

Recovery Email: [July](#)

## Pub pickings, regional rooms and austerity

June was a month of facing up to pain, whether it was England's abject failure in another football tournament or the impact the emergency budget is set to have over the coming weeks, months and years for UK businesses.

According to the latest insolvency index from Experian, hotel and leisure insolvencies remained high in May, up to 123, with 1,491 businesses in total becoming insolvent during the month. On top of this, the latest Household Finance Index found that people were at their most downbeat about their future finances since April 2009, with 27% of those surveyed reporting deteriorating household finances.

The main talking points this month have centred on the UK's provincial hotel market, closed pubs, and the impact of the emergency budget.

### PROVINCIAL PERFORMANCE

Despite the challenging trading conditions being faced by operators of provincial hotels, significant numbers of interested parties continue to seek opportunities to enter the market or increase their portfolios. There remain buyers for assets up to a certain level of investment, but the market for large, internationally-branded hotels in the provinces is still largely untested. Unsurprisingly there is huge variability both geographically and by asset type.

Whilst forward bookings in some cases remain slower than most operators would ideally like, the general feeling is much more positive than a year ago and this is starting to have an impact on enquiries from new buyers who are looking to enter the sector, as well as those established operators who feel that the time is right to expand and investors who are keen to grow their portfolios. Please go to <http://www.christiecorporate.com/ccc/news/publications/hotels/> to download or read a full copy of Christie + Co's latest Provincial Hotel Sector Market Analysis note.

### INN DEMAND

Despite the continuing challenging conditions facing the on-trade in the UK, running a pub continues to be an attractive proposition, with over 60% of the closed freehold sites sold by Christie + Co, since the start of the year, reopening as pubs.

Of the remaining circa 40%, the majority have been acquired for alternative use, either for residential development or for commercial use by a wide range of buyers including, supermarket and convenience store operators, restaurant and fast-food unit owners, and care home and nursery companies.

Please go to:

<http://www.christiecorporate.com/ccc/news/publications/pubs/> to download or read a full copy of Christie + Co's latest Pub Sector Market Analysis note.

### CUTTING TO THE POINT

The Government's plan to raise VAT to 20% was one of the main talking points of what Chancellor George Osborne billed the 'unavoidable Budget' announced on 22nd June. Undoubtedly a squeeze on household income and the rise in VAT will inevitably add more pressure to those operators already struggling with reduced demand and we envisage an increase in the number of smaller distressed businesses being brought to the market as banks foreclose.

The positive is that increased supply of owner managed businesses will provide an opportunity for those facing redundancy in the Public Sector to acquire a home and business at affordable prices. We could see an increase in the return of the individual small business entrepreneurs challenging corporate operators with lower fixed costs and flexible overheads and sprightlier marketing. Please go to:

<http://www.christiecorporate.com/ccc/news/publications/> to download or read Christie + Co's comment on the key issues from the emergency Budget, which are expected to impact its specialist sectors.

### THE MARKETPLACE

The last six months have continued to show that active buyers will act quickly to acquire a wide range of hospitality, care and retail businesses provided they are competitively priced. According to figures from our own database, Christie + Co has seen a 13% increase in the number of completed deals across its specialist sectors in the first half of the year, compared to the same period last year, and a 12% rise on the previous six months.

Moving into the second half of 2010, we believe this momentum will be maintained with established operators continuing to explore expansion opportunities and first-time buyers seeking to acquire lifestyle businesses.

## BANK SUPPORT & BUSINESS RECOVERY PROJECTS

Christie + Co's Bank Support and Business Recovery team continues to work on a number of projects for leading banks and insolvency practitioners. Here is a selection:

- There were 49 new Bank Support and Business Recovery cases during June, which comprised a mixture of valuation or advisory assignments and distress sales.
- Christie + Co sold the freehold of St Elizabeth's House Hotel, a country house hotel, wedding and function venue in Plympton, Plymouth, on behalf of Joint Administrator, Richard Neville of Quadra Business Recovery Ltd, to the Isaias family for an undisclosed sum.
- Acting on behalf of Andrew White and Susan Maund of White Maund, Joint Administrators of Littlehampton Sailing & Motor Club Limited, Christie + Co sold the leasehold interest of Littlehampton Marina in West Sussex, to a local investor, for an undisclosed sum.

For further information on how our specialist market intelligence can add value to your restructuring/recovery process, please contact our team in confidence:

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