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AlixPartners

HospitalityMarketMonitor

Review of GB pub, bar and restaurant supply

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Hospitality's site stability threatened by new wave of costs

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

After all the challenges of COVID and the aftermath, 2024 was a welcome year of consolidation for hospitality, and it ended with a solid Christmas. However, the direction of travel in recent months has been less encouraging.

News in this Hospitality Market Monitor of a **0.3%** drop in licensed premises is another cause for concern for the sector, after negative sales growth for managed groups in early 2025 and a drop in leaders' optimism in CGA's Business Confidence Survey.

Market overview

Hospitality site numbers have stabilised in the last 12 months, and at March 2025 they were virtually at level pegging with March 2024. Given that the sector is now **14.1%** smaller than it was in March 2020, before the effects of COVID began, this is reassuring resilience.

However, after a quarter-on-quarter drop of **0.7%** in the last three months of 2024, numbers have slipped by another **0.3%** over the first quarter of 2025. Just over 1,400 venues closed their doors while around 1,150 opened theirs—which means there was an average of 20 net closures per week between January and March.

It reflects misgivings about consumers' spending confidence, but also the significant anxiety about extra costs of doing business—especially from increased National Insurance contributions. The tariff war is further worsening the economic outlook.

We can be optimistic that spending may pick up later in 2025, and well-resourced, high-quality and good-value hospitality operators will continue to grow. But what UKHospitality has called the 'cliff edge' of new costs from April could make it a difficult second quarter for more fragile businesses.

As this table shows, drink-led hospitality operators were slightly more resilient than food-led ones in the first quarter. Bars have been notably robust with quarter-on-quarter growth of **1.3%**—partly the result of changing dynamics in the night-time market (see page 2). Community pubs (**up 0.3%**) and high street pubs (**up 0.2%**) have shown welcome solidity after a long run of closures.

-0.3%

Net change in outlets between December 2024 and March 2025



98,866

Total licensed premises in Britain at March 2025

The eating-out sector has faced deeper challenges. The casual dining sector contracted by **1.9%** between January and March, and it is now **23.8%** smaller than in March 2020. In total, food-led licensed premises shrank **1.1%**, while drink-led ones grew **0.3%**.

This may reflect the sustained impact of rising costs on consumers, some of whom are choosing to go out for drinks rather than meals, as well as the higher toll that inflation has taken on food-focused businesses.

Weakness is particularly apparent on the independent side of hospitality, which saw a **0.3%** drop in premises in the first quarter, while the managed side increased by **0.3%**. It is these smaller, often family-run businesses that may prove most vulnerable to fresh costs in the months ahead.

+0.1% Net change in outlets between March 2024 and March 2025

Outlets by segment, March 2025 v December 2024 and March 2024

	Sites at March 2020	Sites at March 2024	Sites at Dec 2024	Sites at March 2025	% change in sites, March 2025 v March 2020	% change in sites, March 2025 v Dec 2024	% change in sites, March 2025 v March 2024
Bar	4,552	4,351	4,621	4,680	+2.8%	+1.3%	+7.6%
Bar restaurant	3,685	3,219	3,352	3,338	-9.4%	-0.4%	+3.7%
Casual dining restaurant	6,625	5,119	5,143	5,046	-23.8%	-1.9%	-1.4%
Community pub	20,442	17,899	17,944	17,990	-12.0%	+0.3%	+0.5%
Food pub	12,590	11,554	11,267	11,279	-10.4%	+0.1%	-2.4%
High street pub	6,658	5,874	6,128	6,139	-7.8%	+0.2%	+4.5%
Hotel	7,773	7,210	7,324	7,356	-5.4%	+0.4%	+2.0%
Large venue	4,622	4,248	4,326	4,342	-6.1%	+0.4%	+2.2%
Nightclub	1,247	784	828	826	-33.8%	-0.2%	+5.4%
Restaurant	18,770	15,037	14,882	14,570	-22.4%	-2.1%	-3.1%
Sports / social club	22,782	19,616	19,547	19,555	-14.2%	0.0%	-0.3%
Other*	5,362	3,833	3,757	3,744	-30.2%	-0.3%	-2.3%
Total	115,108	98,745	99,120	98,866	-14.1%	-0.3%	+0.1%



-14.1%

Net change in outlets between March 2020 and March 2025

In focus: Bars and competitive socialising

Bars have been on an upward curve in the Hospitality Market Monitor for some time. At March 2025, there were 4,680 of them across Britain: **1.3%** more than at the end of 2024, and **7.6%** more than 12 months ago. The number is also **2.8%** higher than at March 2020—which makes it the only segment to have grown in size since the start of the COVID-19 pandemic.

In some ways, this is a counter-intuitive trend. The bar segment of the CGA RSM Hospitality Tracker has shown a sharp downward movement in managed groups' bar sales in recent years. There have been big changes in the late-night market where bars tend to attract most sales—especially consumers' sustained shift towards earlier drinks and meals.

+1.3% Net change in bars between December 2024 and March 2025

However, bar numbers have benefited from dynamics including moves by some operators to reinvent venues like nightclubs into bars, and a pivoting towards specialising in on-trend drinks, like craft beer and cocktails. But perhaps bars' biggest change has been morphing into more

interactive venues with competitive socialising and immersive experiences.

As consumers seek more than just food and drink in hospitality, there has been a steady rise in sites providing everything from golf to darts to bowling to arcades to axe-throwing. Growth is such that by the end of 2024, the Night Time Economy Market Monitor from CGA and the Night Time Industries Association found that one in seven (**14%**) venues operating in the late-night space was offering some form of competitive socialising.

+7.6% Net change in bars between March 2024 and March 2025

The 'themed bars' segment of CGA's outlet data—into which dedicated competitive socialising venues fall—has grown by **7.0%** in the last quarter and **24.3%** in the last year. It is now nearly treble the size of the pre-COVID benchmark of March 2020.

It remains to be seen whether the trend of competitive socialising has further to run or is nearing a peak. For now though, it is one of the fastest growing segments of hospitality in terms of sites and investment.

In focus: City centres

The post-COVID trend of city-based venues proving more resilient than suburban or rural ones continues.

In the 12 months to March, city-centre outlets recorded net growth of **1.5%**, while numbers dipped slightly in large towns (down **0.1%**), small towns (down **0.2%**) and rural areas (down **0.2%**). Big cities have benefited from consumers' preferences for one-stop shopping and leisure destinations, and from the steady return of commuters to workplaces since COVID.

As this table shows, it has been a solid 12 months for Britain's biggest cities. Nine of hospitality's top ten hubs have at least

as many outlets as they did a year ago, with Glasgow (up **5.4%**) and Liverpool (up **4.5%**) especially buoyant. Five of the ten have recorded quarter-on-quarter growth.

London, which has more licensed premises than the next six cities put together, is on an encouraging upward trajectory. It has **1.6%** more sites than a year ago, with a **0.4%** increase in the last three months. These are not earth-shattering numbers, but they at least show that the capital retains its vibrancy and investor confidence despite a challenging climate.

City outlets, March 2025 v December 2024 and March 2024

Ten cities with the most licensed premises at March 2025

	Sites at March 2025	% change in sites, March 2025 v Dec 2024	% change in sites, March 2025 v March 2024
London	2,970	+0.4%	+1.6%
Manchester	618	-2.2%	+0.3%
Edinburgh	534	+0.2%	+2.5%
Liverpool	465	+0.2%	+4.5%
Glasgow	452	+0.0%	+5.4%
Newcastle	343	+0.9%	+1.5%
Birmingham	338	-0.9%	-0.3%
Leeds	334	-1.2%	+2.1%
Brighton	322	+1.9%	+2.2%
Nottingham	277	-2.1%	+0.0%

Comment from AlixPartners

Few hospitality leaders would dispute that the current market is anything other than relentless. Even those at the helm of businesses that are consistently outperforming their peer group, and delivering material growth, speak of an operating environment that has never felt more dynamic and challenging.

And yet, in the context of what has happened to market site numbers in the recent past – as measured by the Hospitality Market Monitor – the past 12 months represent a period of relative calm and stability. To have recorded a year when site numbers were in marginal growth stands in stark contrast to the prior four years, stretching back to March 2020; which triggered a wave of closures, when one in six venues in the UK was lost.

This data also shows how important it is to look at the facts and not just the perceptions. Following recent commentary, it would have been easy to assume that the UK consumer had stopped going out and the nighttime economy was dead. However, the data shows that whilst tastes might be changing, the UK consumer still wants to go out and socialise with bar numbers increasing by over 7% compared to a year ago – the highest growth of all categories.

This more recent stabilisation however belies a sense that the market is on the cusp of further, possibly accelerated, change. Following a largely encouraging festive period, the first quarter of 2025 has been about businesses grappling with the fallout of last October's Budget, which has lifted the cost base materially (as of April 2025) and, more recently, the unhelpful volatility sparked by the tariff interventions of the current US administration.

With this new era, operators are working through every line of the P&L, reviewing headcount, operating models and trading estates. Refinancings, restructurings and consolidation-driven M&A are likely to play a role in helping operators unlock value and a profitable course to the future. While closures feel inevitable, with the independent part of the market seemingly most vulnerable, it is also a time when the strongest – those thriving hospitality brands and businesses – will get stronger. They will emerge in prime position to best access the market opportunities that will inevitably arise.

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		Sites at March 2024	Sites at Dec 2024	Sites at March 2025	March 2025 v Dec 2024	% change in sites, March 2025 v Dec 2024	% change in sites, March 2025 v March 2024
All Venues	Total	98,745	99,120	98,866	-254	-0.3%	+0.1%
	Managed	20,595	20,677	20,740	+63	+0.3%	+0.7%
	Independent	61,705	62,347	62,134	-213	-0.3%	+0.7%
	Leased	16,445	16,096	15,992	-104	-0.6%	-2.8%
Food-led Venues	Total	36,145	35,864	35,460	-404	-1.1%	-1.9%
	Managed	10,567	10,222	10,154	-68	-0.7%	-3.9%
	Independent	21,086	21,253	20,951	-302	-1.4%	-0.6%
	Leased	4,492	4,389	4,355	-34	-0.8%	-3.0%
Drink-led Venues	Total	53,634	54,237	54,376	+139	+0.3%	+1.4%
	Managed	6,935	7,253	7,370	+117	+1.6%	+6.3%
	Independent	35,039	35,552	35,644	+92	+0.3%	+1.7%
	Leased	11,660	11,432	11,362	-70	-0.6%	-2.6%
Accommodation -led Venues	Total	8,966	9,019	9,030	+11	+0.1%	+0.7%
	Managed	3,093	3,202	3,216	+14	+0.4%	+4.0%
	Independent	5,580	5,542	5,539	-3	-0.1%	-0.7%
	Leased	293	275	275	-	0.0%	-6.1%

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.

****Other'** segments include café / delicatessens, guest / boarding houses and holiday / caravan parks.