COVID's impact on restaurants, hotels and leisure

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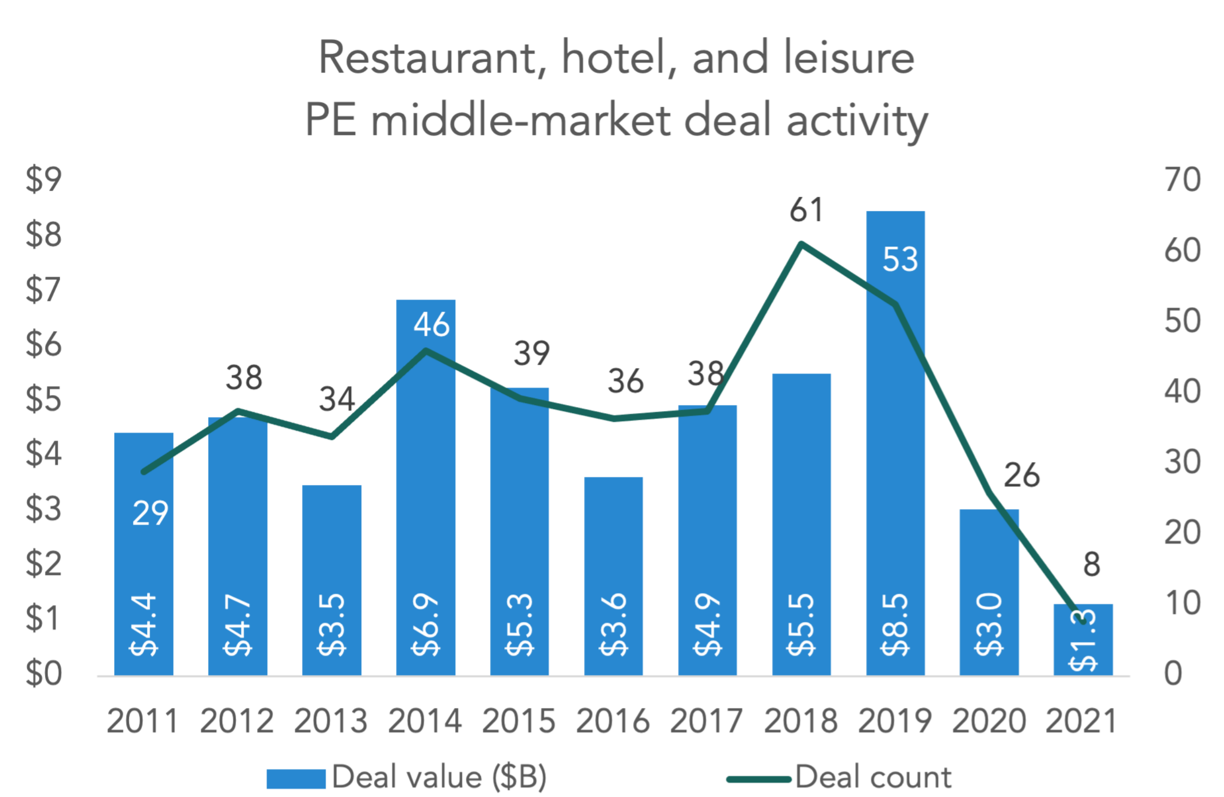

Download PitchBook's Report here.

PitchBook's latest US Middle Market Report was released this week. Middle-market trends were in line with broader PE trends, with Q1 notching the second-highest totals ever seen, behind the record-breaking fourth quarter. We'll re-visit other themes in the report next week.

One of the spotlights this quarter was the battered leisure industry, which we bucket with restaurants and hotels in our methodology. COVID's impact was obvious for all three, as the numbers show. In the middle market in particular, deal volume was cut in half while combined value fell by almost two-thirds. 2020 was the worst year since 2009, when less than $1 billion was invested through only 12 deals. In the first quarter of 2021, eight deals were struck in the US worth a combined $1.3 billion. Humble numbers, but there are signs of life under the surface. Crestview, for example, recently acquired three port excursion companies to merge with its portfolio company City Experiences, fka Hornblower Cruises & Events. One of those add-ons was for ShoreTrips, which was facing bankruptcy, for a mere $1.8 million. In March, Sycamore Partners carved out the upmarket, boutique cruise brand of Royal Caribbean Group called Azamara. That deal involved three ships and an all-cash payment to Royal Caribbean, but Sycamore is paying for a full renovation of a fourth ship to add to the fleet. And though Sycamore has been around since 2011, they have never invested in the travel sector before this deal.

(Past performance is no guarantee of future results.)