

Wave of 'consolidation and M&A activity' coming for pubs sector, says Marston's boss

Marston's [boss](#) expects wave of consolidation in the [pubs](#) sector as firms rethink strategy in an environment with "a lot of US money around".

Industry veteran Ralph Findlay, who has led the listed group for two decades, told the Standard: "I think you'll see more consolidation and more in M&A activity... It's about businesses who have been through this monumental crisis rethinking what they do and what they focus on."

This month saw two significant [deals](#) where listed pubcos sold assets to operators owned in large part by international real estate investors.


Admiral Taverns, whose major backers include New York and London-based real estate investor Proprium Capital Partners, revealed this week it is snapping up NewRiver's community pubco Hawthorn and its 674 largely freehold sites for £222.3 million.

While Punch Pubs, which is largely owned by European real estate-focused PE fund Patron Capital, just bought Ram's and its 56 venues from Young's for £53 million.

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Findlay noted the Hawthorn deal saw US interest, and said: “The fact is that there is a lot of money chasing yield... There is a lot of US money around looking for returns, and freehold pub assets have always been good homes for money looking for returns.”

Since the pandemic hit Marston’s has also rethought its own strategy. The firm sold its beer business into a joint venture partnership with Carlsberg UK to create a £780 million brewing giant, and bought Welsh pub operator Brains and its 156 sites.

The comments came as Marston’s shares gained as much as 4% on Wednesday morning. The group said in a trading update that sales across its 1500-strong estate were at 94% of 2019 levels between indoor reopening on May 17 and July 24. Staycations led to “excellent” accommodation sales in the period.

But the bounce from so-called Freedom Day was “modest”, and Findlay said he believes it would have been “stronger” were it not for the Government’s “cautious tone” affecting people’s confidence in going out.

Marston’s recently reported a first half underlying pre-tax loss of £122.4 million. “We made profit and positive cash in June and July, which after the year we’ve had is a really important thing to achieve,” Findlay said.

Jefferies’ James Wheatcroft said the performance suggests a “return to normal trading is well on track”.

Singer’s Sahill Shan said the update was “highly pleasing” and reflects the “strength” of the Marston’s suburban and food-led business model in the remote-working era. Over 90% of the operator’s pubs have outdoor seating.