



HospitalityMarketMonitor

Review of GB pub, bar and restaurant supply

OCTOBER 2024

Indies drive outlet growth before Budget dents optimism

Introduction by Karl Chessell, CGA by NIQ director – hospitality operators and food, EMEA

Given all the trading headwinds in hospitality this year, two successive periods of quarter-on-quarter growth in site numbers represents impressive resilience—especially in the independent sector (see below).

The theme of modest growth has been echoed in CGA’s other monitors including the CGA RSM Hospitality Business Tracker, which has reported year-on-year increases for managed groups in all but one month in 2024. In the wider economy, solid GDP growth, high employment and stability in inflation and interest rates mean consumers should be starting to feel more cash in their pockets as the crucial Christmas trading period nears.

However, optimism has been dampened by news in the government’s Autumn Budget that businesses face increased National Insurance contributions and a reduction in business rates relief. Hospitality groups, entrepreneurs and funders are ready to invest and boost the UK’s economic recovery, but the new tax burden puts their ability to do so in serious doubt and risks the closure of thousands more venues in 2025.

99,868 **Total licensed premises in Britain at September 2024**

Market overview

Britain’s number of licensed premises increased by **0.7%** between July and September 2024—equivalent to 661 net new openings, or 7 per day. With a current total of **99,868** licensed premises, we are now back to almost exactly where we were at this time last year, and tantalisingly close to the milestone of 100,000 sites.

As this data shows, nine of the 11 key channels tracked by the Hospitality Market Monitor were in quarter-on-quarter growth. It was particularly impressive in drink-led segments including high street pubs (see page 2), while the cautious revival of casual dining outlets (**up 0.5%**) and other restaurants (**up 0.6%**) goes on.

The best news of all comes from the independent side of the market. Small businesses have borne the brunt of the double

whammy of COVID and high inflation, and the indie segment is now **15.9%** smaller than it was in March 2020. However, after contracting every quarter for four years, it has now been in growth for two in a row. Site numbers increased by 447 in the three months to September, which translates to just over 5 net openings every day.

Caution is needed here, as thousands of small hospitality venues remain fragile, and more failures can be expected. But for now at least, closures are being outnumbered by the number of entrepreneurs starting new ventures—often in units that have just been vacated. After a tough four years, it is a welcome indication of vibrancy in the independent sector.

Outlets by segment, September 2024 v June 2024 and September 2023

	Sites at Sep 2023	Sites at June 2024	Sites at Sep 2024	% change in sites, Sep 2024 v June 2024	% change in sites, Sep 2024 v Sep 2023
Bar	4,390	4,459	4,614	+3.5%	+5.1%
Bar restaurant	3,220	3,272	3,324	+1.6%	+3.2%
Casual dining restaurant	5,123	5,167	5,194	+0.5%	+1.4%
Community pub	18,070	17,933	17,999	+0.4%	-0.4%
Food pub	11,717	11,557	11,435	-1.1%	-2.4%
High street pub	6,031	5,911	6,138	+3.8%	+1.8%
Hotel	7,219	7,208	7,338	+1.8%	+1.6%
Large venue	4,249	4,289	4,318	+0.7%	+1.6%
Nightclub	869	787	834	+6.0%	-4.0%
Restaurant	15,182	15,139	15,229	+0.6%	+0.3%
Sports / social club	19,922	19,630	19,619	-0.1%	-1.5%
Other*	3,923	3,854	3,825	-0.8%	-2.5%
Total	99,916	99,207	99,868	+0.7%	0.0%

+0.7%

Net change in outlets between June 2024 and September 2024

0.0%

Net change in outlets between September 2023 and September 2024

Focus on pubs

The long-term contraction of Britain's drinking pubs accelerated during COVID-19, but there are signs that closures are bottoming out.

Back at the start of the pandemic there were **39,690** community, food and high street pubs. Four and a half years on there are **10.4%** fewer at **35,572**. Our data here shows that of these three segments, community pubs were worst hit, losing **12.0%**, or nearly one in eight of the pre-COVID total. The independent owners or tenants who dominate this channel were disproportionately hit by the pandemic and the inflation crisis that has followed.

However, community pubs have increased in number in each of the last two quarters. At **0.2%** and **0.4%** the growth is

fractional, but after what went before it marks pleasing stability. Trends are even more positive in the high street segment, which is **7.2%** smaller than before COVID but **3.8%** larger than just three months ago, with the managed side particularly buoyant. By contrast, food pubs have seen net closures of **1.1%** since June.

Confidence in community and high street pubs comes despite ongoing pressure on both pub-goers' spending and profit margins. Some of the movements are explained by churn in formats, like some managed groups switching food-led pubs to more drink-focused venues or restaurants, or repurposing nightclubs as pubs. But it also shows affection for pubs in small communities and on high streets remains undimmed.

Pubs by segment, September 2024 v March 2020, June 2024 and September 2023

	Sites at Sep 2024	% change in sites, Sep 24 v March 2020	% change in sites, Sep 2024 v June 2024	% change in sites, Sep 2024 v Sep 2023
Community pub	17,999	-12.0%	+0.4%	-0.4%
Food pub	11,435	-9.2%	-1.1%	-2.4%
High street pub	6,138	-7.2%	+3.8%	+1.8%

Focus on regions

While patterns of hospitality closures and openings have been largely even around Britain in recent years, some variations have emerged over the last 12 months—including notable growth in outlet numbers in Scotland and London.

By the end of September 2024, there were **1.4%** more licensed premises in Scotland than a year previously. This has been powered by Edinburgh and Glasgow, which have added **2.5%** and **5.6%** respectively. These cities faced tougher restrictions than England during COVID but are now making up lost ground.

In the greater London region, year-on-year growth in site numbers is a more modest **0.4%**, though it has been much

faster in the centre of the capital at **1.8%**. This extends the trend towards openings in big cities at the expense of suburbs and satellite towns. In Lancashire, for example, there has been growth of **0.3%**, thanks in part to a **2.4%** increase in Manchester.

Not all areas have been so positive. Licensed premises have fallen by more than 1% year-on-year in Wales and the East, South West and South & South East regions of England. This suggests trading has been better in some parts of Britain than others in 2024, albeit by modest degrees—so smart site selection is as important as ever.

Scotland	% change in sites, Sep 2024 v June 2024	+1.3%	% change in sites, Sep 2024 v Sep 2023	+1.4%
Yorkshire	% change in sites, Sep 2024 v June 2024	+0.5%	% change in sites, Sep 2024 v Sep 2023	-0.2%
Central	% change in sites, Sep 2024 v June 2024	+0.7%	% change in sites, Sep 2024 v Sep 2023	0.0%
Wales	% change in sites, Sep 2024 v June 2024	-0.2%	% change in sites, Sep 2024 v Sep 2023	-1.2%
South West	% change in sites, Sep 2024 v June 2024	+0.2%	% change in sites, Sep 2024 v Sep 2023	-1.3%



North East	% change in sites, Sep 2024 v June 2024	+0.3%	% change in sites, Sep 2024 v Sep 2023	+0.1%
East	% change in sites, Sep 2024 v June 2024	+0.3%	% change in sites, Sep 2024 v Sep 2023	-1.1%
Lancashire	% change in sites, Sep 2024 v June 2024	+1.1%	% change in sites, Sep 2024 v Sep 2023	+0.3%
London	% change in sites, Sep 2024 v June 2024	+0.8%	% change in sites, Sep 2024 v Sep 2023	+0.4%
South & South East	% change in sites, Sep 2024 v June 2024	+0.8%	% change in sites, Sep 2024 v Sep 2023	+0.4%

Comment from **AlixPartners**

In the absence of a Budget that brought the spectre of significant challenges for the hospitality sector, these latest findings would have provided some grounds for optimism. Two successive periods of quarter-on-quarter growth in site numbers – a key proxy for the health of the sector – demonstrates an impressive resilience, and would have signalled some very welcome stability for the industry.

Notably, growth across the key cohort of independents – the entrepreneurial lifeblood of the sector – was significant given these businesses have been hit hardest by the headwinds the industry has faced into since 2020. They continue to play an important role in rejuvenating high streets up and down the country. These latest figures also highlighted some cautiously positive trends for pubs – another cornerstone in the make-up of local communities.

However, some very significant challenges remain; the plans set out in the October 2024 Budget mean we must view these latest figures through an extremely cautious lens. To what extent, hospitality businesses can bear the increasing tax burden, whilst continuing to invest and create jobs, remains to be seen, and the mood music from industry leaders to the new government's maiden Budget has been one of abject frustration and disappointment. There is the hope that the increase in the National Living Wage may encourage customers to spend more and businesses should look to benefit from this while it lasts.

If there are positives it maybe that the muscle memory of the past four years will fortify operators in the face of renewed challenges. With many businesses now looking to further consolidate their estates, market flux and churn may well create more opportunities for others.

Stepping back, and weighing this latest market monitor picture against the Budget, the hope is that the positive momentum of the past six months will not entirely stall, and that enough businesses in the sector will continue to invest. At this point, given initial industry reaction it does seem that this remains the hope, rather than the market's expectation.

Graeme Smith, managing director, AlixPartners, gsmith@alixpartners.com

Market summary: Total sites across three key segments: food-led, drink-led and accommodation-led

		Sites at Sep 2023	Sites at June 2024	Sites at Sep 2024	Sep 2024 v June 2024	% change in sites, Sep 2024 v June 2024	% change in sites, Sep 2024 v Sep 2023
All Venues	Total	99,916	99,207	99,868	+661	+0.7%	0.0%
	Managed	20,754	20,689	20,955	+266	+1.3%	+1.0%
	Independent	62,475	62,034	62,481	+447	+0.7%	0.0%
	Leased	16,687	16,484	16,432	-52	-0.3%	-1.5%
Food-led Venues	Total	36,485	36,369	36,433	+64	+0.2%	-0.1%
	Managed	10,674	10,617	10,524	-93	-0.9%	-1.4%
	Independent	21,263	21,240	21,407	+167	+0.8%	+0.7%
	Leased	4,548	4,512	4,502	-10	-0.2%	-1.0%
Drink-led Venues	Total	54,403	53,874	54,366	+492	+0.9%	-0.1%
	Managed	7,000	6,977	7,227	+250	+3.6%	+3.2%
	Independent	35,563	35,215	35,497	+282	+0.8%	-0.2%
	Leased	11,840	11,682	11,642	-40	-0.3%	-1.7%
Accommodation-led Venues	Total	9,028	8,964	9,069	+105	+1.2%	+0.5%
	Managed	3,080	3,095	3,204	+109	+3.5%	+4.0%
	Independent	5,649	5,579	5,577	-2	0.0%	-1.3%
	Leased	299	290	288	-2	-0.7%	-3.7%

Sources and definitions

Data in this report is sourced from CGA by NIQ's Outlet Index, the leading database of licensed premises in Britain.

'Independent' means that the venue is owned and operated independently—the individual owner has full decision-making responsibility for the venue's operation and profitability.

'Managed' pubs are managed sites of operators with more than one location, typically a collection of venues or portfolio of brands. They typically employ a manager to carry out the day-to-day running of the venue, according to the company's specifications and objectives.

'Leased' outlets are run by individual tenants who pay a tenancy fee or rent to a corporate landlord, typically a pub company.

'Licensed' outlets are permitted to serve wine, beer and other alcoholic beverages.

*Segments

'Other' consists of: Cafe/Delicatessen, Guest/Boarding House Holiday/Caravan Park.