



SCOTTISH NEWSLETTER

End of Year 2024

COMMENTARY

The Scottish transactional market for commercial property shows significant activity across various sectors, including dental, pharmacy, retail, childcare, and formal valuation services, despite broader economic uncertainties.



The demand for high-quality hotels, particularly those with strong food and beverage operations, remains robust, with properties like country house hotels also attracting significant interest from overseas investors. This demand has been supported by Scotland's strong tourism sector and relatively lower property prices compared to England, making it an attractive destination for investment.

The Scottish commercial property market remains active across a diverse range of sectors, with strong demand for dental and pharmacy businesses, resilient retail performance, growth in the childcare sector, and essential valuation services underpinning market transactions. Christie & Co continues to play a key role in facilitating these transactions, providing expert advice and services tailored to the unique dynamics of the Scottish market.

Christie & Co's insights highlight the market's adaptability and the continued attractiveness of Scotland as an investment destination.



HOSPITALITY

Pubs & Restaurants

▲ **15%**
increase in Offers

OFFERS

▲ **62%**
increase in Viewings

VIEWINGS

SOLD



ST GILES CAFÉ BAR, EDINBURGH

- Just off Royal Mile
- Fully licenced café bar
- Traded successfully for many years
- Sold to Edinburgh property investor



JESSIE MAYS, EDINBURGH

- City centre location
- Strong wet sales, good barrelage
- Regular passing trade
- Sold to private operator



MAXIBELL RESTAURANT, CARNOUSTIE

- High street location
- Scope to reopen or develop new offering
- c.2,300sq.ft, large cellar & basement space
- Sold to private investor

FOR SALE



CLOISTERS, EDINBURGH

- Prime city centre location
- High footfall area
- Well established and profitable business
- Freehold: Offers Over £950,000



THE STOCKBRIDGE TAP, EDINBURGH

- Prominent roadside location
- Excellent trading area
- High barrelage volume, CAMRA award winner
- Freehold: Offers Over £950,000



VOGUE BAR, RUTHERGLEN

- Situated in town centre
- Wet sales only
- Bar / Lounge, large office on first floor
- Freehold: £525,000

MARKET

The public house and restaurant sector in Scotland has been showing resilience and adaptability despite facing several challenges. Here are some key insights:

1. **Strong Market Appetite:** Despite macroeconomic challenges, there is still strong buyer interest in pubs and restaurants, especially in cities like Edinburgh, Glasgow, and Aberdeen. Rural locations are also popular among lifestyle buyers.
2. **Operational Adjustments:** Many businesses are focusing on enhancing their outdoor dining areas, optimising their operations, and improving their online presence to attract more customers.
3. **Government Support:** There is a call for more government support to help businesses cope with rising costs and staffing issues. The Scottish Licensed Trade Association (SLTA) has highlighted the need for intervention to support the sector.
4. **Tourism Impact:** Tourism remains a significant driver of trade, with many establishments benefiting from visitors to popular areas like Ayrshire.

Overall, while the sector faces financial pressures and staffing challenges, there are also opportunities for growth and success, particularly for well-established businesses in prime locations.

HOSPITALITY

Hotels

▲ **23%**

increase in Offers

OFFERS

▲ **16%**

increase in Viewings

VIEWINGS

SOLD



PITLOCHRY HYDRO HOTEL, PITLOCHRY

- Spa Hotel in dynamic tourist town
- 73 bedrooms, staff accommodation and leisure club
- Management operator with investor purchase
- Sold to UK operator



TAYCHREGGAN HOTEL, LOCH AWE

- Stunning Loch side luxury hotel in 39 acres
- 18 en suite bedrooms with historic planning for lodges
- Views over Loch Awe
- Sold to overseas investor



TUDOR HOTEL, AIRDRIE

- Established family run hotel
- Substantial F&B income
- 19 letting rooms & function facility
- Sold to regional operator

FOR SALE



ROSEMOUNT HOTEL, PITLOCHRY

- Spacious hotel overlooking town centre
- 14 letting bedrooms
- Beautiful outside terrace and own car park
- Freehold: £1,200,000



KIRROUGHTREE HOUSE HOTEL, NEWTON STEWART

- Former 17 bed country house hotel
- Situated within c.8 acres of private grounds
- Vacant property
- Freehold: Offers Over £695,000



SOUTH BEACH HOTEL, TROON

- Independently owned for over 40 years
- 32 en suite letting rooms
- Bar, restaurant & large beer garden
- Freehold: £2,500,000

MARKET

Scotland's hotel sector is thriving, with September 2024 occupancy rates at **85.3%**, surpassing the UK average of 82.7%, and average daily rates rising year-on-year from **£143.55 to £151.61**. Strong growth is fuelled by increased international flights and major events boosting tourism and hoteliers.

Hoteliers in Scotland are facing a mix of challenges and opportunities as they navigate the current trade environment. Here are some key points:

1. **Financial Pressures:** Many hoteliers are dealing with rising costs, including energy prices, labour costs, and supplier expenses. The recent UK budget has added to these pressures with National Insurance and minimum wage increases.
2. **Staff Shortages:** The hospitality sector continues to struggle with chronic staff shortages, which have been exacerbated by the pandemic and Brexit. This has made it difficult for hoteliers to maintain service levels and capitalise on increased demand.
3. **Government Support:** A significant number of hoteliers feel that the Scottish Government need to provide more support to its businesses, in order for them to survive. The Scottish Licensed Trade Association (SLTA) has highlighted the need for government intervention.
4. **Event-Driven Demand:** Major events, such as Taylor Swift's concerts in Edinburgh have provided a boost to hotel occupancy rates and revenue. However, not all areas have benefited equally, and some hoteliers have reported declines in trading.
5. **Operational Adjustments:** To cope with these challenges, hoteliers are increasing prices, optimising their operations, and seeking ways to attract more guests.

While there are significant challenges, hoteliers in Scotland are showing resilience and adaptability. It's a tough environment, but there are also opportunities for those who can navigate the complexities successfully.

RETAIL/LEISURE

25

Offers for second half of the year

OFFERS

51

Viewings for the second half of the year

VIEWINGS

SOLD



BLAIR GARAGE, STEWARTON

- Petrol Filling Station
- Unopposed Site
- Sold to an existing multi-site operator



MUIRTON POST OFFICE, PERTH

- Leasehold post office in Perth
- Established local business with longstanding loyal trade
- Retirement sale
- Sold to a local convenience store and Post Office owner



NISA LOCAL, DUNFERMLINE

- Central village location
- Long established business
- New long-term lease created
- Sold to local business owner

FOR SALE



KYLES PREMIER CONVENIENCE STORE, TIGHNABRUAICH

- Main street location with parking
- Beautiful location with 3 bed accommodation
- Unopposed shop in village
- Freehold: £350,000



GILROYS NEWSAGENT, HAWICK

- ANP c. £100,000
- Great location in heart of town
- No staff to transfer
- Freehold: £210,000



PATERSON'S, KEITH

- Large size, corner location on main street
- Good sales mix producing high margins
- Located within the "whisky trail" of Scotland
- Freehold: £225,000



Confidential Property

2 X GARDEN CENTRES

- North Scotland, £3,500,000 guide price
- East Scotland, £2,000,000 guide price



Confidential Property

HOME & HOLIDAY PARK, FIFE

- Immediate sales opportunities
- Stunning location
- Freehold: OIRO £4,000,000

MARKET

The Scottish retail market continues to be a sellers' market with many owners looking to hold onto their business, especially profitable. This has created high levels of interest for new instructions, helping to maintain selling prices.

Petrol Filling Stations activity still high despite recent proposed date changes to the fossil fuel ICE sales regulations with strong competition for mid-sized, mid-priced units. Buyers are mainly experienced multisite retailers along with national operators. Demand for high profit garden centres continues to grow throughout the country with no signs of slowing down, with a number of sales being driven by the retirement goals of vendors. Most buyers are already experienced in the sector, but there has been an increase in 'new to market' operators over the last 18 months.

PHARMACY

12

Pharmacies Sold in 2024

24

Offers on 12 Pharmacies Sold

SOLD



DUNNET PHARMACY, SCOTSTOUN

- High dispensing pharmacy
- Husband and wife pharmacists
- Average 7,000 NHS items per month
- Sold to local group operator



RIGHTDOSE PHARMACY, GLASGOW

- Community pharmacy in East End
- Owned by group operator
- Average 7,500 NHS items per month
- Sold to first-time buyer



ANDERSON & SPENCE PHARMACY, ABERDEEN

- West End Location
- Owned by independent operator
- Average 8,000 NHS item per month
- Sold to local group operator

FOR SALE



TOBERMORY PHARMACY, ISLE OF MULL

- Profitable community pharmacy
- Average NHS items of 3,600 per month
- Run by owner pharmacist
- Freehold: £600,000 + property



TARBERT PHARMACY, TARBERT

- Located in busy tourist village
- Important travel hub – ferry port
- New lease available: £600,000

MARKET

Most of 2024 has been a year of rest for the market following completion of the Lloyds Pharmacy sales in 2023, however over the last few months we have started to see the market perk up with more buyers coming back into the market keen to acquire more. This includes buyers who bought a Lloyds Pharmacy and are now keen to acquire their second pharmacy and more experienced owners who want to add to their existing estates.

In the second half of this year, we have witnessed a significant increase in independent pharmacies selling as the demand increases. Prices paid for independent pharmacies remain a lot higher than the discount prices paid for corporate branches and we expect prices to increase in 2025 as more buyers come back in to the market.

DENTAL

⤴ 50%

increase in offers -
in comparison to 2023

OFFERS

⤴ 90%

increase in viewings -
in comparison to 2023

VIEWINGS

⤴ 114%

increase in dental practice sales -
in comparison to 2023

DEALS

SOLD



SLATEFORD DENTAL CARE, EDINBURGH

- Six surgery mixed income practice
- Established for over 30 years
- Total income to 03.24 - £1.9m
- Sold to practice Associate



PLATT & COMMON, STIRLING

- Dental practice with mixed income
- Eight surgery practice
- Majority NHS, VT practice
- Sold to a Scottish corporate



LEVENGROVE, DUMBARTON

- Five surgery practice
- Mixed income practice
- c.13,400 registered patients
- Sold to an independent buyer

FOR SALE



Confidential Property

MIDLOTHIAN

- Five Surgeries fully fitted and equipped
- c.7,500 patients
- Majority NHS income
- Freehold: £1,400,000 + property



Confidential Property

SCOTLAND

- Orthodontic Clinic for sale
- Three fully equipped surgeries
- Principle willing to tie-in post sale
- Leasehold: OIEO £1,000,000



Confidential Property

WEST DUNBARTONSHIRE

- Six fully equipped surgeries
- Majority NHS, well established practice
- Approximately 20,000 registered patients
- Freehold: £1,300,000

MARKET

The dental practice sales market in Scotland has been buoyant this year, with the Christie & Co team completing 114% more transactions north of the border compared with 2023. This rise can be attributed to a change in market dynamics; where confidence took a hit, and ultimately resulted in a market correction in 2023. However, more stability and optimism has since returned resulting in strong buyer demand and completion volumes.

First-time and independent buyers continue to dominate the Scottish market landscape, with 92% of our deals in 2024 completing to the independent market. This trend highlights the growing appeal of the Scottish dental sector to new entrants and the substantial opportunities it offers.

We expect deal volumes in Scotland to remain buoyant, with independent buyers fuelling the pursuit on new acquisitions. We also anticipate a resurgence in appetite from corporate consolidators, who have otherwise been stagnant in the last 12 months.

CARE

Despite ever increasing challenges within social care the last 12 months have been exceptional for the Scottish healthcare team. To date we have sold over 20 homes with total value in excess of £100 million and a pipeline that remains robust going into next year.

SOLD



TIGH-NA-MUIRNS RESIDENTIAL HOME, DUNDEE

- Converted mansion house
- Garden wing set in two acres of secluded garden
- Registered for 59
- Sold to existing Care Operator



SOUTHPARK RESIDENTIAL HOME, EDINBURGH

- Central Scotland Care home
- Registered for 30 female residents
- CI Ratings 'Excellent'
- Sold to expanding local operator



EASTWOOD COURT NURSING HOME, GIFFNOCK

- Affluent & Popular location
- Purpose Built
- Registered for 52 Residents
- Sold to Independent Healthcare Provider

FOR SALE



BRAID HILLS NURSING HOME, EDINBURGH

- Formerly registered for 119
- Vacant possession as of July 2024
- All rooms ensuite WC (24 ensuite wet rooms). Circa 3.84-acre plot
- Freehold: Offers Invited



FORMER LOCHBANK CARE HOME, FORFAR

- Formally registered for 35, all ensuite WC & Shower
- Vacant possession since June 2024
- Potential for Redevelopment STPP
- Freehold: Offers Invited



CARE HOME, WEST OF SCOTLAND

- Purpose-built care home
- Registered for 90
- "Good" Care Inspectorate Grades
- Freehold: Offers Invited



CARE HOME, ABERDEENSHIRE

- Registered for 32
- Opportunity to increase private clients
- Affluent location
- Freehold: Offers Invited

MARKET

The recent budget announcements on employers' National Insurance is the hot topic in social care as we move towards the end of this year. There is strong opposition to this and operators campaigning that social care should be exempt. Despite the pressure this may bring the market transactional activity has been exceptional over the last 12 months in Scotland with over 20 homes and in excess of £100 million in sale price. Demand for stock is across the spectrum of the sector at present from closed homes, small single homes through to turnkey assets and group sales. Pipeline suggests the start of 2025 will be equally buoyant in activity however the outcome and impact of employers NI on the sector will play its part.

CHILDCARE

In 2024, the Scottish day nursery market continued to perform in line with the rest of the UK, following a year of uncertainty with UK elections in play, leading to a new Labour Government and the impactful Autumn Budget that followed.

Following the Budget, we have never been busier in Scotland. The changes made to National Insurance Contributions (NICs) and Capital Gains Tax (CGT), whilst impactful on the sector, have provided clarity for buyers and operators to liaise with the appropriate professionals, leading to an increased number of enquiries for appraisals, meetings, viewings, offers and general business advice.

As of October 2024, Christie & Co have sold more nurseries in Scotland (advertised via daynurseries.co.uk) than all other agencies combined and on average we achieve the shortest time between commencement to market and completion.

YTD Martin and Callum have completed on c.£20million of deals brokered in 2024. To put this in context, within the Scottish Childcare & Education team we have brokered deal values in excess of £100million over the last 20 years.

SOLD



HAPPITOTS, THORNLIBANK, GLASGOW

- Vacant children's nursery registered for 103 children
- Suitable for alternative uses but due to reopen under same registration
- Multiple offers all of which included a premium for a vacant leasehold site
- Sold the leasehold interest to regional operator



HAPPYS DAYS NURSERIES, EAST RENFREWSHIRE.

- Group of two nurseries in Busby and Mearns Kirk
- Combined registration for 251 children
- Leasehold share sales
- Sold to a corporate operator



PROJECT FLAME | THE CROFT NURSERIES

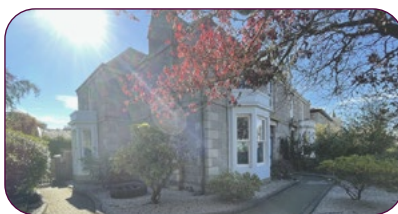
- Group of three nurseries near Aberdeen
- Combined registration for 253 children
- Freehold share sale
- Sold to a corporate operator

FOR SALE



NURSERY IN CENTRAL SCOTLAND

- Effective operating capacity for c.50 spaces
- 'Very Good' Care Inspectorate grades
- EBITDA to Y/E 2024 c. £185,000
- Leasehold: Offers Invited



FORMER ST SWITHIN NURSERY, ABERDEEN

- Asset sale of closed nursery
- Lease in place to 2041 with break option in 2031
- Semi-detached conversion in good location
- Leasehold: Offers Invited



TROUP HOUSE, VACANT SEN SCHOOL, BANFF

- Previously registered for 12 children
- Substantial 43 acre plot
- Extension opportunities (STPP)
- Freehold: £1,100,000

MARKET

As we approach 2025, it is evident that appetite across Scotland for business opportunities in the Childcare sector has not diminished with deals agreed ranging from single settings to first time buyers and experienced operators/larger groups completing on deals with corporate buyers.

Currently we have an abundance of high-quality opportunities available most of which include full management teams in place, and exceptional profitability thus highlighting how attractive the Childcare & Education sector can be for investors and qualified professionals. The market is buoyant with existing operators both independent and corporate sized groups keen to acquire, as well as first time buyers some of whom have a background themselves in the childcare sector and come with qualifications to be hands on owners.

Following the recent October Budget, there has been an influx of operators looking to review their positions in accordance with the current market. It is never too early to plan for an exit and we encourage earlier discussions of this nature even a couple of years in advance, so we can best position the business to make it as attractive as possible and maximise your position to exit.

VALUATION SERVICES

Collectively the valuation teams travels have covered the circumference of the world so far this year taking them to Scottish postcodes from the borders to John o' Groats plus some of the islands. The range of assets inspected goes from serviced apartment to guest house, hostels, hotels, pubs, nightclubs and restaurants; pharmacy, dental, care, nurseries and schools; lodge and caravan parks; golf courses, petrol filling stations, retail and garden centres.



DUNBAR GOLF CLUB, DUNBAR

We recently acted on behalf of RBS in providing a valuation of the Dunbar Golf Club, reflecting their exciting proposals for the development of a new club house, driving range and nine-hole course. Located on the "Scottish Golf Coast" in East Lothian the proposed development will undoubtedly add to the already excellent reputation of this top 100, traditional links course.

NETHERMILL LODGES, PORT GLASGOW

We recently acted on behalf of Oxbury Bank in providing a valuation of Nethermill Lodges, to help secure funding for the development of two new luxury five-star lodges. This small, family-run lodge park occupies an elevated position with striking views across the River Clyde towards The Trossachs. One of the new lodges is now trading and will certainly add value to an already very well trading lifestyle business.



KENNEDY CARE GROUP

We were delighted to provide portfolio valuation advice to Virgin Money in relation to their client Kennedy Care Group. Kennedy Care Group operate care homes for the elderly across Angus, Tayside and Aberdeenshire and offer a high level of residential care designed around the needs of the individual.

The post-pandemic staycation boom has enabled entrepreneurial land owners to diversify their revenue streams, particularly in attractive locations that can blend an exclusive experience, within a reasonably well connected area. When done correctly, these are great businesses that have the potential to trade very well with lots of repeat custom.

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With the Bank of England base rate dropping by 0.5% over the last year, this shows that we are moving in a positive direction heading into 2025

The finance market remains as solid as ever across all sectors, with banks being assertive throughout 2024.

H2 ACTIVITY:

HOSPITALITY



SEAMILL HOUSE HOTEL, WEST KILBRIDE

- Returning client now purchasing his second hotel through Christie Finance
- Christie & Co sale
- Limited accounting information
- 65% LTV achieved



TAYCHREGGAN HOTEL, LOCH AWE

- Purchase of Taychreggan Hotel near Oban
- 18 bed boutique hotel set in 39 acres with stunning views across Loch Awe
- Funded by a high street lender – excellent terms received
- First time buyers - albeit experienced in the sector as they own a hotel management company

CHILDCARE



LECROPT NURSERY & OLD DOUNE NURSERY, BRIDGE OF ALLAN

- First Time buyer
- No experience
- Two settings purchased – 1 seller across the 2 settings
- 70% LTV achieved

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