



Several participants are involved in bringing about a successful inland marina project, each with their own roles and strengths: marina and leisure operators, property developers, equity and debt providers, land owners and British Waterways. In this chapter we explain how all these participants can work together in getting a marina investment off the ground.

5.1 PRIVATE PARTIES AND THEIR ROLES

A successful marina development project generally involves a partnership between a property developer or landowner, an experienced marina or leisure sector operator and potentially a separate finance provider. Occasionally all these roles may be found in a single party. More often, the project needs a partnership. British Waterways has established a specialist New Marinas Unit whose role includes liaising with all interested parties. Where needed it can help to introduce potential investors, land owners and established operators seeking to expand.

Marina / Leisure Operators

As described in chapter 3, marinas can be attractive investments but only if the right scheme is selected ('Site, Size and Services') and if the marina is built and operated in a smart and cost effective manner. Existing and prospective marina / leisure operators are well positioned for bringing the required commercial skills and cost effective operational rigour to the table. They are the entrepreneurs of the inland waterways.

Property Developers

Marinas can be attractive to property developers, usually as part of a larger commercial development. Typically the developer would lease the marina to a marina / leisure operator. There is a clear synergy between the marina and the rest of the development where the commercial or housing development acts as enabling development to the marina and where the marina provides the sense of place for the development. By these means property developers can make smaller marinas possible, which in themselves would be difficult to make commercially viable.

Providers of Finance

Both marina operators and property developers can finance marinas themselves but will often look for a third party to provide financing, mostly in the form of debt but also sometimes as equity. For equity investors, marinas offer attractive opportunities, given the clear need and financial attractiveness (see chapter 3) and the opportunities for

gearing their cash flow. Both debt and equity providers are seen by British Waterways as highly valued parties in marina development as they bring not only the necessary funding but also financial expertise to the marina market.

Canalside Landowners

Obviously, without land along the waterways, no marina can be built but landowners play a more pivotal role than just providers of land. Their local knowledge and access to local authority planners are of significant value, and they may be potential marina developers themselves. In some areas, a government grant of up to 40% of capital costs is available to farmers wishing to diversify into the marina business.



5.2 BRITISH WATERWAYS ROLE

As custodian of the waterways, British Waterways will secure financial and non-financial benefits from new marinas. These bring additional boats, improved facilities and add interest and vibrancy to the waterways. Financially, British Waterways benefits from the resulting additional boat licence income, and the network access fee payable for the marina. British Waterways re-invests all its earnings in the maintenance of and improvement to the waterways.

British Waterways supports marina developers by providing information and advice during planning and construction phases. It is also a statutory consultee in respect of applications to the local planning authority. Providing your plans meet our local requirements, we will support your application.

Beyond this, British Waterways is also prepared to consider investing capital in new marina developments jointly with commercial partners. British Waterways is accustomed to working in private / public partnerships. Although British Waterways has restricted access to new sources of capital, it is prepared to set aside a proportion of its available equity for facilitating the development of new marinas.

This leads to two main investment models with varying roles for British Waterways:

1. Private Party Builds and Operates

This is the traditional model for marina development. The leading private party finds and acquires a suitable location, obtains all the necessary permissions, constructs the marina and operates it, drawing on appropriate professional expertise and funding partners. In this scenario, British Waterways' assistance to marina development is in technical advice and providing optimal service to the private party. The framework for this support is published at www.britishwaterways.co.uk/marinadevelopment.

2. British Waterways Pre-builds and Sells on or Leases to Private Party

British Waterways is occasionally willing to invest directly in marina development, where this is useful and desired by private parties. In these circumstances, British Waterways would secure options for the required land and pursue planning consent. The result – a secured location with all necessary permits in place – can then be sold on or leased out to a third party.

From time to time, British Waterways may be willing to go even further, and excavate and flood the basin, install the pontoons and construct the required buildings. In other words, we will develop new marinas to a stage in which they are ready for operation for a pre-agreed operator. This operator can then buy or lease the completed marina from us. The criteria for British Waterways investment of this type would typically be:

- covenant strength of the operator tenant
- an agreed, costed specification for the development
- quality of the business plan
- agreed lease terms prior to commencement of development
- site location that is in line with the local waterway marina development strategy

Typically British Waterways seeks a real pre-tax IRR of 8-12% on such investment.

Many variations and combinations of these main investment models are possible. British Waterways is open to exploring and optimising these investment models in practice with private parties. The terms of any lease offered would be the same as those available by British Waterways to British Waterways' subsidiary marina company, BWML.