

To B&B or not to B&B...

COVER STORY

From Fawley Towers to your dream family home – why buying a B&B could be this year’s smart move. By [Victoria Brzezinski](#)

Summertime staycation bookings may be hitting record levels, but multiple lockdowns have been brutal for the domestic travel industry.

Figures published by the Office for National Statistics last month revealed that “tourism accommodation” was down 73.3 per cent in turnover in 2020, or a hit that was more than seven times worse than the economy as a whole. Almost a third of accommodation providers have paused or closed their business because of the pandemic, with “very little confidence” that they will survive the next quarter.

However, at the same time demand for high-end country homes in the UK is the strongest in a decade, according to the estate agency Savills, and amid the doom and gloom for the domestic travel industry there are glimmers of

opportunity for families hunting for their perfect property to live in.

Most B&Bs and country hotels were originally private homes in prime beauty spots, and turning one of these properties back into a family home could be a clever way to bypass the “regular” country house market. Take a gamble on gaining planning consent for change of use and you could net a pretty profit along with an attractive new address.

James Greenwood of [Stacks Property Search](#) has seen “a number” of B&Bs coming on to the mainstream market. “Many good B&B businesses rely on business income to finance borrowing

and their lives have suffered terribly,” he says. “For those whose reserves have finally dried up, selling is the only remaining option. This, coupled with the fact that there’s a shortage of stock generally, means that buyers looking for family homes are

considering a small B&B business as a good alternative.

“For buyers this window may be short,” he warns. Given that these businesses will be reopening from May, “there will be strong demand from people keen to travel in the UK”.

Tom Stewart-Moore, who heads Knight Frank’s rural agency in Scotland, concurs, expecting more of these former country house hotels and B&Bs to come to market in spring. “With the way the hospitality sector has gone, a lot of these people will be thinking that now may be the time to cash in their chips,” he says.

For buyers looking to purchase a commercial property for conversion, Mark Lawson, a partner at the Buying Solution, Knight Frank’s buying arm, recommends negotiating a purchase “subject to planning” — ie the exchange being conditional on securing an appropriate “change of use”.

Planning-wise these properties may be classed as dual purpose — ie used partly as a house, so you don’t have to obtain a change of use — or classed as purely commercial. “But that is normally fairly straightforward because it’s probably got the precedent of being a private residence before,” Stewart-Moore says.

Hamptons estate agency recently sold

a detached 3,400 sq ft house that was a successful B&B business with more than 80 per cent occupancy outside Salisbury, in Wiltshire, for £800,000. Seven of the nine bedrooms in the detached property were letting bedrooms, generating an income of about £60,000 to £65,000 a year.

“The vendors knew that the bed and breakfast market probably wasn’t going to be their angle and asked us to find someone to buy it as a residential house,” says Chris Husson-Martin of Hamptons’ Salisbury branch, which handled the sale. “We’d put in our particulars that if you did want to buy this as a residential house you would have to obtain change of use.”

The selling process took seven months. Husson-Martin explains: “The buyers came back to us and said, ‘Our mortgage adviser won’t lend us the money to buy a residential property because it has a bed and breakfast designation.’ So we got planning permission to get the change of use from bed and breakfast to residential while the sale was going on.”

If vendors are factoring income stream into the price, this should be negotiated, given the cost of conversion works. Husson-Martin says: “Because B&Bs have struggled, they may not be able to demonstrate income. Therefore you’re back purely to the value of bricks and mortar.”

One couple who took a riskier route — buying a B&B without securing planning permission for conversion —



are Stuart Manby, 56, and his wife, Sheila, 47. They bought Chalfield Manor, a ten-bedroom boutique B&B in Bournemouth, Dorset, in 2016 for £1.03 million. The grade II listed Edwardian villa stands in a third of an acre in the Boscombe Manor conservation area, within a four-minute walk of the seaside.

“We first went through a six-month process of working with a local [planning] consultant and we managed to get the change of use, which meant we could start the works to convert it back into a residential home,” Stuart says. “At 7,000 sq ft it represented great value, but it was a risk. Thankfully we demonstrated to the tourism office that we wanted the building to stay as one large dwelling and we didn’t want it to be carved up into individual apartments, which is what has happened to the majority of properties in this area.”

Describing the £400,000 eight-month renovation as a “labour of love”, the Manbys first had the car park ripped up and replaced by a garden suitable for their two young boys. The family were able to move upstairs and shut off a large portion of downstairs while the works were carried out, which included the removal of an entrance porch, getting rid of the check-in desk to make one big open entrance hall, retaining the gorgeous original coving and floor tiles.

As a hotel the property had been renovated to a high standard; much of what they did was rejigging the layout and removal of the commercial features. “We’ve now made it into a house with larger rooms that flows nicely and is easier for entertaining,” Stuart says. He warns that it is “not for the faint-hearted” and is “quite a complex job, which you have to get planning for. It is not an inexpensive thing to do.”

The wraparound kitchen/dining room (plus pantry) was the site of a treatment room, library, downstairs bathroom and cloakroom. The 1,000 sq ft lounge was originally two rooms — a drawing room with a bar and the breakfast room. The Manbys also added an orangery and converted the cellar, “which hadn’t been touched for the best part of 100 years”, into the children’s playroom. The nine-bedroom, nine-bathroom property is now on the market for £2 million.

Lawson generally looks after clients with budgets of £5 million and upwards

and recently bought a hotel for a client looking to convert it back to a home. “He fell in love with the property while visiting for tea,” he says. “He took a risk — against our advice — and bought it without planning permission for change of use into residential.”

As an experienced property developer Lawson’s client was aware of the risks and knew what he was doing. In the case of this listed hotel, south of London, he estimates that the cost of conversion was up to £500 a square metre. Decommmercialising included the removal of the fire escapes, putting up signs at the end of the drive to confirm that the hotel was no longer in use to stop people coming up the drive, plus a lot of work to scrub all traces of the hotel from the internet.

“He managed to get the permission he wanted, but we would not recommend this to everyone,” Lawson says. “It’s not easy to secure as two of the prime objectives of local councils are to encourage facilities that benefit the local area and create employment.”



Need to know

- The first step is usually a conversation with the planning department of your local authority.
- In some instances planning permission is not required for change of use to residential, but some local authorities may have strict policies requiring the retention of tourist accommodation.
- A formal planning application for change of use (if necessary) can get under way while the sale is going on.
- Small B&Bs will tend to be easier conversion projects than hotels employing a number of people.
- Tread carefully before proceeding with a purchase with an intention to convert without expert advice.

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Two-bedroom Shaw Lane Cottage, in the Peak District town of Ashbourne, is on the the market for £535,000

through Savills

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Kateshill, an eight-bedroom, eight-bathroom Georgian manor house in Bewdley, Worcestershire, is an award-winning B&B. On sale for £1.7 million with Knight Frank



Cover image: Ord House, a hotel near Inverness, is on sale for offers over £995,000 with Knight Frank. Above: A five-bedroom house in Northumberland is on the market for £595,000 through Finest Properties