

Recovery Email: [June](#)

Hotel trading, returning buyers and tablets

The UK's £156 billion deficit and the "painful" cuts that are needed to tackle it are set to dominate water-cooler discussions over the next few weeks, with further pain expected for a business sector already feeling the strain.

The number of failures among bar and pub companies more than doubled in the first quarter, according to new figures from Wilkins Kennedy, the accountancy company. It said 23 pub, bar and nightclub companies collapsed during the first three months of 2010 alone - up from the 11 such businesses that went under during the first three months of 2009.

The main talking points this month have centred on the UK's hotel market, new buyers driving the pharmacy sector, and an increase in quality care home opportunities.

[A TALE OF TWO MARKETS](#)

There continues to be a significant difference between the hotel transactional market in London and the regions. Demand in the capital is currently outpacing supply for quality corporate assets. In the regions there are 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.

Trading across hotels in London has been resilient, with strong growth reported in the first quarter of the year. This has only been temporarily slowed by the impact of the ash cloud. The regional market is more variable and has generally been harder hit. Stabilisation of trade is taking place but the road to recovery in the regions is looking less certain and more arduous than in the capital. An in-depth look at the UK's hotel market will be available to read and download with July's Recovery Email.

[CAREFUL APPROACH BEING TAKEN](#)

Buyers continue to circle the care home sector and are starting to take advantage of an increase in opportunities, which have come to the market over the last few months. Contrary to common belief, this is an excellent time to consider selling your care business as there is a shortage of quality businesses available which is helping to hold up values for well-performing, compliant homes. Interest rates remain very low and there is a plethora of well-funded and experienced operators eager to expand their portfolios.

With over £500 million-worth of deals concluded within the first quarter of 2010 through the completion of just three significant transactions alone, the care sector shows signs of renewed investor confidence, which we expect will translate into further completed deals as the year progresses. Please go to <http://www.christiecorporate.com/ccc/news/publications/care/> to download or read a full copy of Christie + Co's latest Care Sector Market Analysis note.

COUNTER CULTURE

A change in the profile of the traditional pharmacy buyer, encouraged by a fall in property prices, is helping to drive transactional activity in the sector. Having valued circa 250 pharmacies across the UK over the last nine months alone, we believe the market is maturing with a number of new buyers entering the market.

With prices having fallen, we are increasingly witnessing locums and managers looking to acquire sites for the first time. Young entrepreneurs and those with a family interest in the sector are also looking to enter the market. Despite the relative low risk involved in the sector, there are casualties as a result of over gearing, bad Management, fallen revenues post price regulation schemes and category M, which are also providing opportunities for experienced operators and new entrants. Please go to <http://www.christiecorporate.com/ccc/news/publications/retail/> to download or read a full copy of Christie + Co's latest Retail Sector Market Analysis note.

THE MARKETPLACE

With the first quarter of 2010 under our belts it is encouraging to point towards an increase in deal activity and completed transactions across the UK's hospitality, care and retail sectors, with experienced and new operators both returning to the acquisition trail.

At the end of April, Christie + Co was instructed by Smash Foods Ltd to market the S&M Café business, which comprises the leasehold interest of six Central London restaurants and the S&M brand. Founded in 2002, S&M Café, the sausage and mash casual dining group, operates restaurants in Islington, Leadenhall Market, Portobello Road, Smithfield, Spitalfields, and within the O2 in Greenwich. After just over a week of the chain coming onto the market we had already received around 50 requests for details on the business from a wide range of interested parties, including established operators, investors and private equity groups, many of which had been absent from the markets during 2008 and most of last year.

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 61 new Bank Support and Business Recovery cases during May, just over half of which are 'distressed sales' with the balance being valuation or advisory assignments. Many of the distressed sales are in fact managed exits where we are working on behalf of the vendor and assisting the relationship with their bank.
- Acting on the instructions of Jeremy Willmont and Phillip Sykes of Moore Stephens LLP, Joint Administrators of Param Consultancy Ltd, Christie + Co sold the leasehold interest of the former Mela restaurant & takeaway in Herne Hill, London, to Gondola Holdings, owner of the Pizza Express casual dining chain, for an undisclosed sum.
- Christie + Co advised Saphos Hotels, a new entrant to the hotel sector, on its acquisition of the leasehold interest of Gravetye Manor, the award-winning country house hotel in West Sussex, which was taken over by Administrators PricewaterhouseCoopers on 4th January, for an undisclosed sum.
- Acting on behalf of Alistair Wardell and Nigel Morrison of Grant Thornton UK LLP, Joint Administrators of L2 Limited, Christie + Co sold the freehold of the L2 Nightclub in Truro, Cornwall, to Elm Tree Leisure Limited, the Cornish-based leisure company, 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:

<p>Steve Rodell Head of Bank Support and Business Recovery DD: 020 7227 0759 E: steve.rodell@christie.com</p>	<p>Stephen Jacobs Associate Director, Bank Support and Business Recovery DD: 020 7227 0763 E: stephen.jacobs@christie.com</p>
--	--