

Recovery Email: [December](#)

Drinking in, eating out and keeping fit

THE TUNNEL GETS LONGER

Britain still finds itself lagging behind the majority of the world's leading countries on the road to economic recovery. The last month has brought another raft of administrations, with a further three well-known national chains – Borders, First Quench Retailing, and Wine Cellar – all collapsing.

Many experts believe the start of 2010 could see a further spike in insolvencies and administrations, as the promise of a bumper Christmas fails to materialise and another tranche of businesses, already kept afloat by all of the recessionary assistance on offer, fold. Indeed, trade body R3 believes another 23 well-known retailers could collapse next year.

As the economic landscape continues to be challenging across Christie + Co's specialist sectors the main talking points this month have been **the fallout from First Quench; the eating out market; London's hotel sector and the UK's health and fitness sector.**

A THIRST FOR BUSINESS

Out of all the segments in the retail market, surprisingly, the off-licence sector has been the hardest hit. With the dramatic number of pub closures and the affects of the smoking ban, it was envisaged that more people would opt to drink at home. However, the economic downturn and the incredibly aggressive alcohol pricing policy of the supermarkets have ravaged the trade.

At the same time, latest figures show that Britons are drinking more and more wine, with wine sales in the UK estimated to be worth £9.5 billion in 2009, with the off-trade outperforming the on-trade. The fact that people are still interested in operating off-licences is also highlighted by the fact that Christie+ Co has already received in excess of 750 offers on over 30% of the circa 700 former First Quench Retailing (FQR) stores, which were released to the market just over a week ago on behalf of Administrators at KPMG.

BON APPÉTIT

The latest trading updates from some of the UK's major restaurant chains suggest that the appetite of consumers for eating out still remains healthy, with some reporting positive like-for-like figures over the autumn months.

Many clients and operators who Christie + Co has spoken to are expecting a favourable run-in to the year end in comparison to last year's final tough quarter, which was impacted by the fallout from the Lehman Brothers' collapse. However, all remain cautious, with VAT set to return to 17.5% in January and interest rates expected to rise at some point in 2010, these measures will impact consumer spending, putting further pressure on margins.

Please go to

http://www.christiecorporate.com/ccc/news/publications/restaur_comm_nov_09/restaur_comm_nov_09.pdf to read Christie + Co's views on the UK's restaurant market in its **Restaurant Commentary November 09** piece.

CAPITAL RETURNS

London's hotel market remained resilient during the year. Price promotions and the low value of sterling allowed the capital to remain a popular tourist destination, with leisure tourism particularly from Europe, offsetting the fall in corporate bookings, which had continued from 2008. The lure of the Olympics is continuing to draw operators and developers into the capital, which is predicted to experience a 12% increase in new rooms (13,300) by 2012.

With its high barriers of entry, London continues to be an extremely competitive market place but one, as the recovery gathers momentum, that will remain a target for the majority of hotel investors, developers and operators with their eye on long-term gains.

Please go to

http://www.christiecorporate.com/ccc/news/publications/ldn_hotel_comm_nov09/ldn_hotel_comm_nov09.pdf to read our **London Hotel Market Commentary November 09** article.

FIGHTING FIT

Despite being one of the most active leisure markets in the early part of the new millennium, trading conditions for operators within the health club sector remain challenging. There are a number of reasons for this, including an over supply of clubs in some areas, high levels of membership attrition, significant rental and property liabilities, as well as increasing utility costs and the general economic climate.

Despite the changes in the market and the slowdown in both development and transactional activity, there is still demand for good quality operations from both operators and investors alike. Where clubs can show a strong historic trading profile, or future opportunities, there continues to be good interest in the marketplace. In addition, well located sites with good catchments and defensible positions are also sought after by operators.

Please go to

http://www.christiecorporate.com/ccs/news/publications/hc_nov09/hc_no_v09.pdf to read our **Health & Fitness Commentary November 09** article.

THE MARKETPLACE

Despite trading remaining a challenge across Christie + Co's specialist sectors, levels of viewings, enquiries and agreed deals increased over the last month. We agreed 23% more pub deals during September and October compared to last year. We also witnessed an 80% increase in pub viewings during September and October compared to the same period in 2008.

In the middle of November, contracts were exchanged on the Park Inn London, Russell Square to Crimson Hotels Group on behalf of Ernst & Young, for a sum reported to be in excess of £45 million. Over 50 formal tours of the hotel were conducted within five weeks of the property coming onto the market culminating in a combined £1 billion-worth of funded offers being submitted through a multi stage bidding process.

Acting on behalf of Administrator Grant Thornton, Christie + Co sold the Diana Princess of Wales Treatment Centre, Gillingham, Norfolk, to a private individual, for an undisclosed sum in excess of the asking price. The marketing process generated 24 viewings and nine formal offers, with the property placed under offer within only eight weeks.

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:

- Christie + Co is advising on the sale of over 700 former First Quench stores on behalf of Richard Fleming, Mick McLoughlin and Ian Corfield of KPMG, Joint Administrators of First Quench Retailing (FQR) Limited.

- Acting on behalf of F.L Taylor, C.P Dempster and A.J Davison of Ernst & Young, Joint Administrators for W G Mitchell (Guernsey) No.10 Limited, Christie + Co has sold the Park Inn London, Russell Square to Crimson Hotels Group, the independently-owned UK based hotel company, for a sum in excess of £45 million.
- Acting on behalf of Scott McGregor and Ken Pattullo of Begbies Traynor, joint liquidators of Henry Healy Ltd, Christie + Co is marketing the Glasgow-based, former Henry Healy sandwich bars chain.
- Acting on behalf of Administrator Grant Thornton, Christie + Co sold the Diana Princess of Wales Treatment Centre, Gimmingham, Norfolk, to a private individual, for an undisclosed sum in excess of the asking price.

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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