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# INSIDE RADIO

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**Mid-year sales figures illustrate a weak deal market, but also some surprises.** The buying and selling of stations is as good an economic indicator for radio's health and BIA Advisory Services' mid-year update doesn't have good news. While the number of sales fell just 9% — less than some may've imagined — the value of the deals plummeted 68%. BIA chief economist Mark Fratrick says, "There isn't a deal market. Everybody is just sitting on the sidelines." Through the end of June there were 335 announced station sales compared to 370 in the first six months of last year. But a large number of FCC-fled deals in the first six months were for construction permits as the agency has become tougher on extending deadlines. But the dollar values of sales tell the real story. The mid-year sales tally is \$149 million compared to \$472 million a year ago. Broker Michael Bergner says, "There has been no market-clearing event that would establish a market. We need a \$200 million to \$300 million sale to set where we are." The data also suggests an already slow market could be running out of what steam it has left with the number of June sales down 46%.

**"The industry is just frozen right now."** Broker Michael Bergner believes yesterday's announced \$6.3 million sale of "Oldies 101.9" WKLU, Indianapolis to EMF Broadcasting demonstrates where the deal market is today. "It's a lot of one-off deals and sales in specific situations," says Bergner, who says banks are simply not lending money. Kaili's Todd Hartman tells *Inside Radio* that's led buyers to come to the table with all equity deals or work out "creative" structures, including sellers holding the note. Hartman says he's even optimistic pricing may've hit bottom since a few more buyers have been seen in the market. "A lot of religious broadcasters are out there looking for great deals," he says. Some have attempted to get contracts signed at five times cash flow, but Hartman says no FM has sold for such a low multiple to date. Kaili brokered this year's highest-priced deal — the \$18 million sale of religious teaching "The Truth" KVTT, Dallas (91.7) to North Texas Public Broadcasting. Broker John Pierce says nearly every market in the country has stations on the block without buyers. For instance, as many as seven Dallas AMs are for sale. Pierce has been active seeking AM buyers in several markets and says in most cases there are simply no takers beyond a handful of ethnic operators — even though pricing is probably at its low point. "They could drop a speck, but hopefully they've reached their low," says Pierce. He worries a sudden move to put sports and talk programming on FM could make the AM market even worse. "Summer is always a bit slow," Pierce says "but this year summer started back in February."

**Minority owners want government help to keep from becoming an "extinct species."** More than a dozen minority broadcasters have formally asked the U.S. government for help surviving the credit crunch, although it's not a bailout along the lines of what the federal government has given the automotive and financial services sectors. "The short-term financial outlook for our broadcasting companies is not good," the group warns in a letter to U.S. Treasury Secretary Tim Geithner. The group asks that he take steps to help radio. "Many of us are now, or will soon be, weathering significant defaults of our credit facilities." Their request for government action comes a month after a group of House members asked for government-backed loans and temporary bridge financing to help minority operators who cannot get financing on their own. Geithner hasn't said whether he supports the idea. But minority operators say the help can't come soon enough, noting even in the best of times they don't have many financial options. They tell Geithner, "Unlike the auto business, the broadcasting [industry] has been healthy for many years and, upon a recovery, could shortly be restored to a path of growth with some temporary assistance." Ironically, loss of automotive advertising has pushed some groups closer



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