

## **Annex 2: Discussion with Ian Froome, Vail Williams**

Ian works with a range of Marina operators and developers, advising on commercial, property and investment aspects of schemes. His comments were based on his general view of the marketplace.

### **Clarification of requirements for private investors**

In order to attract private investment, someone will need to do the "heavy lifting" with regard to investment i.e. A significant public sector gap funding.

A private sector investor will typically look for a 10% revenue return; and payback within maximum of 10 years). At current projected profits of about £100,000 pa, thus suggests an investment potential of around £1M, and the projected profit will be affected by actual costs of sediment transfer (i.e. could be less).

Most likely model would be that marina operator/developer takes on; or commits to take on; the completed site, with Haven developed at a price/investment which provides the above future returns to them. This would be substantially lower than the investment required to create the Haven.

There is likely to be commercial interest in the commercial development elements – shop/restaurants/flats etc. once the haven is built.

### **What is the state of the market for private investment in marinas?**

Market is fairly healthy. New marinas are rarely built and hard to build – the last was developed at Portland for the Olympics. There is planning permission for a new marina at East Cowes but this has been slow to progress – this may be because the developers are struggling to make the project work/costs stack up.

Most marinas on the South Coast are pretty full so once built Selsey should attract demand, particularly as it is relatively small at 80-199 leisure moorings. It differentiates from the Chichester Harbour marinas because of access to open sea and this will be a selling point. But the key to success will be an appropriate design, build and pricing of services.

## **Discussion with Rupert Wagstaff, Yacht Havens**

Yacht Havens is a family owned business with nine marinas around the coast of UK.

They operate their marinas on long leases (mostly from Crown Estate to date and 125 years).

Their investment requirements in terms of return differ from scheme to scheme, and they can take a 'long view' on investment return – decision is influenced by financial and "emotional" decisions. However, but in general they would:

- Require a long lease on the land/development
- Prefer involvement at an early (design) stage – this is important to ensure the scheme works effectively from a marine point of view (i.e. not designed as an add on to an essentially residential scheme).
- Develop and retain control/ownership of on-shore commercial facilities like restaurants, retail and other commercial space. These would then be leased to relevant operators. This is important so they can ensure the quality and coherence of the whole marina operation.

- If a scheme was of interest, contribute up-front time and effort at the early stages to take it forward
- Expect a stand-alone marina development to accommodate 250 boats upwards for it to be commercially viable (hence Selsey as currently conceived might be too small for them)
- Anticipate substantial public investment in a coastal location such as Selsey, where infrastructure cost would be high

He is happy to take a further look at the prospect.

## **Alex Beere, MDL Marinas**

MDL operate 18 marinas, with the majority on UK south coast including Ocean Village, Northney and Sparkes. MDL are part of Yattendon Group (owned by Iliffe family) who also have property/agriculture interests. MDLs head office is in Hamble. Development-wise they are currently investing in new facilities and commercial space at Ocean Village. Alex works in their consultancy and development group.

MDL are open to looking at new marina developments both in UK and close European locations. They are most commonly involved as a management contractor, but will themselves invest in an “exceptional” scheme if they feel it is the right investment opportunity. They are not currently actively looking for investments of this type. They also provide a consultancy service from site search/appraisal through to project managing licences, consents and construction.

What do they look for in an investment scheme? A 24/7 operation; scope to give a high standard of customer service; 250-300 berths minimum to be economic. They do have detailed investment return guidelines but cannot share these for reasons of confidentiality.

They like to be involved in master-planning to influence the right development mix to make the marina investment attractive. Essential are a good food and beverage offering; boat servicing (if this is not already there, scheme needs to include a boatyard and commercial space for supporting marine businesses); possibly retail and commercial space.

Locations for investments – look at each on their merits but it is important to be well-linked to transport network and also have proximity to the right demographic (i.e boat owners) if demand is to be derived locally.

Locations requiring heavy infrastructure in the sea are less favoured as this drives the cost up and returns down.