounts and legal information will help to speed the process up. We can assist by creating a bespoke data room.

## Financial Preparation

Buyers are finding it harder and harder to get affordable finance, it can assist in achieving a strong sale, by helping buyers along the way. We work with broker contacts to assess your business prior to sale and provide an indicative mortgage proposal at the outset.

At MPC we are firm believers in doing the groundwork before taking a park to the market. This will speed up the sales process and ensure best value.

## Planning Uplift

There are often opportunities to improve upon the existing operation, or loopholes in the permission. We can undertake a full planning review prior to market and where appropriate undertake planning and pre-planning applications on a sellers behalf.

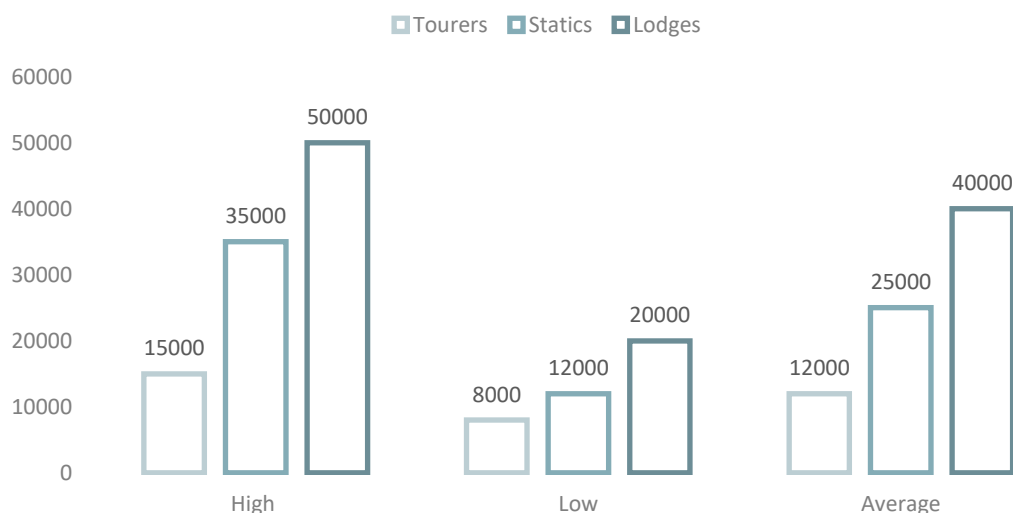
## Maximise Potential

The value of an existing business, can be formed not just by its current operation, but potential earnings and profit that it is able to generate. We can provide an assessment and overview prior to sale to identify any hidden aspects of the trading potential.

## Understand Sales Structure

There are different structures that you can undertake and understanding your potential buyer as well as your tax and legal implications will dictate the structure you choose. We recommend undertaking a full asset and shares liability review.

## 2023 Pitch Values



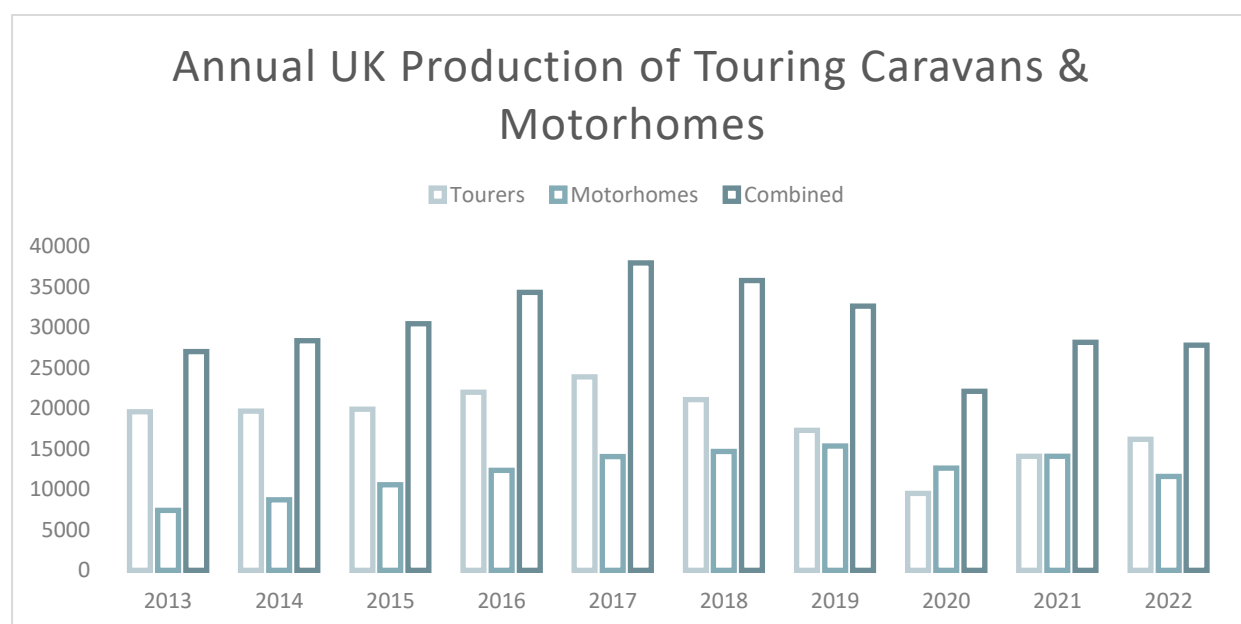
We have seen a big increase in private equity investors in the sector. They are keen to look at the percentage return and improvement in underlying value before more often than not securing an exit within 2-5 years. With regards to acquisitions and disposals, the main impact on the market is that private equity will often assess a business via its percentage Return on Investment as opposed to its multiplier of income. This assessment method can increase value dramatically.

Therefore the net income instead of a multiplier of EBITDA is viewed as a percentage return on investment of say 5-8% which would give a 12-20 times multiplier of purchase. Then investors will try to add value before selling on the asset at an increased value, often through buying multiple parks and forming or adding to a group to reduce their costs, driving down the bottom line through economies of scale and selling on for a profit.

In terms of acquisitions, single parks tend to sell at 10-12 times multiplier with larger and rental-based parks at a higher multiple. There is therefore the opportunity for a cash rich investor to purchase several bolt-on businesses to form a group and get a larger return on the capital deployed via a group disposal.



The National Caravan Council (NCC) has recently released industry data on manufacturing outputs that gives a good indication of consumer demands and industry changes.



As can be seen from the chart above the peak of production for touring caravans and motorhomes was in 2017, the main industry trend is the reduction in touring caravan output and increase in motorhomes. In 2013 motorhomes made 27% of the total output compared with 42% in 2023. This would indicate a more transient user for this asset class, for which parks should cater for shorter stays, smaller pitches and higher turnovers. This will also push stop-offs in good locations close to major arterial routes.

The static and lodge market has also seen a shift in end client demands. As can be seen from the chart below, the peak for combined production was last year; there has been a continuous year on year increase in output only interrupted by the impact of COVID supply and costs. The main industry trend is the increase of market share in lodge output.

In 2013, lodges accounted for 8% of total output but 23% in 2023. This would indicate a more prolonged stay for users of this asset class; parks should cater for this by reviewing facilities, services and diversification of offering.

# OUR SERVICES

## VALUATIONS & SURVEYS

We can undertake a wide range of condition and valuation surveys.

As qualified Chartered Surveyors who are also RICS "Registered Valuers," we can offer a wide range of valuations, in compliance with the RICS Professional Standards Red Book including:

- **Valuations for Due Diligence Purposes**
- **Inheritance Tax Valuations**
- **Capital Gains Tax Valuations**
- **Probate Valuations**
- **Expert Witness Reports**

## GENERAL CONSULTANCY

### Licensing Audits

We have inspected individual units to entire parks, identifying faults, irregularities and illegal uses.

Our report can then be utilised in the proactive management of the park.

### Due Diligence

We assess buildings, infrastructure drainage and on site assets prior to purchase.

### Expert Witness Reports

Operating on behalf of legal firms and trading standards, we also have court and tribunal experience with cross examination.

All our reports are Civil Procedure Rules compliant and can cover condition, planning, licensing or valuation based topics.

## PLANNING PERMISSIONS

We offer a range of park home and leisure lodge services within the planning & development sector to assist you from conception to completion:

- **Development Appraisals** – From a field or an extension to an existing site, we can undertake all the necessary research and help advise you on the best way forward, whether it be the siting of a single home or the implementation of an entire site.
- **Pre-Planning Applications** – Prior to submitting a full application, we can submit a pre application. This will enable you to know if you are likely to get planning permission before you incur all the time and costs associated with your full application.
- **Planning Applications** – We will ensure your application meets planning policy on both a local and national level as well as other key criteria, obtaining quotations and engaging with other professionals for issues such as tree surveys, flood assessments etc.
- **Certificates of Lawfulness** – We can assist you in establishing the use of a site or whether works fall under permitted development.

## SALES & ACQUISITIONS

We have handled sales of sites from £1m to £30m in the last year. We undertake a detailed assessment process before we advertise sites for sale creating a bespoke marketing brochure, virtual walk through, drone imagery and online videos.

We will send this to our industry contacts as well as publishing on industry websites and our own website.

# CURRENT PROPERTIES FOR SALE

## Information

## Asking Price

### Courte de Vallee, Western France

100 pitch touring park with 2 static rentals 65 touring pitches 10 acres. 2 bed house, games room, swimming pool. E250Kpa turnover with E100K ground rent and storage E50K in bar and restaurant E100K in rentals, only operates 1st Mar to 31st Oct.

€1.25m



### Stratton Farm Campsite Cambridgeshire

The site is just under a 7 acre mixed use site with residential premises, including main 4 bedroom bungalow and 2 annexes, fishing lake, private touring area, open touring/camping area paddock static caravan.

£1.15m



### Belvoir Lakes, Midlands

Belvoir Lakes is a former gypsum site extending to approximately 229.4 acres (92.8 ha), which includes four lakes with a water area of over 70 acres site with the benefit of some established woodland. Belvoir Lakes is a unique opportunity to acquire and develop a leisure based development with the benefit of planning permission for 34 self-catering holiday lodges and a 25 bed Inn building together with a large facilities building.

£3m



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### Confidential Sale - Cornwall

This wonderful entry level holiday park is licensed for statics and tourers. There is owners accommodation on site alongside a food and beverage operation plus various out buildings. This is a profitable business and there is great scope to develop the trade. £1.1m

### Old Dairy Cottages, Forest of Dean

This wonderful entry level holiday business, comprises 2 former farm buildings, refurbished to create 2 bijoux holiday cottages with private gardens and off-street parking. To be sold fully fitted as a going concern, including the web site with booking system, our client's decision to sell presents a rare and lucrative opportunity for anyone looking for a low entry lifestyle purchase, with turnover of £30 - £48,000 per annum. £300K



### Confidential Sale - Fife

The site is just over an 8 acre site with 100 pitches. The site makes in excess of £340,000 EBITDA per annum.

**UNDER  
OFFER**

### Lanteglos Hotel, Cornwall

6.7 Acres of Land with Boutique Hotel, 71 Chalets and Log Cabins Sold, 10 Acres Developed & Potential Expansion on Further 7 Acres. The Property has Good Road Links and is 5 miles to the Coast

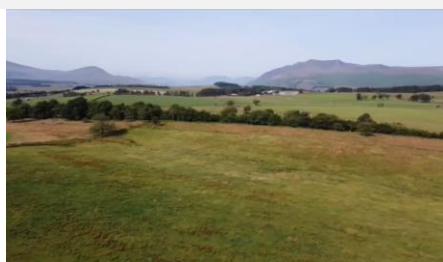
**UNDER  
OFFER**



### Lake District Development, near Ullswater

Development site with full planning permission for 103 twin lodges, to the edge of the National Park.

**UNDER  
OFFER**



## UPCOMING PROPERTIES

Location	Information	Potential Asking Price
East Devon	Currently has planning permission for 135 tourers and 12 static caravans. Recently achieved planning to convert statics for tourers and provide 100 touring caravan pitches, 48 static pitches of which 17 are developed and 12 sold. This is across approximately 9 acres of a land holding and also includes a barn, shop/reception and managers bungalow.	£3.2m
North Wales	Large coastal campsite and touring park in excess of 300 pitches, with enormous untapped potential.	£2m
Isle of Wight	Award winning and long-established flagship holiday park.	£8m
Peak District	An established 'bricks and mortar style' holiday cottage development, with 18 smart and well-built holiday let cottages, a standalone function venue plus the extant planning consent to develop up to 32 more cottages, a 64 bed hotel and leisure complex. All the properties overlook an attractive lake within 20 acres of grounds.	£7m
Peak District	200 pitch Lodge development on a former camp with full services and infrastructure connected.	£7m



# OUR NEWS



## Staff Recruitment

Chris Gooch has joined MPC as the Head of Agency. Chris is a Member of the Royal Institution of Chartered Surveyors and has more than 20 years' agency experience acting for vendors of residential, lifestyle and leisure tourism property across the UK. Chris was as a Partner at Carter Jonas in Winchester, prior to which he worked for Strutt and Parker Leisure and Hotels and Colliers (Glasgow & London) advising owners of property backed trading businesses across the UK including hotels, golf courses, coastal and inland marinas, caravan parks and holiday property.



## Office Expansion

Due to our ongoing growth, MPC has moved its head office to Telford in the Midlands, to be more central and provide better coverage to our national clients.

We have also opened a new South-West office location to facilitate Chris Gooch's agency focus.

**Head Office – Grosvenor House, Central Park, Telford, TF2 9TW**  
**Queensgate House, 48 Queen St, Exeter EX4 3SR**



## Due Diligence Team

We have grown our service to incorporate full due diligence for prospective purchasers. In undertaking asset due diligence instructions, we manage a multi-discipline team to act on your behalf to prepare a report assessing the condition of the park to be purchased. The inspection will be undertaken to isolate any major failures or weaknesses in the buildings, built structures, fixed plant, electrical equipment, and service infrastructure. The report will include commentary on the general condition of all parts of the park or business and will establish if any part of any property is in a state of disrepair or not fit for purpose. This can allow purchasers to get best value and prepare full proactive maintenance programmes.





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Data sources: BHHPA, British Marine, ONS, Land  
Registry, MPC Comparable Data, NCC

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This report gives information based primarily on Michael Paul Consultancy data, which may be helpful in anticipating trends in the caravan park sector. However, no warranty is given as to the accuracy of, and no liability for negligence is accepted in relation to, the forecasts, figures or conclusions contained in this report and they must not be relied on for investment or any other purposes. This report does not constitute and must not be treated as investment or valuation advice or an offer to buy or sell property. Michael Paul Consultancy Ltd (a limited company registered in England and Wales with registered number 12801550). This publication is the copyrighted property of Michael Paul Consultancy Ltd © 2020. All rights reserved.

We work closely with several manufacturers, including Omar Homes, some of whose images have been included in this review.