

Welcome to the latest edition of Synopsis.

As this period of economic uncertainty continues, our specialist teams review how their markets are performing, and we're pleased to report that it's not all bad!

If you want to discuss any of these specialist markets please contact the partners named.

We also include a round-up of our transactions and valuations to give you an idea of the breadth of our experience and expertise.

We do hope you'll find it useful and interesting.

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What next...



For Leisure

Tenpin Bowling has seen limited activity. Most operators saw trade holding up relatively well this summer due to the poor weather. The smoking ban has depressed amusement and bar income and, overall, increasing pressure on the discretionary spend is making trading more difficult. The only casualty to date has been Bowling International where we sold their Stroud unit and their Coventry outlet closed.

Bingo has again seen few transactions. Gala and Mecca seek to dispose of their marginal loss-making leasehold sites and a number of closures have resulted from the smoking ban. The number of bingo halls is expected to reduce from about 650 to 500 due to the Gaming Act and Smoking Ban.

There are some positives for the industry through potential VAT claims. Many operators are pursuing these opportunities and making the most of the relaxation on jackpot machines.



Health & Fitness is experiencing its first significant economic downturn since it established itself during the 1990s, so it remains to be seen whether it is recession proof. Those that have invested significantly in their portfolios are best positioned to maintain membership levels and average yield, though we are seeing some declines in these levels.

We anticipate a move to budget or super budget gyms. Here we are seeing growth in the Gym Group, Fitness First and Fitspace. Further consolidation is anticipated.

Late Licence Bar/Nightclubs have found trading very difficult with the exception of some specialist operators, such as Gatecrasher and the Brook Group. Clubs that cannot provide good quality smoking areas are finding trade particularly difficult and competing with Luminar's Oceana, Liquid and Lava brands is proving to be problematic.

The sector is under significant strain and failures include Sports Café, Soho Clubs & Bars, Laurel Pub Company and The Massive Pub Co.

Ice Rinks is perhaps the jewel in the crown currently as "Dancing On Ice" has helped increase the attendance levels significantly and there is a new 3 year contract with Torvill & Dean to continue till 2011. Two new sites have been signed up by Arena Leisure in Hemel Hempstead and Wigan.

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For Hotels

London Hotels enjoyed strong trading conditions up until early September, since when occupancy levels and achieved room rates have declined. In the provinces earnings at full service hotels have not been as strong with profitability hit by increases in food and utility costs as well as payroll. The one bright spot is the budget hotel sector which continues to perform strongly as guests become more cost conscious. With travel and marketing budgets being cut, so the outlook for many hotels has deteriorated. The fall in the value of the Pound against both the Euro and the US Dollar should, however, help to lure some tourists back.



Hotel transactions have largely dried up as buyers have become more conservative, due partly to the greater difficulty associated in raising debt which is now more costly and based on lower LTV ratios. Vendors continue to hold out for prices that are a reflection of the market some 12-18 months ago. As a consequence, we now have a sizable gap

between the expectations of purchases and the aspirations of vendors. As with other sectors, there is concern that in the event owners are forced to sell, the prices realised will be well down on recent (and book) values at which point market decline will become more quantifiable and perhaps even self perpetuating.

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For Healthcare

Healthcare is one of the most recession proof sectors, comments Henry Harris, and nationally occupancy is hardly changed whilst fees continue to increase at 1-4% pa. There is some squeeze on margins from higher utilities, the national minimum wage and regulation but margins of 25-35% still remain typical when well run.

Capital values are, however, suffering as profit multipliers drop due to opportunistic offers by buyers

and again most owners that do not need to sell are sitting tight. We have seen early signs of increased insolvency activity but in our view the risk relates mainly to poorer quality operators and over gearing rather than real sector weakness.

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We have...

Acquired Plymouth-based licensed, leisure and retail consultant Taylor Son & Creber (TSC), which was founded 10 years ago when Nick Wheeldon bought out Lloyds TSB and Stratton Creber's licensed and leisure department. Nick will develop hospitality and leisure primarily in Devon & Cornwall.

Sold the leasehold of the Hidden Nightclub at 100 Tinworth Road, London SE11.

Sold the 91 seater single screen Kino Cinema in Hawkhurst, Kent.

Sold the Two Sawyers grade II listed village pub in Pett, East Sussex; the Potters Arms roadside pub at Lower Dicker; the No Sign Bar, Swansea and the grade II listed Curlew Inn at Bodiam, East Sussex.

Acquired Hoole Hall hotel in Chester from Corus, which, following a multi million pound redevelopment following our professional advice will be branded as a Doubletree by Hilton following our successful negotiation of a franchise for Sanguine Hospitality.

Valued a proposed 20 bedroom boutique hotel on Canal Street, Manchester for Allied Irish Bank.

Valued a group of caravan parks with a value in excess of £30million for Hills Enterprises.

Sold Hyde Crook House Nursing Home, Frampton, Dorchester, off an asking price of £1.95million

Marketed a development site with planning for a 65 bed care home and 11 assisted living cottages in Hawkhurst, Kent.



Two Sawyers grade II listed village pub



Curlew Inn grade II listed pub