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Begbies Traynor

2013 to be unlucky for some - and painful for most, warns insolvency expert



Yorkshire businesses are set to face another difficult year in 2013 with no reason to expect a significant change in fortunes, according to one of the region's top insolvency experts.

Instead, the only businesses to thrive will be the ones that build their businesses around the 'new normal' rather than waiting for the recovery to come.

In the meantime, more businesses outside the south east will fail while thousands of others struggle purely to stay afloat, said Julian Pitts, regional managing partner for Yorkshire at insolvency and corporate restructuring specialist Begbies Traynor.

"Just as it took us 10 to 15 years to get into this mess, it is going to take another 10 to 15 years to get ourselves out of it," he said.

"People and businesses have got into a mind set of spending based on cheap credit and are waiting for those days to return.

"Without a major catalyst, there is no reason to expect those days to return at all, which is why the economy won't change significantly for a few years yet."



media relations and profile

Mr Pitts pointed to the scale of austerity cuts still yet to hit the public sector, and the inability of the Bank of England to further lower interest rates to stimulate spending as factors behind a prolonged period of, at best, stagnation or minimal growth.

In the meantime, some sectors – such as pubs and high street retailers – will continue to be hit hard as they adjust to the fact that there is long term oversupply.

Mr Pitts continued: “There are probably still too many pubs and too many shops across Yorkshire and unfortunately these will continue closing until we reach equilibrium.

“In other sectors, there are a lot of under performing companies out there at the moment, not failing but only just surviving. Equally, there are a lot of families who are working part time because they can’t find full time employment and are struggling to make ends meet.

“With rising energy costs and food prices increasing, those families are going to see their incomes squeezed even further in 2013 and for a lot of businesses, things might get worse before they get better.

“The economy needs a new generation to come through, a generation that recognises the current situation as the new normal and works on that basis rather than planning for the day that growth returns.”

The only exception to this picture of doom and gloom is in the south east, Mr Pitts added.

“We are already seeing a two-speed economy, with the latest Red Flag statistics showing early signs of growth in London and the south east while the rest of the country is stagnant.

“Far from addressing this issue, Government policy seems to be reinforcing it, making it even more difficult for regions such as Yorkshire to suddenly buck the trend and for a true, nationwide recovery to be achieved.”

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Photo shows: Julian Pitts, regional managing partner for Yorkshire at insolvency and corporate restructuring specialist Begbies Traynor.

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