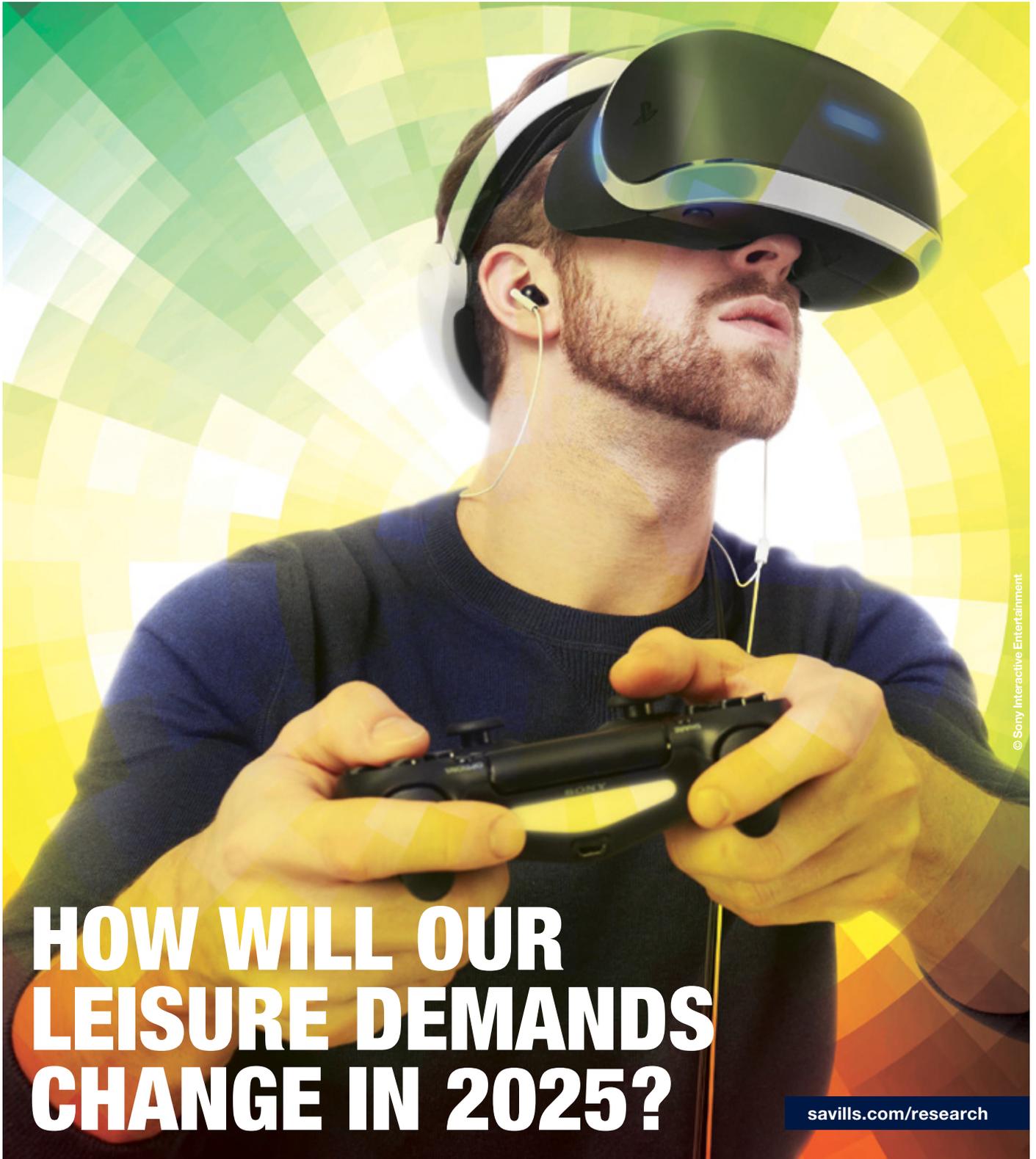


MEGATRENDS

IN EUROPEAN LEISURE

ISSUE 3 2016



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HOW WILL OUR LEISURE DEMANDS CHANGE IN 2025?

How will we be wining, dining and socialising in 2025?

The leisure industry is ever evolving with new activities being developed constantly to stay on top of trends

The leisure industry has changed remarkably over the past decade and the next decade will see further changes affecting how we spend our money and leisure time.

In an industry that is constantly evolving, professionals are trying to stay on top of the latest trends and predict ways to entice consumers from different generations to part with their money and spend their limited free time at one of their establishments.

The future of the leisure industry looks promising. New activities and food styles are constantly being developed and an array of digital aids will help providers and consumers keep up to date with the latest trends.

In our third issue of Megatrends in European Real Estate, we look at the increasing cross-over between work and leisure, the impact technological developments will have on our leisure time, and, how diet and health will be influencing our leisure choices. ■

“ Our leisure and work time will become increasingly intertwined so the leisure industry must create spaces to relax and work ”



Across all demographics, the need for social interaction outside of the home will still apply in 2025



Leisure spaces will adapt to the changing demands of the busy consumer



1. **Experience** and Customer Engagement
2. **Technology** and Concepts
3. **Health** and Wellbeing
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Experience and Customer Engagement

Service is key in delivering the experience

The importance of convenience versus experience increasingly dictates all leisure trips and tuning the offer as required is essential to getting the offer right. Consumers compartmentalise their days seamlessly between work and play; some leisure trips are purely functional, or are at least allotted a fixed time. Running over this time infringes on other activities and is not welcomed.

These issues are not limited to one demographic. We will be working

“ A positive dining experience, whether short and quick or long and leisurely will ensure repeat custom ”

and living longer and older age groups are no longer limited to 'age-appropriate' activities; affluence will determine how we spend our leisure time and on what.

CROSS-OVER BETWEEN LEISURE AND WORK

Higher living costs and increasingly limited leisure time will mean consumers will value dining experiences for their leisure time and strained budgets. Restaurants and bars will continue to be a space of escape, a place to switch off and socialise away from the home or work place.

Leisure time is becoming increasingly intertwined with our working lives. In 2025, working lunches and after work mixers will be increasingly the norm, dining and social spaces will need to offer the escape from the office, yet

maintain a relaxed social environment in which people may continue working.

Consumers will want to stay connected while on their leisure time but in a more relaxed environment so restaurants will market themselves as a place to unwind whilst being a place for social interaction and a productive work environment.

People will increasingly eat two or more meals out of the home daily, but the definition of 'eating out' is changing, with more focus on quick healthy snacks to be served alongside quick sit-down meals. In each case, consumers will be seeking a prompt efficient service so that they can get back to work.

This is not so much leisure time as functional, convenience eating and in this realm there is an increasing demand for



healthy, tasty and ethical choices, over more indulgent leisurely meals reserved for downtime.

IMPORTANCE OF SERVICE

These different kinds of choices have consequences on the way that we want to engage with the offer, hosts and environments.

In F&B (Food and Beverage) locations, ordering and paying on smart phones negates the need to interact with staff, speeds up the experience for the consumer and allows a quicker number of dining covers for restaurants.

In health and fitness we want to have direct access to expert training whether through personnel, classes or specialist apps, or be allowed the solace to work out undisturbed. There has been a shift towards workout formats that consumers design to fit around their lives and time constraints, such as digital devices recording activities, class passes and 'pay as you gym' apps, which allow us the flexibility of when, where and how much we pay to gym.

Ultimately, it does not matter what leisure experience we are having; we want to be made to feel special, demand the best quality at affordable prices and be in the environment that befits the situation. Customers need to be engaged at every level, whether through a 30-second transaction, or a two-hour dining or

theatrical experience. Each of these are key to repeat custom.

SOCIAL INTERACTION

Esports clubs and gaming arenas are designed to facilitate local competitive gaming and cultivate offline relationships. Multiplayer servers and gaming tournaments are ways in which gamers connect and socialise, and moves the experience from the screen to outside the home. By 2025, gaming will no longer be the stereotypical hobby of teenagers and Millennials, we will see more gaming targeted towards Generations X and Z.

The time people choose to spend on non-essential tasks has a positive influence on quality of life and mental wellbeing. The basic need for social interaction will be as much part of our culture in 2025 as it is today, whether interaction is through social media or in person. ■



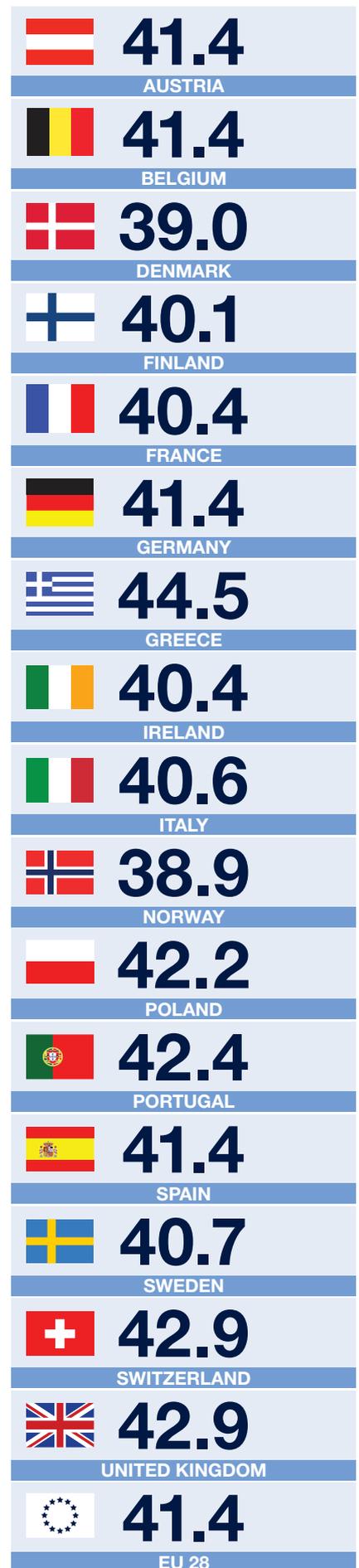
7 million

people employed in the food and beverage services industry in the EU-28

▼ Restaurants and bars will continue to be a place of escape



FIG 1: Hours worked per week of full time employment (2015)



Source: Eurostat

Technology and Concepts

The application of new technologies is central to attracting and retaining customers and staying ahead of the competition

By 2025, technology will have continued to be intrinsic to all aspects of our lives, be it work or leisure, solo or social. As such, the importance to the leisure industry in providing exciting and engaging experiences will have seen a large array of experimental concepts appear and disappear in their attempts to draw the consumer from their personal devices, or to interact with them. While technology has been largely responsible for creating a more insular society, with more people connected to an online network of people than in their direct physical communities, it has also provided the opportunity to draw people together into more tangible leisure experiences.

The developments will affect the different generations in different ways. Baby Boomers will be the most traditional in terms of their outlook for leisure experiences and will be less likely to embrace new concepts.

Generation Z on the other hand, will not recall a time when many of the technology developments were not already available and will therefore engage seamlessly with new themes and ideas. Generation X and Y, will be the most time poor, will have more leisure experiences geared towards the family, but will also fully embrace technology where it enhances the convenience of the experience, or allows a more immersive escape, within a specific allocated time period.

RESTAURANTS

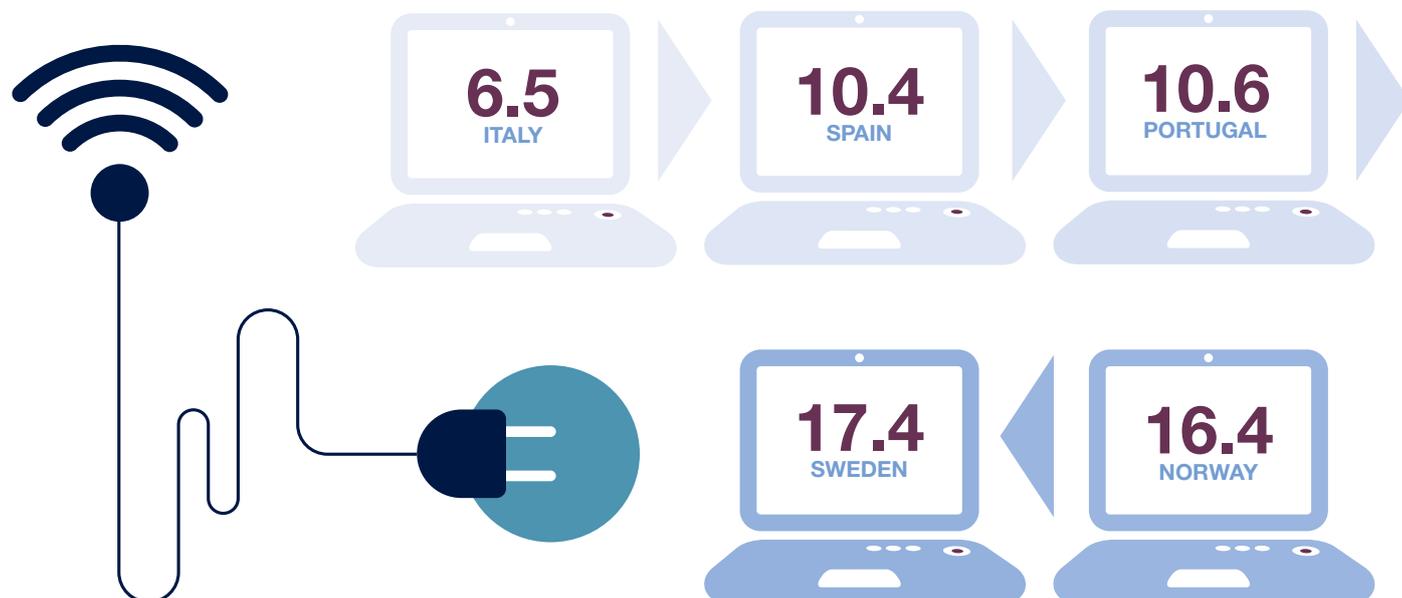
Technology will be the driving force behind the success of restaurant and bars, be it through marketing, service, payments, or even the food we eat. Convenience for the time-poor consumer continues to be a key driver behind customer satisfaction and it will become increasingly important for F&B operators to know what kind of experience the customer wants at a particular time. Restaurants and bars will have vast digital

knowledge to monitor customers' dining preferences and habits and send offers, menu updates and targeted advertising to customers' mobiles.

The surge in meal delivery services will no longer be a new phenomenon. The concept will have adjusted to become more efficient for operators and a normal and expected service for diners. Restaurants will have sorted out their kitchen space to meet the demands of in/out diners, and their restaurant space to ensure that the ambiance is not adversely affected by the flow of delivery drivers.

Just as the Deliveroo concept already allows customers to track the location of their take-away order, restaurants will be able to track the location of their customers. Diners will be able to order their meal choice via the restaurant app while at home, or at work. The meal will be ready when the customer arrives, with

FIG 2: Average connection speed MB/s



Source: Akamai Technologies

the food preferences already known to the restaurant, reducing waiting time and need for service interaction.

Technology will enhance the experience for diners and operators alike, for whom efficiency is paramount. The time-sensitive customer will be able to enjoy a dining experience in or out of the home or in the workplace, and the restaurant will have a higher turnover of customers.

Technology will be changing what we eat. The first 3D restaurant opened in London in 2016 and by 2025 3D-printed food will start to feature in restaurants across Europe. Initially met with scepticism by consumers who are still fiercely proud of their local home-grown gastronomy, or suspicious of synthetic food, 3D-printed food will be appearing in niche restaurants across capital cities.

Conversely, we predict that some consumers by 2025, already accustomed to being connected 24/7 and to whom the novelty of paying by tablet or watch will have worn off, will seek spaces to disconnect from the online world.

Diners will seek locations where they can rewind, so restaurants will become a sanctuary away from the online world where socialising with their peers takes precedence over being connected to WIFI. Some restaurants will advertise themselves as a place to disconnect, unwind and have a waiter recommend a suitable dish as opposed to preferences being stored on a tablet. →



→ HEALTH & FITNESS

Technology from the latest fitness apps to wearable technology monitoring the numbers of steps taken, calories burned and hours slept, by now a decade old, will still influence how we exercise in 2025. In parallel, fitness providers will be better informed of our exercise preferences so will be able to cater classes and promotional offers to the client.

The fitness market is as dynamic as ever in its choice of classes, either embracing or shunning the need for specialist technology and property. Virtual reality spinning classes allow enthusiasts to cycle stages of the Tour de France in real time with their heroes and swimming machines negate the need for large pool facilities, yet take up of other

activities such as parkour (free running), climbing and outdoor fitness classes share existing leisure facilities, or negate the need for specialist property.

CINEMAS

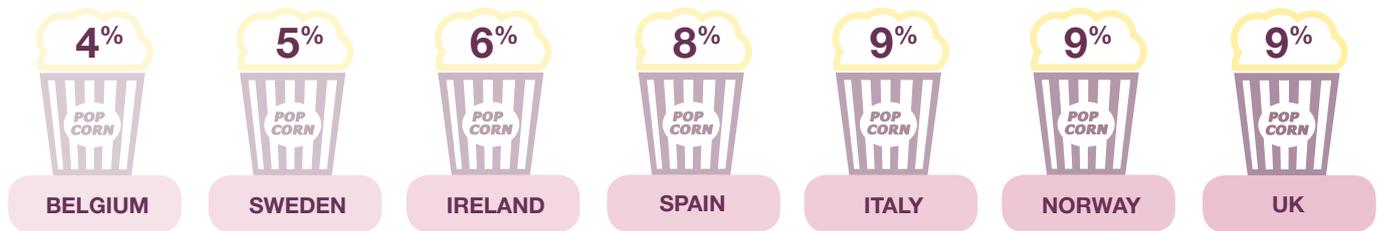
Cinemas have proven to be consistently resilient to economic challenges and technological advancement. While sound and audio experiences achievable in the home and in the palm have improved beyond measure, they still fall short in their ability to replicate the quality of the full cinematic experience. Certainly, the costs of doing so remain out of reach of the average household across the continent.

The main challenges to the cinema market have not been so much the

technological advancement of personal devices in the last decade, which are already advanced today with people flipping seamlessly between tablets, phone and TV. Instead, it is the range of new streaming services and speed of data transfer. In 2025, there remains a significant gap in broadband and 3/4G speeds across the region.

Cinema attendance will have seen the strongest growth in Central and Eastern Europe with more multi-screen cinemas opening and international films appealing to the young, multi-lingual cinema goers, while the more established markets will try and test various concepts so by 2025 cinemas will still be a go-to place for film buffs.

FIG 3: Cinema attendance 2015 yoy attendance increase



Source: The International Union of Cinemas (UNIC)

Cinemas have proven to be resilient to economic challenges

We will be asking more of our cinematic experience, either through multisensory connections with the film we're watching (4D technology), in seat dining, or massage chairs, each designed to improve the quality and efficiency of the time spent.

VIRTUAL REALITY AND GAMING

Virtual reality (VR) has made progress into the consumer sphere since PlayStation launched its headset in 2016. The technology is more affordable and software developers have created a myriad of apps that reach us into the virtual world whether at work, or at leisure.

VR is not just an immersive technology that allows us to be increasingly disconnected with real world

experiences; in many cases it will provide the catalyst for consumers to re-engage.

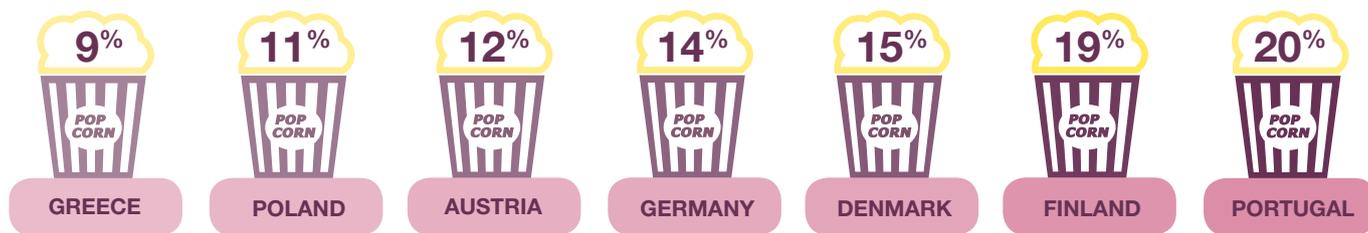
Restaurants will incorporate the VR into the dining experience. Customers will order their food via the restaurant app and then use the headset to choose a location, lighting and music to complement their choice of meal and stimulate the senses.

The headset can create a sense of solitude with diners able to choose to see only the people at their table so they can enjoy a temporary escape from the fast-paced life around them. Children will be kept entertained with headsets so that parents can enjoy a meal together while the children are kept occupied.

Yet, VR is more than just headsets, it is about providing real-life experiences in a convenient and secure environment, with plenty of more low tech examples of immersive experiences on offer.

Destination leisure schemes, such as Koezio and Escape Rooms, combine VR with interactive physical and mental challenges, where groups are placed into a challenge environment and have a set time in which to complete a mission.

Physical game arenas bring gamers together to compete in tournaments and develop new ideas in a more social environment. VR developments in the leisure sector will reach out to play a more significant role in retail and education. ■



9.6%
the increase in box
office revenue across
Europe in 2015

Consumers will have an array of options to choose from

Health and Wellbeing

The joint benefits of eating well and exercising effectively will remain high on consumers' agenda

FOOD AND BEVERAGE

In 2025, food and service choices across Europe will have become polarised between healthy eating and indulgent eating. Consumers will follow the American trend of spending more money in restaurants than on their weekly food shop thanks to cheap, fast and healthy food choices in a sociable location.

Dining trends from across the globe will be making the crossover into Europe faster than previous decades with new concepts and food fusions being shared on social media and tried by adventurous brand aware consumers.

Street food has moved from being a fad concept promoting fresh, tasty and healthy snacks, to a myriad of locations in every city offering a range of kitchens under one roof, and groups of diners being able to cherry pick from a range of food choices and eat at communal tables.

Global food trends and culinary styles have continued to spread across the continent, with brands becoming more internationally focussed than in previous

“ Despite the increase in healthy dining, consumers will still be looking for the occasional indulgence ”

decades in order to meet investor demands for growth.

One of the overriding trends of the last decade is that quick convenient food needs to be healthier and of better quality. Healthiness is more important for the convenience than the experiential trip, where indulgence often allows us to ignore our usual instincts on the health and environmental impact of food. However, quality is key throughout. With two or more meals being eaten out of the house each day there is more reluctance to compromise on the quality.

Healthy fast food establishments will increase in number as customers demand alternative styles, tastes and allergies and fads, so restaurants will need to cater towards specific dietary requirements, whether it be gluten free, vegan or catering for the increasing trend towards 'flexitarianism'. As the location of the produce is offered at the click of a button, restaurants will want to entice the environmentally aware who will look for locally farmed produce when dining out.

The number of vegans in the UK has risen by 350% over the past decade, driven by the environmentally and ethically conscious Millennials. The most vegan friendly cities are currently found in Berlin, London and Warsaw, and by 2025 more businesses across Europe will be tapping into this growing trend by offering more vegan dining choices.

Flexitarianism, the idea that people restrict their diet most of the time (such as from meat/dairy), but indulge on occasion, is an increasing consumer trait. In 2016, an MCA survey reported that people describing themselves as flexitarian increased to 10%, from 7% in 2011. This is expected to increase to above 15% by 2025. This fits with the notion that people have an increasing preference for fresh and healthy food for smaller regular meals, but are likely to demonstrate a vastly different trait on special occasions.

For indulgent meals, the usual health consciousness gets put aside. Pizza and pasta remain the most popular dining choice across the region, while meat and deserts both feature heavily in the importance of many dining concepts. Time is less critical, service is key, and quality of experience, environment and food are highly desired.



Pizza and pasta remain the most popular dining choice across the region





80m

Number of gym memberships across Europe by 2025

However, rising food prices are likely to put pressure on the availability of the highest quality food for all demographic groups, and while the socially aware will be advertising their latest health purchases on social media, low cost fast food outlets will not be lacking customers. Low cost burger restaurants will still be a go-to for consumers looking for cheap, fast comfort food when budgets are tight. Whilst Generation Z may not be advertising their unhealthy eating purchases, the well-informed youth will still enjoy the indulgence of a calorific burger as much as Generations X and Y.

Social media and ease of travel make access to new dining styles and food groups more accessible so restaurants will need to keep on top of the latest food trends and diets and adapt their menus accordingly. Generation Z will have a wider variety of food choices, be better informed regarding the origins and sustainability



Two or more meals being eaten out per week

thanks to social media, and, very few food types will be unknown to savvy Generation Z who will be accustomed to having the choice of cuisine from all over the world only a click and delivery away.

HEALTH AND FITNESS

Health trends have cemented the need for keeping fit in the psyche of consumers and while people are exercising at home through apps and fitness downloads, gyms are still luring people away.

The importance of gyms, even in times of economic difficulty, was demonstrated following the financial crisis of 2008, with gym numbers remaining stable before growing rapidly from 2011 onwards.

Membership in the UK alone grew by 2 million (30%) between 2007-2016, and Europe Active anticipate that by 2025 there will be 80 million members of health and fitness centres across the



€25bn revenue from gym memberships across Europe

region. Mobile phone and broadband have long made consumers accustomed to subscription services and like other regular payments, they consider the cost of fitness as another form of essential utility.

A range of price-points and payment options has allowed greater flexibility of choice and instead of being tied to one brand consumers can 'pay-as-you-gym', or block book different activities with different specialist operators in order to customise their regime.

Fitness centres will attempt to stand out from the competition by being the first to offer the latest fitness craze to the consumer, and by 2025. We will see more gyms specialising in one type of activity as opposed to the conventional fitness equipment and classes.

The latest fitness trends will tempt consumers to pay a premium to try a new and fun way to keep active and we will see more niche gyms catering towards those who want the workout experience and those who will look for spiritual recharge.

Trampoline parks and climbing centres will merge with concepts such as cross-fit and vertical fitness, merging the distinction between fitness class and hobby. Higher participation rates and new formats are allowing smaller footprint gyms to take space in smaller trading locations. ■

MEGATRENDS

in leisure

How will the leisure industry retain consumer loyalty in 2025?

In 2025, our work and social lives will have become even more intertwined. However, restaurants will continue to be a place to switch off, work or socialise in space out of the home or workplace.

Quality will be key in attracting and retaining customers at all price points, since consumers will have a multitude of dining options. Some customers will be better informed as to the origins of the food served at restaurants and increasing numbers will not frequent establishments that do not source local, fresh and environmentally friendly produce.

Restaurants and bars can prolong visitor stay in shopping malls, and when they enhance the 'aspiration experience' with high quality F&B offer they can also increase traffic. Landlords are already recognising this customer need for innovative concepts, healthy food, and new restaurant and coffee concepts and they are expanding the share of F&B in the retail and leisure offer of their shopping centres.

Multiplex cinemas will continue to expand across Europe. The locations of cinemas will remain unchanged, yet cinema providers will be investing more into the refurbishment and upgrade of the cinema to create a luxury experience the cinema goer could not get at home.

New technological ideas and concepts will be adopted with ease across the generations where the convenience of technology will enhance our leisure experience. Out-of-home leisure offers will have to work harder to compete on experience with in-home offers.

The fitness market will remain as vibrant as ever and will prove to withstand times of economic difficulty. New fitness trends, proximity to the gym and variety of classes and equipment will tempt fitness enthusiasts to forgo the home workout and frequent classes. More fitness classes will be opening in central locations to accommodate the demands of the busy consumer. ■

▼ The fitness market will remain as vibrant as ever



Savills Research team:
please contact us for
further information



Alice Marwick
European Research
+44 (0) 20 7016 3833
amarwick@savills.com



Tom Whittington
Retail Research
+44 (0) 161 244 7779
twhittington@savills.com



Eri Mitsostergiou
European Research
+40 (0) 728 205 626
emitso@savills.com



Lydia Brissy
European Research
+33 (0) 1 44 51 73 88
lbrissy@savills.com



David Bell
Head of UK Leisure
+44 (0) 20 7877 4516
dbell@savills.com

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