

Recovery Email: [November](#)

One for the road, Waitrose and cough medicine

### [THE BUMPY RIDE CONTINUES](#)

Against the majority of predictions, last month's GDP figures showed that the UK is still in recession, with the economy contracting for six consecutive quarters for the first time since quarterly figures were first recorded in 1955.

The air of pessimism was backed up by a new study from Begbies Traynor stating that the rise in business confidence, which had been witnessed before the new GDP figures, was a temporary lull before a fresh slump that will see up to 40,000 businesses to go bust next year, with Britain currently only at the mid-point of a "W" shaped recession.

As the economic landscape continues to be challenging across Christie + Co's specialist sectors the main talking points this month have been What 2010 might hold for the pub and hotel sectors; Waitrose entering the c-store market; the pharmacy sector and a fresh start for Regent Inns.

### [DON'T WISH IT ALL AWAY](#)

There are many in the UK's pub industry that will be quite happy to see the back of 2009, as the economic downturn has squeezed margins further causing more closures and business failures. Unfortunately 2010 could prove equally hazardous for some.

However, further challenges to profit margins are waiting round the corner in the New Year, with the likely increases in VAT and unemployment, plus a possible rise in interest rates and therefore mortgage repayments set to further test licensees.

The lead up to the General Election and political posturing over further regulation of the licensed trade is also set to throw up uncertainty for the sector.

For a more in-depth look at the current state of the pub market and the year ahead please go to [www.christie.com/ccc/news/publications/](http://www.christie.com/ccc/news/publications/) to read Christie + Co's Pub Market Commentary October 09 article.

### THE RIGHT DEAL

The widely expected rise in the number of distressed hotel assets coming to market due to financial distress has failed to materialise as lenders continue to hold on to assets, favouring the prospect of a recovery over permanently crystallising a loss through write offs.

As these turnaround situations result in value recovery, we can perhaps expect to see a steady stream of assets being brought to market over the next three to five years, but it appears increasingly unlikely that we will witness the 'dumping' of assets.

Please go to [www.christiecorporate.com/ccc/news/publications/](http://www.christiecorporate.com/ccc/news/publications/) to read Christie + Co's views on the changing hotel landscape in its Hotel Commentary October 09 piece.

### AT YOUR CONVENIENCE

Waitrose's announcement that it plans to open up to 300 small stores across the UK highlights the current strength of the convenience store sector. Despite the economic downturn, the sector continues to drive growth in the grocery market.

Opportunities to expand are being fed by the rise in the number of pub closures; a more secure future for post offices; and the rising trend of consumers shopping more frequently locally. These are all helping the sector remain resilient in the face of the recession.

For a detailed view on Waitrose's entry into the convenience store market and the sector in general, please go to [www.christiecorporate.com/ccc/news/publications/](http://www.christiecorporate.com/ccc/news/publications/) to read our Convenience Store Market Commentary October 09 article.

### HEALTHY FIGURES

The UK's pharmacy market is expected to be one of the best performing this year. Market analyst Verdict has forecast that although overall retail spend is set to contract by 0.6% this year, the retail pharmacy sector should expand by 4.4% to £14 billion.

The sector is also consolidating rapidly, with the leading nine players accounting for 58.2% of the pharmacy market, a rise of 11.8% on five years ago.

## THE MARKETPLACE

Trading across all our specialist sectors remains challenging. However, despite this we have witnessed a steady rise in viewings, offers and deals agreed over the last month, and a continued strong demand for well-located, quality businesses. For example we received first round offers totalling £1.025 billion for the Park Inn London, Russell Square, which we are currently marketing on behalf of Ernst & Young.

We continue to see further examples of companies struggling to stay afloat, with the Tootsies restaurant chain and Regent Inns, the operator of the Walkabout brand, becoming the latest to fall into administration.

After undergoing a pre-pack, the majority of the Regent estate quickly re-emerged as new company iNTERtain, led by former Regent chief executive John Leslie. The new group was shorn of Regent's underperforming sites and left with 60 of the group's better performing units

We also experienced a marked rise in distressed business activity and enquiries in October, especially in the latter half of the month, with care operations in particular coming under increased pressure.

## 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 marketing the leasehold interests of nine ex-Regent Inns sites, which are spread across England, on behalf of Administrator BDO Stoy Hayward,
- Acting on behalf of Joint Administrators Chris Stevens and Ian Vickers of Vantis Plc, Christie + Co sold Mark Jones Catering Limited trading as the Staincliffe Hotel near Hartlepool to local businessman Brian Morton, for an undisclosed sum.
- Adrian Allen and Alec Pillmoor of Baker Tilly, Joint Administrators of DMQA (Holdings) Limited, have instructed Christie + Co to market the freehold interest of Platform 1, the Hull-based hotel and restaurant, which has a guide price of £1 million.
- Acting on behalf of Andrew Haslam and Gerald Krasner of Begbies Traynor, joint administrators of Absolute Leisure Limited, the Newcastle upon Tyne-based bar, restaurant, nightclub and hotel operator, Christie + Co sold the Coco'Mos Restaurant in Newcastle-upon-Tyne, to Tandem Bars for an undisclosed sum.

- Christie + Co sold the CragRats Brasserie near Hepworth, West Yorkshire, to local restaurateurs Jonathan and Stephen Tiffany, for an undisclosed sum, on behalf of Hunter Kelly and John Sumpton of Ernst & Young, Joint Administrators of CragRats Limited.

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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