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MarketGrowthMonitor

Quarterly review of GB pub, bar and restaurant supply

At a glance five headline Market Growth Monitor messages

1 Licensed premises declined last year—but only just

	Total sites at Dec 2017	Change v Dec 2016	Change v Dec 2012	% Change v Dec 2016	% Change v Dec 2012
GB	122,221	-368	-1,730	-0.3%	-1.4%

There were 122,221 pubs, bars, restaurants and other licensed premises at December 2017. That is 0.3% or 368 fewer than a year earlier—or a net closure of one licensed premise a day. Given the headwinds that faced operators in 2017, including steeply rising property, people and food costs, it represents a better performance than many might think.

3 Many restaurant brands remain in growth

	Total restaurants at Dec 2017	Change v Dec 2016	Change v Dec 2012	% Change v Dec 2016	% Change v Dec 2012
GB	27,312	+155	+3,908	+0.6%	+16.7%

The last few months have brought a host of news stories about casual dining restaurant closures, with several big brands scaling back their expansion plans. Market Growth Monitor figures show that Britain's number of restaurants increased by 0.6% in 2017, and the total has jumped 16.7% in five years. Figures for 2018 may tell a very different story, of course—but these stats are a reminder that many brands are still expanding rather than retrenching.

5 London is two cities in one

	Total sites at Dec 2017	Change v Dec 2016	Change v Dec 2012
Inner London	8,572	+0.6%	+7.0%
Outer London	5,789	-1.9%	+0.7%

As we see on page four of this edition of the Market Growth Monitor, the picture of new openings is very different between inner and outer London. Licensed premises in the centre of the capital have increased by 7% over the last five years—but by less than 1% in outer London.

2 The high street is outpacing the suburbs

	Total sites at Dec 2017	Change v Dec 2016	Change v Dec 2012	% Change v Dec 2016	% Change v Dec 2012
High street	41,306	+80	+1,548	+0.2%	+3.9%
Suburb	44,487	-361	-2,527	-0.8%	-5.4%
Rural	36,428	-87	-750	-0.2%	-2.0%

A breakdown of Market Growth Monitor data by location shows that the number of licensed premises is rising on the high street but falling in the suburbs. By December 2017, British high streets had 1,548 more premises—mostly restaurants—than five years earlier. However, suburban areas saw net closures of 2,527 sites in that time—well over one a day on average. Rural areas have also seen a decline, though not as steep.

4 London fell and the North West grew in 2017

	Total sites at Dec 2017*	% Change v Dec 2016	Food-led sites % change v Dec 2016	Drink-led sites % change v Dec 2016
Anglia	9,242	-0.6%	-1.0%	-0.6%
Central	16,137	+0.3%	+0.9%	-0.1%
Granada	15,688	+0.7%	+2.9%	0.0%
London	23,208	-1.0%	-1.2%	-1.2%
Meridian	11,569	-0.9%	-1.2%	-0.5%
Scotland	11,219	-0.6%	+0.3%	-1.2%
Tyne Tees	5,619	+0.2%	+0.7%	+0.3%
Wales	6,740	-0.6%	-1.4%	+0.0%
Westward	11,762	-0.6%	-0.3%	-0.6%
Yorkshire	11,025	+0.2%	-0.6%	+0.5%

total sites include more than just food and drink-led sites

This breakdown of licensed premises by TV region shows how London region's number of food-led licensed premises—mostly restaurants—fell by 1.2% over 2017. There was better news further north though, with the Granada region increasing its total by 2.9%.

Pubs showing resilience

Food-led pubs and bars still outpace drink-led venues

	Total sites at Dec 2017	% Change v Dec 2016	% Change v Dec 2012
Total pubs and bars	50,666	-1.7%	-10.3%
Food-led pubs and bars	17,978	-1.3%	+4.7%
Drink-led pubs and bar	32,688	-1.9%	-16.9%

Branded food pubs lead the way

	Total sites at Dec 2017	% Change v Dec 2016	% Change v Dec 2012
Branded food pubs	2,655	-7.6%	+25.8%
Circuit bars	8,512	-0.1%	-14.7%
Community / drink-led locals	24,176	-2.5%	-17.7%
Educational	915	+2.7%	-9.9%
Entertainment	4,124	+8.6%	+37.1%
Night club	2,128	-0.2%	-5.1%
Sports / social	25,546	+0.1%	-1.7%

0.2%
Growth in number of drink-led premises in the north of England in the last year

The North bucks the trend in drink-led sites

The number of pubs and bars in Britain has been in decline for many years now. The Market Growth Monitor shows that as of December 2017, there were 5,849 or 10.3% fewer pubs and bars than five years earlier—equating to 3.2 net closures a day.

But there are signs that the downward trend is slowing, as the rate of closures dropped back to 2.4 a day last year. Pubs and bars are still closing faster than many would like, but there is cautious optimism that the bottom might be reached sooner rather than later.

The cause of the revival of many pubs' fortunes is obvious: food. Britain had 4.7% more food-led pubs and bars in December 2017 than it did in December 2012—but 16.9% fewer drink-led ones. The hottest part of the market of all has been branded food pubs, which have increased in number by 25.8% in just five years.

This contrasts sharply with parts of the market like circuit bars (down 14.7% in five years) and community or drink-led locals (down 17.7%). But there are signs that well-run drinking pubs with the right offer can still flourish in many parts of Britain. As the tables *(right)* on this page shows, there was a 0.2% increase in the number of drink-led licensed premises in the north of England last year—compared to a 0.6% decline in the south.

	Drink-led sites at Dec 2017	% Change v Dec 2016	% Change v Dec 2012
Scotland	11,219	-1.2%	-5.3%

	Drink-led sites at Dec 2017	% Change v Dec 2016	% Change v Dec 2012
North England	32,332	+0.2%	-9.4%

	Drink-led sites at Dec 2017	% Change v Dec 2016	% Change v Dec 2012
Central / Wales	22,877	+0.0%	-9.2%

	Drink-led sites at Dec 2017	% Change v Dec 2016	% Change v Dec 2012
South England	32,573	-0.6%	-8.4%

Ups and downs in the towns

Hot spots...

The 10 British towns with the highest % increase in licensed premises since December 2012.
(Includes towns with 200+ licensed premises only)

	Total sites at Dec 2017	% Change v Dec 2012
Solihull	232	+12.6%
Milton Keynes	378	+11.5%
Chelmsford	325	+5.2%
Darlington	210	+5.0%
Shrewsbury	284	+4.8%
Loughborough	249	+4.2%
Bournemouth	527	+4.2%
Southport	251	+4.1%
Middlesbrough	288	+3.6%
Colchester	408	+3.3%

...and black spots

The 10 British towns with the highest % fall in licensed premises since December 2012.
(Includes towns with 200+ licensed premises only)

	Total sites at Dec 2017	% Change v Dec 2012
Oldham	328	-16.8%
Wrexham	225	-11.8%
Rotherham	275	-10.4%
St Helens	211	-10.2%
Torquay	317	-9.7%
Croydon	215	-9.3%
Luton	219	-8.8%
Burton-On-Trent	202	-8.6%
Wigan	365	-8.1%
Great Yarmouth	330	-7.6%

-10.3%
Decline in number of pubs and bars in the last five years

4.7%
Growth in number of food-led pubs and bars in the last five years

25.8%
Growth in number of branded food pubs in the last five years

With some casual dining operators announcing restaurant closures at the start of 2018, there has been much talk of over-supply in many of Britain's cities and towns. But where exactly is supply exceeding demand? With consumer habits changing so fast, it can be hard to tell—but these Market Growth Monitor tables show some of the places that have been particular targets for new openings in the last five years.

Top of the list is Solihull, where the Touchwood retail centre has been a magnet for casual dining brands. Second and third are Milton Keynes and Chelmsford—both towns in which leading chains have announced closures lately. Milton Keynes has around 28% more food-led licensed premises than it did a year ago, and may well be at risk of saturation—though its popularity as a place to live among professionals and young families continues to increase. Darlington, Shrewsbury and Loughborough have also seen a steep rise in new restaurants—although it could be argued that these towns were previously under-served by operators.

CGA's 2018 Business Leaders' Survey indicates that some—though by no means all—casual dining brands will be reining in their new openings plans this year, and recent high-profile casualties are unlikely to be the last to close under-performing sites. For all brands, selecting the right towns for openings will be more important than ever.

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

Changing shape of the GB out-of-home market

Total site numbers by type of business, with one and five year changes

Sector	Segment	Tenure	Dec-12	Dec-16	Dec-17	Change 17 vs. 12	Change 17 vs. 16
GB		Total	123,951	122,589	122,221	-1.4%	-0.3%
		Managed	18,636	19,937	20,537	10.2%	3.0%
		Free	77,527	80,031	79,755	2.9%	-0.3%
		Leased	27,788	22,621	21,929	-21.1%	-3.1%
Total Food-led Venues			40,578	45,369	45,290	11.6%	-0.2%
Total Drink-led Venues			71,845	65,657	65,401	-9.0%	-0.4%
Total Accommodation-led			11,528	11,563	11,530	0.0%	-0.3%
Food Venues	Branded Food Pub	Total	2,110	2,872	2,655	25.8%	-7.6%
	Café/Wine Bar	Total	5,898	6,736	6,619	12.2%	-1.7%
		Free	4,277	5,048	4,953	15.8%	-1.9%
		Leased	479	368	352	-26.5%	-4.3%
		Managed	1,142	1,320	1,314	15.1%	-0.5%
	Food Led Pubs	Total	8,045	7,581	7,714	-4.1%	1.8%
		Free	2,752	2,765	2,757	0.2%	-0.3%
		Leased	4,059	3,762	3,735	-8.0%	-0.7%
		Managed	1,234	1,054	1,222	-1.0%	15.9%
	Restaurant	Total	23,404	27,157	27,312	16.7%	0.6%
		Free	18,824	21,427	21,257	12.9%	-0.8%
		Leased	278	265	270	-2.9%	1.9%
		Managed	4,302	5,465	5,785	34.5%	5.9%
	Rural Character	Total	1,121	1,023	990	-11.7%	-3.2%
Accommodation	Guest/Boarding House	Total	4,037	3,712	3,820	-5.4%	2.9%
	Hotel	Total	7,491	7,851	7,710	2.9%	-1.8%
		Free	4,755	4,952	4,730	-0.5%	-4.5%
		Leased	362	316	300	-17.1%	-5.1%
		Managed	2,374	2,583	2,680	12.9%	3.8%
Drinks Venues	Circuit Bar	Total	9,974	8,520	8,512	-14.7%	-0.1%
		Free	3,198	2,952	3,043	-4.8%	3.1%
		Leased	3,759	2,794	2,690	-28.4%	-3.7%
		Managed	3,017	2,774	2,779	-7.9%	0.2%
	Community/ Wet Led/Local	Total	29,614	24,800	24,176	-18.4%	-2.5%
		Free	9,234	8,473	8,233	-10.8%	-2.8%
		Leased	18,193	14,572	14,044	-22.8%	-3.6%
		Managed	2,187	1,755	1,899	-13.2%	8.2%
	Educational	Total	1,015	891	915	-9.9%	2.7%
	Entertainment	Total	3,007	3,798	4,124	37.1%	8.6%
	Night Club	Total	2,242	2,133	2,128	-5.1%	-0.2%
	Sports/Social	Total	25,993	25,515	25,546	-1.7%	0.1%

About the AlixPartners CGA Market Growth Monitor

This quarterly Monitor provides a snapshot of pub, bar and restaurant supply in Great Britain. All the data is drawn from CGA's Outlet Index, a comprehensive, continually updated database of all licensed premises. For more information about the Monitor, data or more granular analyses of locations or types of businesses, contact:

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