savills

SPOTLIGHT

UK LEISURE MARKET 2026

RETAIL & LEISURE – UK – MARCH 2026

KEY TRENDS INCLUDE

CONSUMER TRENDS: Leisure spending defies gravity despite economic headwinds

OCCUPATIONAL TRENDS: Gym memberships reach record levels; cinema performance strengthens and what is next for competitive socialising ?

MULTI-LET LEISURE INVESTMENT: Opportunities for investors to maximise returns with correct strategy

RESEARCH

KEY STATS

3.0%	25bps	-16.0	+6.0
CPI JANUARY 2025	DECEMBER INTEREST RATE REDUCTION	CONSUMER CONFIDENCE INDEX	PERSONAL FINANCES NEXT 12 MONTHS

"January 2026 marks ten years since UK consumer confidence was last in positive territory."

KEY TAKEAWAYS

01

Easing inflation and falling interest rates are offering some relief, but prolonged cost pressures continue to shape how consumers engage with leisure.

02

Consumer confidence shows brief improvements, yet overall sentiment remains fragile, driving a mix of value-conscious everyday spending and selective discretionary treats.

03

Leisure operators face mounting operational challenges—from rising wages and tax changes to global cost volatility—intensifying pressure on margins and employment.

04

Despite economic headwinds, leisure spending remains surprisingly strong, with restaurant and entertainment demand consistently outperforming long-term benchmarks.

UK leisure consumer trends

Sam Arrowsmith

Director – Commercial Research

Inflation pressures reshape leisure engagement

The UK leisure market continues to face a complex and fast-shifting environment, shaped by persistent economic pressures, fiscal policy changes, and evolving consumer behaviour. While inflation has eased considerably since its post-pandemic peak, it remained above the Bank of England's 2.0% target through 2025 and into early 2026. By December, CPI stood at 3.4% while CPIH reached 3.6%; however, January 2026 brought a clearer sign of progress, with CPIH falling to 3.2% and CPI dropping to 3.0%, driven by lower transport and food prices. This renewed easing has provided some relief to household budgets, although the cumulative effect of prolonged price pressures may continue to influence leisure engagement. In response to weakening economic momentum, the Bank of England cut interest rates four times during 2025, bringing the base rate to 3.75% by December. These reductions sought to prevent the UK economy from slipping into recession, though consumer confidence continued to fluctuate in line with changes in inflation, interest rate decisions, and broader signals from government fiscal policy.

Confidence gains highlight emerging signs of resilience

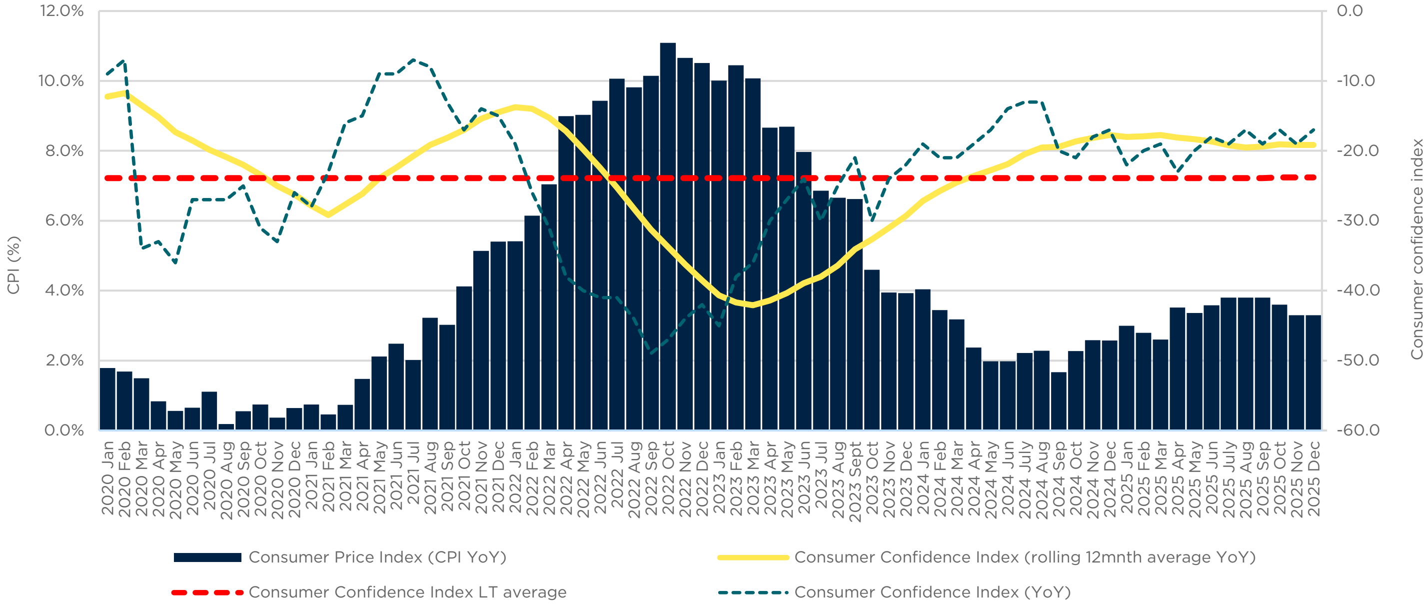
Despite these pressures, there were brief signs of improving sentiment. In December 2025, the GfK Consumer Confidence Index rose two points to -17, driven largely by improved sentiment around major purchases ahead of the festive trading period. But this short-term uplift masked longer-term fragility. January 2026 marked ten years since consumer confidence was last in positive territory, with the index remaining firmly in territory negative at -16. While personal finance expectations strengthened - reflected in a +6 reading for expected finances over the next year - confidence in the general economic outlook continued to deteriorate. This divergence highlights a wider behavioural pattern in the leisure economy; consumers feel increasingly confident in managing their own budgets yet remain sceptical about the broader economic environment. The result is a split between cautious, value-driven everyday spending and selective, occasional discretionary leisure purchasing when confidence temporarily lifts.

Consumers tighten essentials but protect selective treats

These contrasting behaviours are evident in Barclaycard consumer spending patterns. Across 2025, essential spending fell by 1.5%, with transactions down 2.2% as households reduced supermarket visits, traded down to cheaper lines, and cut

> "Consumers feel increasingly confident in managing their own budgets yet remain sceptical about the broader economic environment.
>
> **Sam Arrowsmith – Commercial Research Director**"

Consumer confidence continues to fluctuate in line with changes in inflation



Source: Savills Research; ONS; GfK

impulsive purchases. In contrast, non-essential spending grew by 1.5%, led notably by categories linked to wellbeing and selective indulgence. This included strong appetite for leisure-adjacent sectors such as health and beauty, and more frequent yet lower-value clothing purchases. This dynamic carried through into the leisure sector itself. However, Barclaycard data for 2025 shows that while sales across all leisure and food-and-beverage sub-categories increased, transactions fell in many areas. This suggests that growth has been inflation-driven rather than volume-led, reflecting rising operating costs for leisure operators - including higher wages, energy costs, business rates, and food input costs.

Operators adapt workforce models amid a changing cost landscape

Leisure businesses have been particularly hard hit by fiscal changes and escalating wage bills. The Chancellor's decision to raise employer National Insurance Contributions from 13.8% to 15% and lower the threshold to £5,000 has materially increased staffing costs. This pressure has been amplified by a 6.7% rise in the National Minimum Wage, now £12.21 per hour for those aged 21 and over - especially challenging for a sector heavily reliant on hourly staff and seasonal workers. These pressures are now reflected clearly in labour market data; employment across retail and leisure fell to 2.78 million in 2025, the lowest level on record and a decline of 97,000 jobs in a single year. Hospitality has been disproportionately affected. UKHospitality estimates more than 84,000 job losses across pubs, clubs and restaurants since the Spring Budget of 2024, driven by a £3.4 billion increase in operating costs, with forecasts suggesting losses could rise to 111,000 by early 2026 without policy intervention.

+6.7%

NATIONAL LIVING WAGE

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Global uncertainty heightens cost volatility for operators

Alongside domestic challenges, global factors have continued to increase operating risk and cost exposure. Renewed tariffs introduced under President Trump, ongoing conflicts in Russia and the Middle East, and heightened currency volatility have all raised input costs for leisure businesses dependent on international supply chains. Tariffs are driving up prices for imported food, beverages, equipment and technology, while currency fluctuations complicate procurement and pricing strategies for operators whose supply chains extend overseas.

Recent escalations in Iran - including U.S.-Israeli military strikes and Iran's retaliatory attacks across the region - have further destabilised the Middle East, a critical global energy corridor. This surge in geopolitical risk has intensified concerns around oil supply disruptions, increased war-risk premiums for shipping, and raised the likelihood of fuel and utility cost spikes

for operators.

Conflict-related instability in global energy markets is pushing fuel and utility prices higher, placing further pressure on energy-intensive leisure venues such as restaurants, theatres, gyms, and live event spaces. As these pressures accumulate, rising prices and ongoing economic uncertainty risk dampening leisure demand, especially in mid-market categories.

Business rate reform; will it help or hinder?

The UK's latest business rates reform - announced by Chancellor Rachel Reeves - is set to reshape how commercial properties are taxed, with major implications for retailers, high street businesses and most significantly, hospitality venues, restaurants, entertainment spaces, and other leisure businesses.

The overhaul, due to take effect from April 2026, introduces a higher surcharge of 'up to' 20% on large commercial properties with a rateable value above £500,000 - expected to add £600 million in tax burden to major retail and leisure operators.

This could directly impact major cinema chains with large floorplates, for which the change could further erode margins - especially in a sector already grappling with fluctuating attendance, rising energy bills, and competitive pressure from streaming services. To offset these costs, operators may be forced to raise ticket prices, reduce staffing, scale back investment in refurbishments or new technologies or even reconsider the viability of underperforming sites.

Conversely, the reform will introduce lower rates for smaller businesses - essentially the higher surcharge on larger properties will fund the relief of 'up to' 40% to be given to any occupied retail, hospitality or leisure (RHL) property with a rateable value below £51,000. These venues will benefit from permanently reduced multipliers, designed to ease financial pressure on independent operators and high street establishments such as restaurants, cafés, pubs, and small entertainment venues.

However, the interim changes for the 2025–26 financial year have reduced RHL relief from 75% to 40%, leaving many restaurants, F&B operators, small hospitality and entertainment businesses facing steep rate increases and heightened financial pressure in the meantime.

Government concessions for pubs — targeted relief amid rising pressure

In response to mounting sector-wide concern, the government has introduced a dedicated support package for pubs, offering a 15% reduction in business rates bills from April 2026, followed by a real-terms freeze for a further two years. This concession is expected to save the average pub around £1,650 in 2026–27, with roughly 75% of pubs seeing their bills fall or remain unchanged.

While widely welcomed by pub operators, industry bodies have emphasised that this support is highly targeted and does not extend to the wider hospitality sector. Restaurants, hotels, cafés, night-time venues and other leisure operators - many of which are facing similar cost pressures from wage rises, insurance inflation, utilities and supply chain volatility - have warned they are being left behind. Some non-pub hospitality firms are facing rate increases of more than 50% as relief tapers off, prompting renewed calls for broader, sector-wide support.

Phasing in the impact: how transitional relief aims to protect operators

However, one important - but often overlooked - part of the reform package is the introduction of a £3.2 billion Transitional Relief scheme, which will cap the annual increase in business rates bills for properties whose rateable values rise significantly after the 2026 revaluation. This is particularly relevant for leisure businesses, many of which occupy

£600m

LARGE RETAIL AND LEISURE OPERATORS ARE EXPECTED TO FACE ADDITIONAL BUSINESS-RATES LIABILITIES FROM APRIL.

£3.2bn

TRANSITIONAL RELIEF SUPPORT SCHEME WILL CAP INCREASES FOR BUSINESSES WITH SIGNIFICANT RATEABLE VALUE RISES

properties whose rental values have rebounded post-pandemic, creating the potential for sudden and sharp bill increases.

Under this scheme, annual increases in business rates bills will be capped according to a property's rateable value, meaning smaller properties with values up to £20,000 (£28,000 in London) will see rises limited to 5% in 2026–27 before gradually increasing in subsequent years, medium-sized properties between £20,001 and £100,000 will face a 15% cap in the first year with higher limits thereafter, and larger properties above £100,000 will have increases restricted to 30% in 2026–27 with further controlled rises over the following years.

This means that even where a leisure operator faces a steep valuation jump in 2026, the increase in their bill will be phased in rather than applied immediately – the government suggests this will act as a crucial buffer for cinemas, gyms, theatres, hotels, and visitor attractions already operating on tight margins.

Supporting small business scheme extension

A further layer of protection comes from the expanded Supporting Small Business (SSB) scheme, worth over £500 million. This scheme prevents sharp jumps for small businesses that lose small business rates relief due to revaluation changes, and it has been extended to include businesses that previously qualified for RHL relief. This is especially important for independent pubs, cafés, boutique studios, and small leisure venues transitioning into the new, permanent tax structure.

Together, Transitional Relief and the SSB scheme are said to form a significant safety net that softens the immediate financial shock of the new system - even if they don't eliminate the underlying pressures.

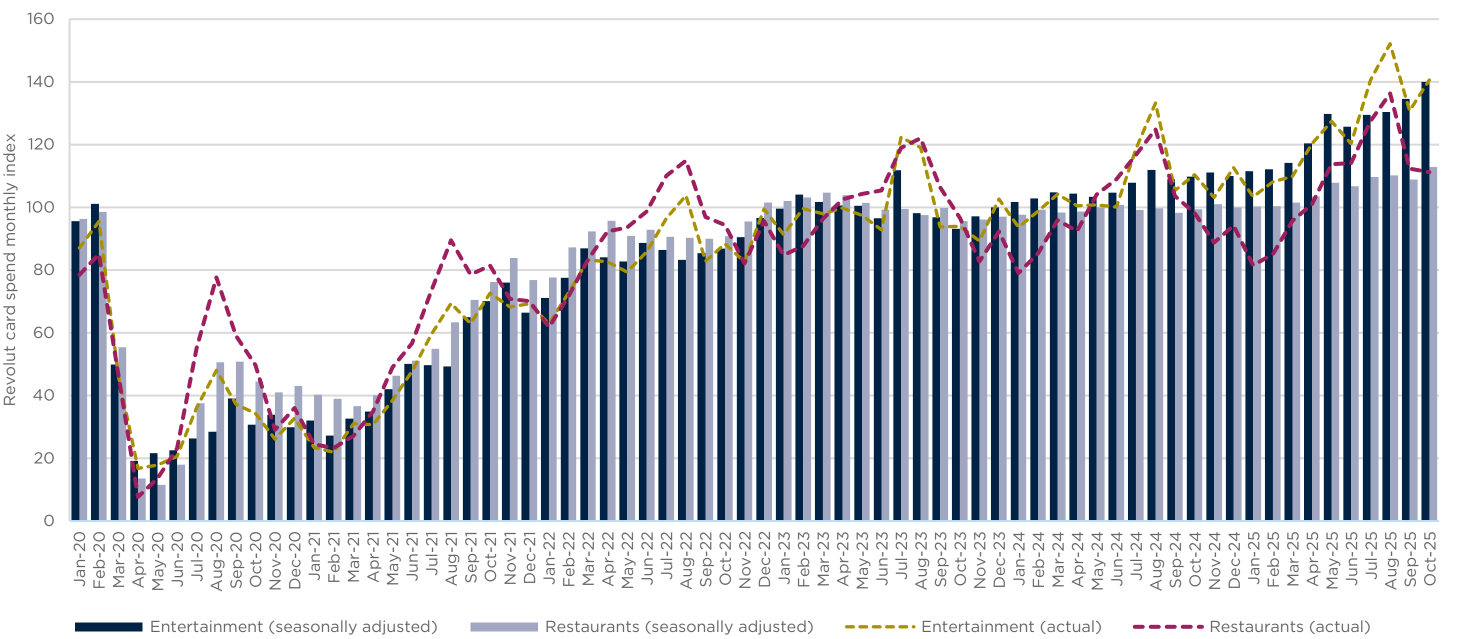
Continued industry concern

Although the reforms aim to rebalance the tax system, industry groups - including the British Retail Consortium and leading operators such as M&S and Tesco - have warned that these changes could accelerate venue closures, discourage investment, and shift costs onto consumers as businesses try to absorb the new tax burden. Many retail and leisure leaders are calling for their sectors to be excluded from the higher business rates multiplier entirely, arguing that the proposed reform risks undermining high street recovery just as trading conditions begin to stabilise.

Nevertheless, both large chains and independent leisure operators are re-evaluating operations amid rising costs and shrinking margins. Smaller venues are contending with increased overheads following the reduction in rates relief, while larger groups anticipate passing on tax costs through price hikes when the reforms take hold in Q2 next year.

The Centre for Retail Research (CRR) forecasts over 17,000 stores closed in 2025, around 14,000 of which were independent businesses - many in hospitality and leisure. Meanwhile, a recent BRC survey found that two-thirds of CEOs plan to raise prices in the coming months, citing rising employment and tax costs - creating risks for inflation and casting uncertainty over the recovery trajectory for the high street and the wider leisure economy.

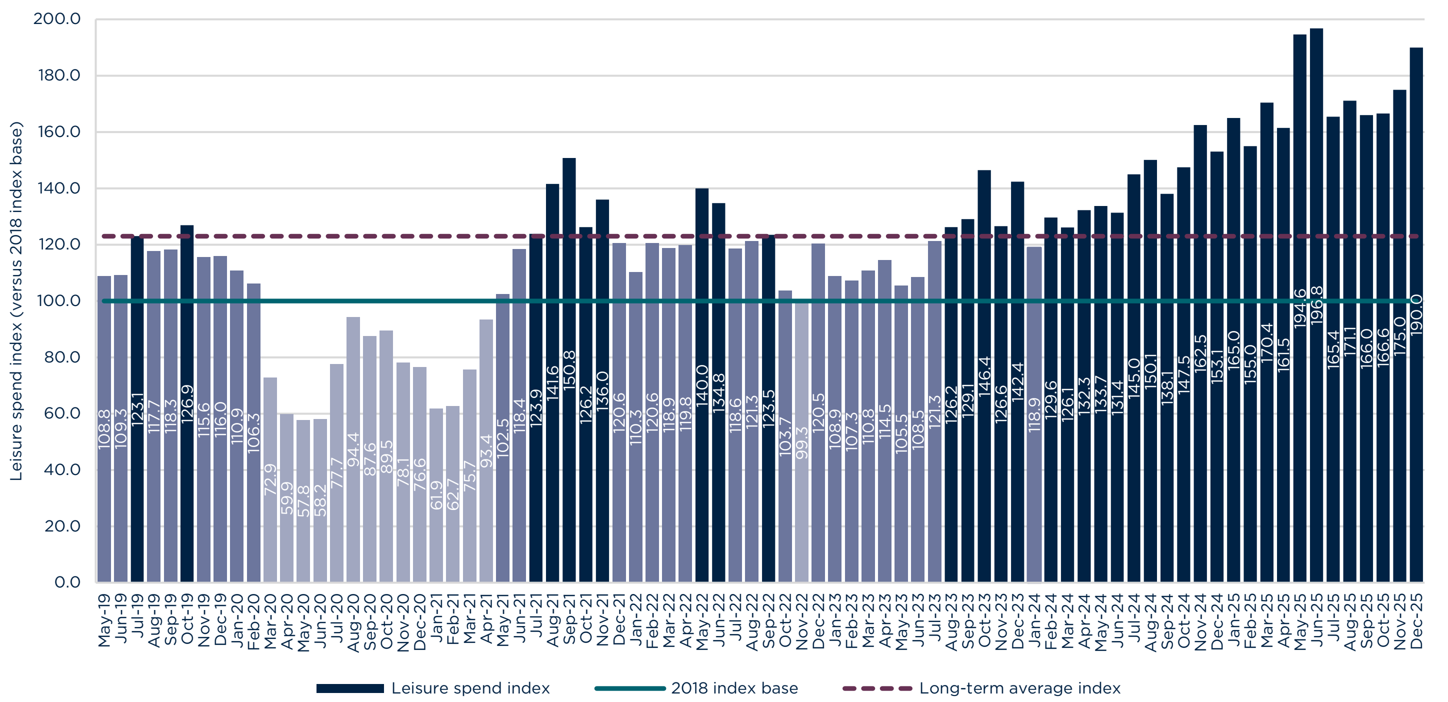
Revolut – UK monthly card spending by leisure sector



- Index: 100 = 2023 average
- Entertainment: includes spending on entertainment services, such as live events, ticketed events, sporting events, cinemas, membership clubs, tourist attractions, and home entertainment (e.g. gaming and online streaming platforms).
- Restaurants: includes spending on restaurants, pubs, take-aways and nightclubs.

Source: Savills Research; Revolut

GlobalData's UK leisure spend index



Source: Savills Research; GlobalData

Leisure spending defies gravity despite economic headwinds

Given the prevailing economic uncertainty and the pressure it has placed on both leisure operators and the UK consumer, it would be reasonable to assume that leisure spending has remained subdued for an extended period.

However, several key indicators in the leisure spend market suggest a more optimistic picture. Revolut's monthly card spend data for leisure has consistently over-indexed relative to the 2023 average, pointing to a sustained period of consumer engagement. Restaurant spending (actual), unsurprisingly peaked during the summer, reaching an index score of 127 in July-27% above the 2023 baseline.

Notably, seasonally adjusted restaurant spend has also remained elevated, having done so since January 2025, indicating that this trend reflects more than just typical seasonal behaviour. Seasonal adjustment removes the influence of predictable patterns - such as holidays, weather changes, and school terms - allowing for a clearer view of underlying consumer trends. This sustained overperformance suggests a structural shift in leisure demand rather than a temporary upswing.

Entertainment spend - which encompasses services such as live and ticketed events, sporting fixtures, cinemas, membership clubs, tourist attractions, and home entertainment - has shown even stronger performance. Seasonally adjusted figures have grown throughout 2025 peaking in October, reaching 40% above the baseline, and have consistently remained above the 2023 average since December of that year. This sustained elevation suggests a robust and enduring appetite for entertainment experiences, extending beyond seasonal fluctuations.

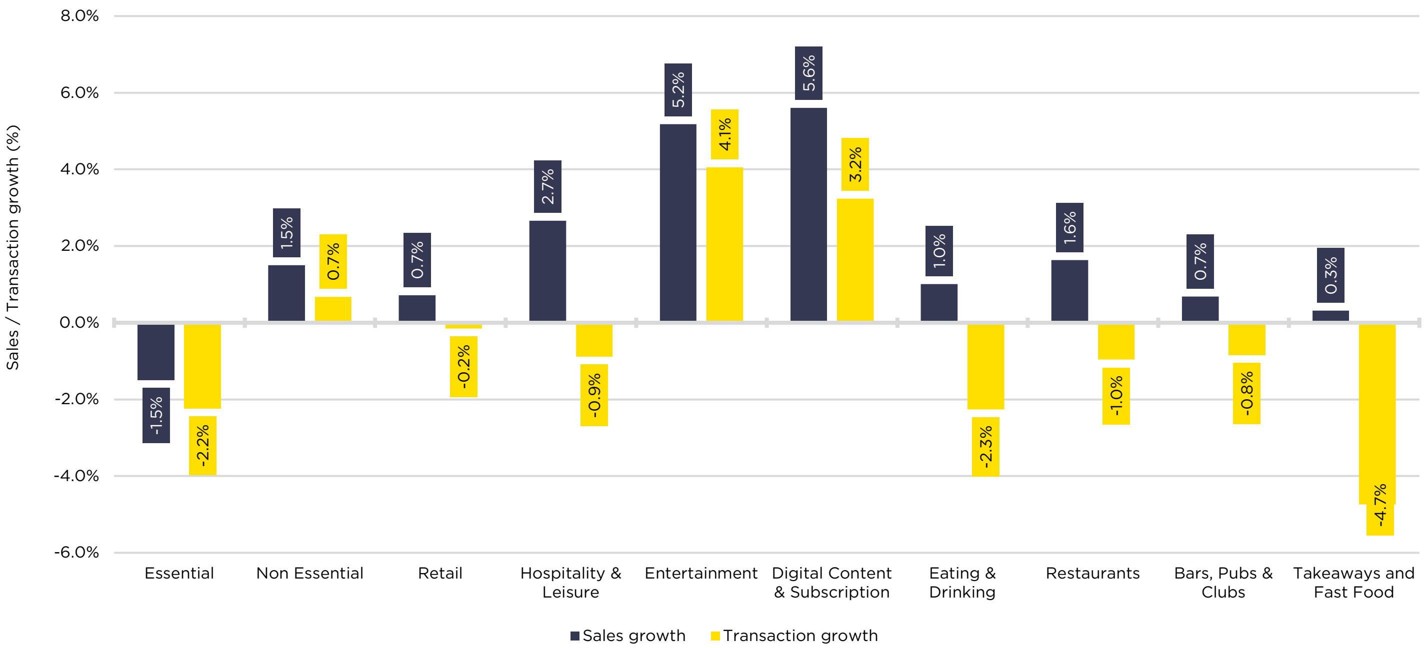
GlobalData's monthly survey of 2,000 consumers - conducted among a demographically and geographically representative sample - reinforces the trends observed in Revolut's card spend index. As illustrated in the chart above, consumer expenditure on leisure activities has remained consistently elevated. Since November 2022, spending has tracked above the August 2018 index baseline, with a notable acceleration from July 2023 onward, where it has sustained levels at least 20% above the long-term average. The most recent data for December 2025 places leisure spend at 90.0% above the 2018 baseline, underscoring the strength and persistence of consumer demand in the sector.

Selective indulgence and at home substitution redefine leisure choices

The Barclaycard's detailed subcategory data does add some nuance, however. Hospitality and leisure spending grew at an average monthly rate of 2.7% across 2025, while transaction volumes declined by 0.9%, reflecting higher spend per visit rather than increasing frequency. Digital Content & Subscription and broader Entertainment spending - including streaming services, gaming, live events, cinema visits, membership clubs and tourist attractions - recorded robust sales growth of 5.6% alongside a 3.2% rise in transactions, signalling both deepening engagement and higher spend per transaction. Restaurant sales increased by 1.6% even as transactions fell by 1%, indicating stable footfall but higher average spend - likely driven by menu price inflation and strategic upselling. Pubs, bars, clubs and takeaway operators showed a similar pattern of rising sales but declining transaction volumes, suggesting that consumers are visiting these venues less frequently but spending more when they do, or consolidating more casual, frequent outings into occasional premium experiences.

> This dual behaviour - frugality in routine choices paired with willingness to invest in high value experiences - has become one of the defining shifts currently shaping the leisure economy.
>
> **Sam Arrowsmith – Commercial Research Director**

Barclaycard sales versus transaction growth - monthly averages for 2025



Source: Savills Research; Barclaycard

These patterns reflect a wider polarisation in leisure spending as consumers adapt to cost pressures. Many households are reducing the frequency of eating out - yet when they do, they are spending more per occasion, influenced by inflation but also by a desire to make each visit feel worthwhile. At the same time, consumers are turning to cheaper at home entertainment through subscriptions and digital content, while still treating themselves to more expensive leisure experiences such as concerts, live events and cinema trips. This dual behaviour - frugality in routine choices paired with willingness to invest in high value experiences - has become one of the defining shifts currently shaping the leisure economy.

Is the juxtaposition between consumer economic headwinds and leisure engagement sustainable?

Despite mounting financial pressures on households and rising operational costs for businesses, UK leisure spending has remained unexpectedly resilient throughout 2025. This trend reflects a behavioural shift among consumers who increasingly prioritise experiences - such as dining out, travel, and entertainment - for their emotional and psychological value. After years of pandemic-related restrictions and economic uncertainty, leisure activities are now viewed as essential outlets for wellbeing and escapism, even as broader financial constraints persist.

Pent-up demand continues to play a significant role. Many consumers are still catching up on missed holidays, events, and social outings, with leisure habits becoming deeply ingrained once again.

In some cases, households are maintaining these activities by relying on credit or dipping into savings, despite rising living costs. This dynamic has created a "two-speed" leisure economy: while lower-income groups are feeling the strain, middle- and higher-income households retain discretionary spending power. As a result, premium experiences remain in demand, while budget-conscious consumers seek value-driven alternatives.

Another contributing factor is the substitution effect. As consumers cut back on larger financial commitments - such as home improvements or big-ticket purchases -they continue to spend on smaller, more frequent leisure activities. A weekend getaway or a meal out feels more manageable and emotionally rewarding than long-term investments, making leisure spending a relatively protected category in household budgets.

However, elevated leisure spending is not without risk. Persistent inflation, uncertain interest rate trajectories, further tax changes in the Spring Budget, and ongoing geopolitical instability could quickly dampen consumer sentiment. The leisure sector must prepare for uneven demand; flexibility in pricing, targeted promotions, and operational agility will be critical to sustaining consumer engagement throughout 2026. Consumer sentiment has improved slightly but remains cautious. GlobalData's survey shows that while 53.8% of consumers expect to reduce leisure spending over the next six months - an improvement from 56.9% at the end of Q3 - only 9.7% expect to spend more. This suggests that although sentiment is improving at the margins, caution remains deeply rooted.

Outlook for 2026: resilience meets structural challenge

Looking ahead, the UK leisure market enters 2026 with a blend of opportunity and uncertainty. Inflation is forecast to ease further, and recent interest rate reductions should gradually improve household spending capacity. Nonetheless, operators will continue to face significant structural pressures from rising wage costs, business rates reform, elevated energy prices, global trade disruptions, and ongoing supply chain volatility. Although consumer appetite for leisure remains culturally and emotionally entrenched - and in many sub-sectors stronger than pre-pandemic levels - the market is likely to experience uneven demand as consumers balance rising costs with their desire for meaningful experiences. Leisure businesses that remain agile in pricing, invest selectively, refine operational efficiency, and enhance the quality and distinctiveness of their offerings will be best positioned to navigate the shifting market landscape. While challenges persist, the sector's resilience through 2025 provides genuine grounds for cautious optimism in the year ahead.

UK occupational leisure market trends

The UK cinema sector

Sam Arrowsmith
Director – Commercial Research

Carlene Hughes
Director – Head of UK - Restaurants & Leisure

Sector performance and resilience

The UK cinema sector demonstrated notable resilience in 2024 and 2025, as operators continued to stabilise following years of disruption. According to the UK Cinema Association, admissions in 2024 rose by 2.3% year-on-year to 126.5 million, representing the strongest growth among major global territories despite a muted first half caused by the knock-on effects of the 2023 US writers' and actors' strikes. This recovery did soften in 2025, with admissions easing back to 123.5 million - a 2.4% decline on the previous year and broadly in line with 2023 levels. Nonetheless, this modest retraction does not negate the underlying resilience of the sector; rather, it reflects the sensitivity of annual admissions to the release slate and competitive pressures, while the industry's operational and financial stability continues to improve.

Structural shifts in entertainment consumption

A central challenge for cinema operators continues to be the lasting shift in entertainment consumption driven by the pandemic. In the UK consumers now hold 155 million active subscriptions across digital platforms. Nearly 88% of adults subscribe to at least one service, spending on average £50.60 per month on digital subscriptions, and 76% report using Netflix weekly, followed by 48% for Amazon Prime Video and 41% for Disney+. These figures underline the degree to which streaming has become embedded in the UK entertainment ecosystem.

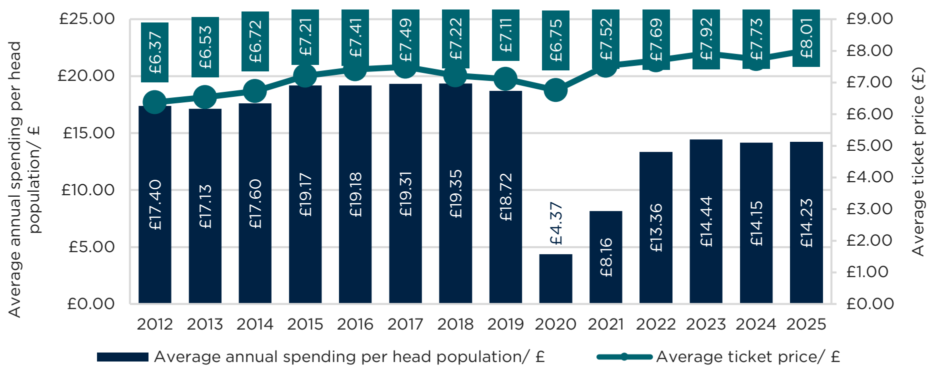
> "Despite headwinds, the 2025 financial performance of the cinema sector points to ongoing recovery.
>
> **Carlene Hughes – Head of UK Restaurants & Leisure**

Expanding competitive pressure across the leisure market

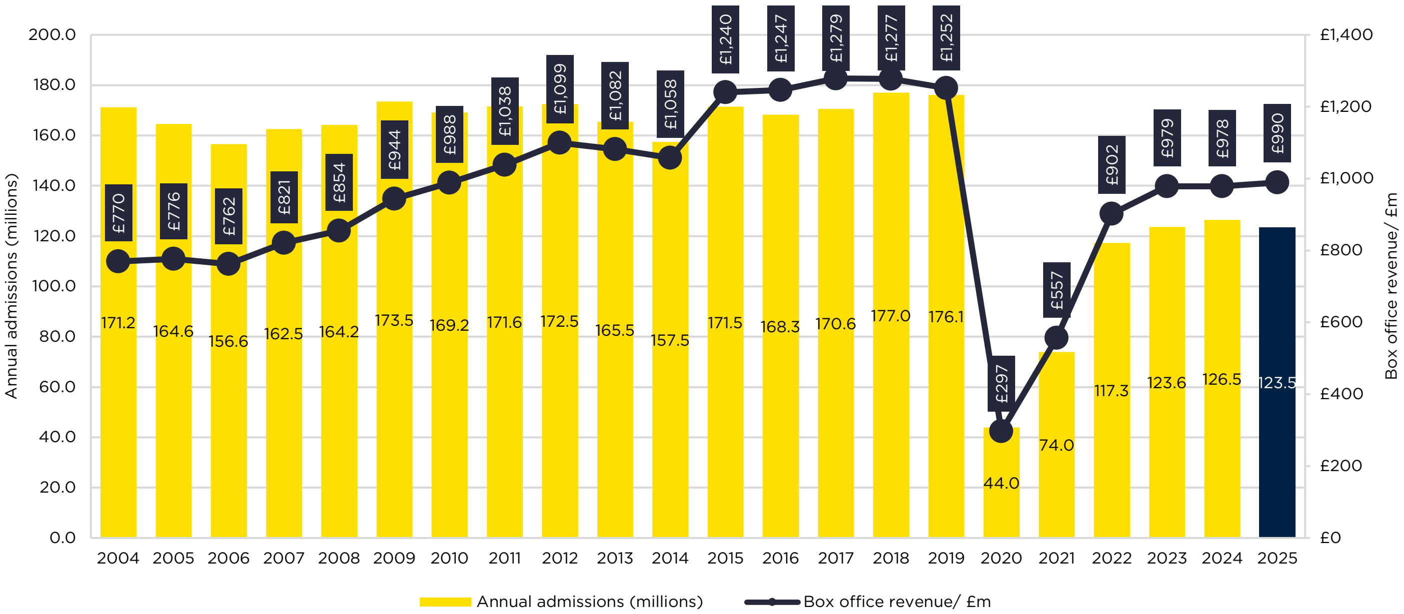
The implications for cinema are significant. Streaming's scale and convenience have reshaped audience expectations around immediacy, choice, and the availability of premium content at home. Increased flexibility around release windows has blurred traditional theatrical exclusivity, and prestige television continues to attract budgets and talent comparable to major films. Competition is no longer limited to home entertainment. High-profile live events such as Taylor Swift's Eras Tour in 2024 and the Oasis reunion tour in 2025 - both commanding ticket prices in the hundreds of pounds - contributed to a surge in leisure spending, including a 6.7% rise in spending on concerts and live shows, intensifying the battle for consumer attention and discretionary income. The broadening of the entertainment landscape means cinemas now compete with digital media, music, live experiences, gaming, hospitality and more.

However, the subscription economy is reaching a moment of inflection. 59% of UK consumers report that rising digital subscription costs are putting pressure on household finances, and 28% plan to cancel at least one service. This trend suggests the possibility of a rebalancing; as consumers rationalise their subscription outgoings, they may redirect spend towards occasional premium leisure experiences - including cinema visits. This aligns with broader behavioural shifts observed elsewhere in the UK consumer economy, in which households reduce day-to-day expenditure while preserving or even increasing spend on "treats" and special occasions.

Average annual UK cinema spend per head versus average ticket price



Annual UK cinema admissions and box office revenue



Sources: Savills Research; UK Cinema Association

Box office performance and premiumisation trends

Despite headwinds, the 2025 financial performance of the cinema sector points to ongoing recovery. UK box office revenue reached £990 million, a material improvement on prior years though still approximately 20.9% below the £1.25 billion generated in 2019. The key question is whether this growth reflects inflation, increased ticket pricing, or the appeal of the film slate. In reality, it reflects all three. Average UK cinema ticket prices rose from £7.73 in 2024 to £8.01 in 2025, driven by both inflationary pressures and the increasingly premium nature of the cinema experience. Cinemas have progressively repositioned themselves through improved seating, superior sound and picture formats, and enhanced food and beverage offerings. As a result, higher average spend per person in 2025 reflects not only rising prices but also a shift toward more premiumised consumption patterns.

Content drivers and 2025 release slate performance

The composition of the 2025 box office further highlights the importance of family and franchise-driven content to the UK market. A Minecraft Movie topped the UK and Ireland box office with £56.9 million, outperforming the second-highest title by almost £10 million. This was followed by Wicked: For Good (£47 million) and Bridget Jones: Mad About the Boy (£46.4 million)—the latter demonstrating continued British appetite for culturally embedded, UK-rooted franchises. Major global titles such as Avatar: Fire and Ash (£38.4 million) and Lilo & Stitch (£37.6 million) also delivered strong results, while Jurassic World: Rebirth, Zootropolis 2, Superman, Mission: Impossible – The Final Reckoning, and The Fantastic Four: First Steps rounded out the top ten. The slate underscores the enduring commercial strength of established intellectual property, cross-generational appeal, and family-oriented content.

Evolving consumer behaviour and operator response

Nonetheless, cinema attendance patterns remain uneven. Research from Barclays indicates that 55% of consumers now visit cinemas less frequently than a decade ago, rising to 69% among over-55s. London, however, stands out as an exception, with visits remaining broadly stable, likely reflecting the city's concentration of premium venues and experiential formats. In response to shifting behaviour, operators nationwide are investing in upgraded facilities, eventised screenings, themed merchandise, fan-first experiences, and hospitality-led enhancements. The strategy is clear: elevate cinema from a transactional product to a differentiated leisure experience that cannot be replicated at home.

KEY STATS

£990m

2025 UK BOX OFFICE REVENUE

£8.01

AVERAGE TICKET PRICE 2025

123.5m

UK CINEMA ADMISSIONS 2025

Outlook for 2026 and strengthening release pipeline

Looking ahead to late 2025 and into 2026, several forthcoming high-profile releases are expected to support box office momentum. These include franchise titles across the comic-book, animation, and action-adventure categories, alongside major UK-linked productions slated for release. With a fuller production pipeline following the resolution of the 2023 strikes, the 2026 slate is widely viewed as the strongest since 2019, strengthening industry confidence.

This cautious optimism extends to the operator landscape. Both Cineworld and Empire Cinemas underwent insolvency events in the years following the pandemic, resulting in significant restructuring, site closures, and renegotiated lease terms. These actions, though painful, have allowed operators to reduce cost bases and stabilise their balance sheets. Emerging from restructuring, both chains have prioritised operational efficiency, investment in higher-performing sites, and partnerships designed to enhance customer experience - all of which position them more competitively for the next stage of sector recovery.

In summary, the UK cinema sector in 2025 reflects a market in transition—reshaped by structural competition from streaming, challenged by shifts in leisure behaviour, yet buoyed by strong audience engagement with key releases and growing consumer appetite for premium, out-of-home entertainment. With an improved slate, stabilising operators, and early signals of subscription fatigue among UK households, the industry enters 2026 with a credible platform for further recovery and renewed strategic momentum.

The UK health and fitness sector

Sam Arrowsmith
Director – Commercial Research

Jess Hill
Associate Director – UK Restaurants & Leisure

Gym membership reaches record levels as supply nears pre-pandemic levels

The UK fitness industry has demonstrated remarkable resilience and growth in the wake of the pandemic, with strong performance indicators across infrastructure, membership, and market value. In 2025, the total number of gyms exceeded 7,200, marking a 2.8% year-on-year increase and signalling a near return to pre-pandemic levels according to Leisure DB's State Of The UK Fitness Industry Report 2025. Membership reached a record 11.3 million, up 5.4% from the previous year, with the private sector outpacing public facilities in both membership growth (5.8% vs. 4.5%) and market value uplift (9.1% vs. 8.8%). The industry's total market value climbed to £6.5 billion, breaking the £6 billion milestone for the first time, while the national penetration rate rose to 16.8%, reflecting a renewed consumer appetite for health and wellness services.

Value operators help drive growth, particularly out of town

A key driver of this growth has been the low-cost gym segment, which continues to expand rapidly. Since 2020, the number of low-cost gym sites has increased by 30%, with out-of-town (OOT) locations playing a pivotal role. These gyms, often situated in retail parks and suburban areas, offer larger spaces, lower rents, and greater convenience - features that align well with post-pandemic consumer preferences. However, hybrid working patterns have further boosted demand for gyms near both home and office, and many operators now offer multi-location memberships to accommodate flexible lifestyles. The concept of "omni-fitness" - a blend of gym workouts, home exercise, outdoor activities, and competitive sport - has gained traction, reinforcing the appeal of affordable, accessible fitness options. Consumers increasingly enjoy a number of these activities, which is why we've seen significant growth in value-orientated gyms, as an alternative to more expensive venues where consumers might be more compelled to do all of their exercise in order to justify the cost.

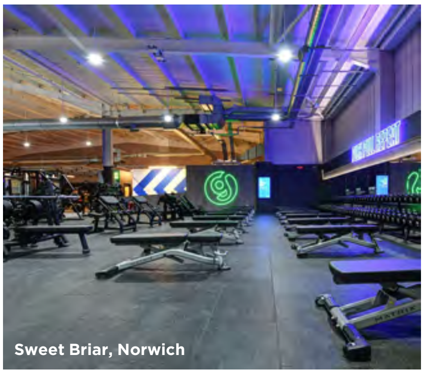
PureGym and The Gym Group have led the charge in OOT expansion. PureGym was the most acquisitive operator in the retail warehouse market in both 2024 and 2025, with 25 and 32 new openings respectively. The Gym Group, which appointed Hamish Latchem (formerly of Aldi) as Chief Property Officer to accelerate growth, has opened 60 OOT sites since 2020 and plans to launch c.20 more in 2026, and this includes their continued focus on *out-of-town locations* such as retail parks and mixed-use developments. Its membership rose 5% in 2024 to 891,000, with average monthly revenue per member increasing to £20.81. JD Gyms and Bannatyne's also remain in expansion mode, which means we're likely to average two new openings a month across the OOT market for the next few years.

Looking ahead, the UK gym market is expected to maintain its growth trajectory in OOT locations. With retail warehouse vacancy rates at just 4.3% nationally, opportunities for expansion are limited, prompting operators to explore purpose-built standalone or roadside sites - mirroring trends seen in the coffee and drive-thru sectors.

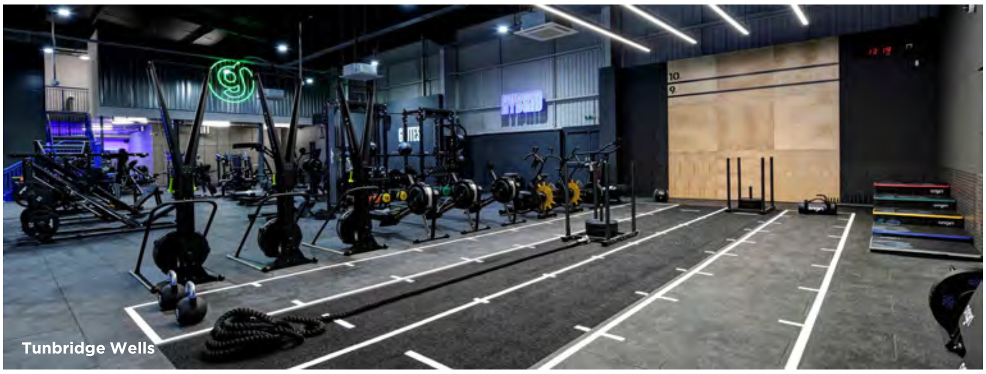
Broader market expansion and private-sector dynamics

The broader market has also seen growth; private sector clubs saw a net gain of 62 units in 2025, with 155 openings and 93 closures—an improvement over the net loss of 9 clubs in 2024. Among the top 10 operators, 76 new clubs were launched, with PureGym accounting for over 60% of these. Collectively, the top 10 private sector operators now manage 1,429 clubs, up from 1,365 in 2024, and have added more than 230,000 members. They represent 30% of all private clubs, 62% of total membership, and nearly 60% of market value. Rankings among these operators remained stable with PureGym (422 clubs), The Gym Group with PureGym (422 clubs), The Gym Group (244), and Anytime Fitness (177) leading the pack.

Sweet Briar, Norwich


Sweet Briar, Norwich


Sweet Briar, Norwich


Tunbridge Wells

The strength of the low-cost segment and shifting price dynamics

The low-cost segment now accounts for 806 clubs, up 8.5% from the previous year, and represents 41% of all private sector members. Market value in this segment rose by 11.1% to £986 million, with projections suggesting it will surpass £1 billion in 2026. Despite rising operating costs, average monthly fees have exceeded £25 for the first time, with over 95% of clubs charging more than £20 and nearly half charging above £25. London clubs command a premium, averaging £30.61/month compared to £24.52 elsewhere.

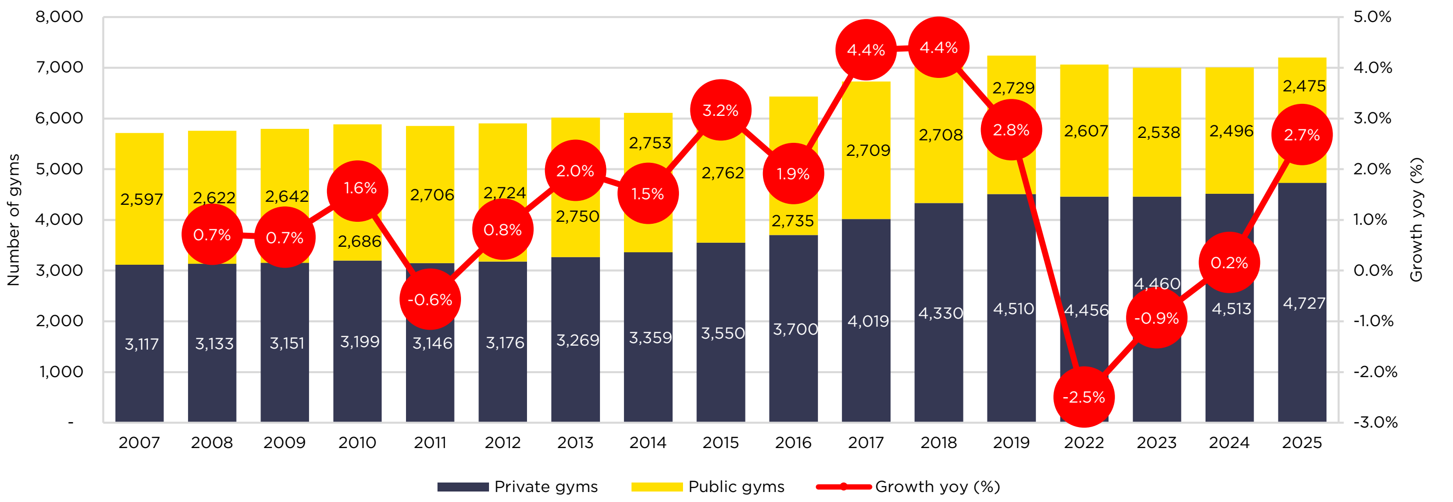
806

LOW-COST CLUBS IN UK

UP 8.5% VS 2024

Leisure DB has updated its definition of a low- cost gym, raising the threshold from £25 to £27.50/month.

UK annual public and private gym growth



Source: Savills Research; Leisure DB

Consumer demand, convenience, and the future of the fitness landscape

As consumers continue to prioritise convenience, flexibility and affordability, the UK fitness industry is well positioned for further growth. The proliferation of omni-fitness behaviours - together with hybrid working patterns and the appeal of low-cost, high-convenience gyms - underpins sustained demand even as competition across the leisure sector intensifies. The market is evolving dynamically, with value operators capturing a significant share of new membership while mid-market and premium operators focus on differentiated experience-led models

The UK Padel market

Sam Arrowsmith

Director – Commercial Research

Jess Hill

Associate Director – UK Restaurants & Leisure

Padel has emerged as one of the fastest-growing sports in the UK, evolving from a niche activity into a mainstream recreational pursuit. Originating in Mexico in 1969 and gaining traction in Sweden around 2016, padel has seen a post-pandemic boom in the UK, driven by rising health consciousness and demand for interactive, social experiences. Since 2021, Savills Leisure has played an active role in the sector's development, advising both tenants and landlords, and collaborating with Oxygen Consulting on the most comprehensive study of the UK padel market to date, published in April 2025.

The sport straddles the health and fitness and competitive socialising sectors, appealing to consumers seeking alternatives to traditional nightlife. Court occupancy rates exceeding 85% and extended operating hours - sometimes until 1am - reflect padel's popularity. However, the sector faces challenges, particularly around property requirements such as ceiling height, column spacing, and planning constraints. Industrial units have proven to be viable solutions, with operators repurposing underutilised spaces including car parks, rooftops, and former entertainment venues.

Infrastructure growth has been rapid, with the number of UK padel courts rising from fewer than 40 in 2016 to 710 by the end of 2024 - a compound annual growth rate of 43%. Despite this expansion, regional disparities persist, with 72% of courts located in southern England and limited access in Wales, Northern Ireland, and the Midlands. Accessibility is further hindered by pricing, weather dependency (55% of courts are uncovered), and booking availability, with nearly half of surveyed players reporting difficulty securing court time. Oxygen Consulting's Index of Multiple Deprivation analysis reveals a significant gap in provision between affluent and deprived areas, raising concerns about inclusivity.

Padel players are primarily motivated by enjoyment, fitness, and skill development, with 86% having prior experience in other racket sports. The sport's appeal is enhanced by its low entry barrier, intergenerational accessibility, and visibility through celebrity and social

media influence. Six key drivers underpin padel's growth; competitive socialising, post-pandemic wellness trends, digital technology, investor sentiment, infrastructure expansion, and cultural relevance.

Private operators are leading padel's expansion. David Lloyd Leisure is the largest padel operator, with 66 courts across 26 clubs - planning to double its footprint in 2025. The top 10 operators collectively manage 262 courts across 79 venues, representing 37% of all UK padel courts. Pricing varies widely, with off-peak rates ranging from £18.50 to £48.80 per hour and peak-time rates reaching up to £72.50

UK Padel Market Outlook – 2026

Looking ahead, padel is expected to continue its upward trajectory in the short to medium term, though market *consolidation* is likely as competition intensifies. Brands offering a strong USP and complementary amenities - such as food and beverage, gym, or spa facilities - will be best positioned to thrive. Strategic investment in infrastructure, affordability, and regional accessibility will be critical to sustaining padel's growth and ensuring its long-term success in the UK leisure landscape.

Leading operators scaling rapidly to meet rising demand. David Lloyd Leisure (DLL), the country's largest padel provider, is reinforcing its market leadership, aiming to increase its court count to 126 by year-end as part of a wider £500 million network portfolio investment programme, DLL's courts remain exclusive to members and guests, with a preference for outdoor, uncovered formats.

Competition is intensifying as other operators pursue aggressive growth strategies. Game4Padel is expanding its outdoor model via strategic partnerships with GLL and GOALS, potentially surpassing DLL's footprint. The Padel Club is enhancing its national presence with major developments in Manchester and Birmingham, with c.40 courts by the end of 2025. Rocket Padel are progressing on premium London locations, while Padel4all and PDL Padel United are focused on regional expansion, targeting underserved areas.

A notable new entrant, Slazenger Padel Clubs - backed by Frasers Group plc - is poised to disrupt the market with 11 venues planned for 2025. With its historic brand strength and operational scale, Slazenger could quickly ascend to a leading position if it executes its strategy effectively.

Weather-related challenges are influencing investment decisions, prompting a shift toward indoor and covered courts. Operators such as Rocket Padel, Surge Padel, and The Padel Hub are spearheading large-scale indoor developments, while others continue to expand cost-effective outdoor models. Regional growth beyond London and the South East is accelerating, though many areas remain underserved. The Lawn Tennis Association's loan scheme may play a role in addressing these gaps, particularly in less affluent communities.

Despite robust demand, the sector faces several operational challenges. Planning constraints, rising investment requirements, and noise complaints from nearby residents are becoming more prominent. Innovations in court design and soundproofing may be necessary to support sustainable growth. Additionally, pricing pressures - especially in premium indoor venues - could impact accessibility. Operators must balance rising costs with consumer affordability to ensure padel remains inclusive.

As the market matures, 2026 is expected to bring greater differentiation among operators. Some will focus on scale, while others will prioritise brand experience and facility quality. With more courts, new entrants, and heightened competition, the UK padel landscape is set to evolve significantly over the coming year.

> Competition is intensifying as other operators pursue aggressive growth strategies
>
> **Jess Hill – Associate Director – UK Restaurants & Leisure**

The food & beverage sector

Sam Arrowsmith
Director – Commercial Research

Carlene Hughes
Director – Head of UK - Restaurants & Leisure

Market overview and consumer trends

The UK food and beverage sector continues to show signs of resilience and evolution amid shifting consumer behaviours and economic headwinds. Revolut's monthly card spend data reveals sustained consumer engagement in leisure categories, with restaurant spending consistently over-indexing against the 2023 average. Actual spend peaked in July 2025, reaching an index score of 129—29% above the baseline—while seasonally adjusted figures have remained elevated since April, suggesting a structural shift in leisure demand rather than a temporary upswing.

Barclaycard sales growth in restaurants rose by 1.6%, though transaction volumes dipped slightly by -1.0%, indicating stable footfall but higher average spend per visit - likely driven by menu price inflation and upselling. In contrast, pubs, bars, clubs, and takeaway outlets also saw revenue growth but experienced a decline in transaction volumes, implying that consumers are consolidating visits or shifting toward more premium, occasional experiences.

Store openings and franchise momentum

In 2025, F&B accounted for 20% of all store openings, with convenience-F&B brands (cafes and takeaways) adding almost 1,300 stores to their portfolios as time poor consumers seek convenience, affordability and variety. Greggs led with 120 net openings and together with Costa, Starbucks and McDonald's, accounted for around 20% of new F&B units. Fast growing QSR brands including Leon, Wingstop, Popeyes, Pepe's Piri Piri, Honi Poke and Chaiiwala, accounted for a further 17% of openings, across 220 sites.

While the established brands remain dominant, the number of smaller brands taking space increases every year, whether domestic or international in origin. There are currently an unprecedented number of active operators originating from the US, including Popeyes, Chick fil A, Carl's Jr, Which Wich, Shake Shack and Dave's Hot Chicken supported by strong capital investment and hoping to replicate the growth seen from Wingstop, who will surpass 100 units this year. With QSR sales expected to grow 6% per year for the next decade, the rapid growth seen last year shows no signs of abating and requirements for smaller 1,000–1,500 sqft formats will aid this acceleration in most UK geographies. Franchising offers a lower-risk route to market for investors and entrepreneurs, especially amid economic uncertainty, as well as helping to build scale at speed.

Sector challenges; CVAs and restructuring

Despite pockets of growth, the sector faces significant headwinds. Rising operational costs, inflationary pressures, and changing consumer habits have led to a wave of Company Voluntary Arrangements (CVAs) and administrations. Notable examples include Pizza Hut and TGI Fridays, both of which have undergone restructuring to reduce estate size and renegotiate leases. These developments underscore the need for agile business models and value-driven propositions.

Diversification and cultural influence

The rise of halal offerings has added a new dimension to the market. Brands like Maki & Ramen reported their best-ever opening with a halal site in Leicester, while Mr T's, based in Yorkshire, generated £4,000 in revenue within the first two hours of opening in Ilford. This trend reflects both cultural demand and the growing popularity of chicken-based menus over beef, driven by affordability, dietary preferences, and broader appeal.

Changing consumer palettes

With the emphasis back on town and city centres for lunch options as workers return to the office in their strongest capacity since pre-covid, operators are capitalising on this demand and introducing a myriad of quick and healthy options to satisfy the ever-expanding consumer palette.

+1.6%

MONTHLY AVERAGE BARCLAYCARD SALES GROWTH IN RESTAURANTS IN 2025

27%

OF BRITONS MORE LIKELY TO VISIT RESTAURANTS WITH HEALTHIER OPTIONS

Quick and healthy F&B is back on the menu

Brands leading this growth drive include a mix of operators, but there is a continued emphasis towards healthier food and beverage (F&B) options as consumers are increasingly health-conscious, especially as Gen Z join the workforce and heighten demand for this offering.

A recent consumer survey by Barclays found that 27% of Britons say they're more likely to visit shops and restaurants that offer "healthier" options, increasing to 45% for those aged 18-24. Sought after alternatives include zero-sugar treats (33%), organic or whole foods (29%) and low or no alcohol drinks (24%). Although fresh, fast, healthy lunch options often come with a heightened price tag due to the need for food to be prepared on site daily (thus increasing operational costs), consumers are clearly accepting this price point if it means receiving nutritional, tasty lunch. This perhaps rings particularly true for hybrid workers that frequent the office 1-3 days per week, and so perceive spending more on lunch as less of an issue if it isn't a daily occurrence.

Brands to watch

Across the UK, Asian-inspired chain itsu are looking to double their store estate, with a focus on strengthening their London offer in addition to their regional presence. Other healthy, F&B outlets have shared similar desires to expand, including Joe & The Juice who expressed that they see potential to take their store count into the hundreds in the UK, which currently sits just below 80. Recent openings include a new 2,685 sqft flagship store on Cross Street in Manchester, returning to the city following a brief hiatus following the closure of its previous site in Debenhams in 2021.

Similarly, Atis; the sustainable, plant-focused salad and plate concept continue to expand in London but are also seeking organic growth regionally (pardon the pun), with Bristol, Manchester and Brighton on the agenda.

Other operators are eyeing expansion in the Capital, including The Salad Project who want to reach 20 UK sites by 2028, Farmer J who plan to open between 6-8 more sites in London this year and salad bowl concept The Salad Kitchen. It's clear operators are seeking to monopolise on the affluence of office workers and general lunchtime demand in London, coupled with changing dietary preferences towards fresh, healthy and convenient offerings.

Operators are also looking to franchise brands to accelerate store expansion programmes. Tossed, the healthy eating brand who currently have 13 sites, have recently signed their first franchise deal with Goldbean, aiming to expand to 50 UK sites in four years.

Regional growth

Despite recent growth heightening the F&B offer in regional cities, especially with regard to healthier options, this growth is not a new phenomenon. Manchester, Leeds, Liverpool, and Edinburgh for example have all experienced a growth in F&B units in excess of 50% over the past ten years. London's growth contrarily has been more moderate, as the city has possessed a heightened supply of F&B outlets for a prolonged period, whist the regions have been gradually catching up with the breadth of offer in the Capital.

Gone are the days when a meal deal was the only lunch option, city centre F&B is evolving in line with consumer palettes, and we might just see avocado smash become more readily available than ever before.

Case study: Manchester's thriving food & beverage market: a new era of culinary excellence

Jack Wagland
Associate – In Town Retail & Leisure

Manchester's food and beverage (F&B) market has never looked so strong. Over the past decade, the city's provision for F&B has doubled, with an additional 0.8 million sq ft designated for this purpose.

In 2023, more than 162,000 sq ft of new retail and leisure space was completed, representing a 12% increase from 2022 and a 52% increase from 2021. Currently, another 381,000 sq ft is under construction, with a significant portion dedicated to F&B and leisure space.

Strength of independents

Despite this growth, not all leisure businesses that open manage to stand the test of time, or they may have a natural shelf life. We've seen certain casual dining operators fail, and brands seeking favour in Manchester need to learn to project the charm of an independent operator, even if they're not one. We know that independent F&B accounts for 80% of operators in Manchester, as it is often the alternative brands that capture local consumers. For instance, Onda recently opened its first permanent restaurant at Circle Square, resonating with the local palate, following a successful pop-up at The New Cross.

Demand from London-based and international brands

London-based and international brands are increasingly looking to Manchester, following the success of The Ivy's Spinningfields venue, a best performer in their portfolio. Following the trend, Sexy Fish, Soho House, Flat Iron, House of AP, Blacklock, Lina Stores, and Miami-based Chotto Matte have either recently taken space or are planned to do so, ready to pay premium rents. Manchester has clearly propelled itself into second place on a metaphorical UK leaderboard in terms of current occupier demand from international, London, and regional operators.

Demographic shift

Additional brands such as JKS Restaurants, Big Mamma Group, Din Tai Fung, Electric Shuffle and Pitch, plus retailers such as Subdued, Sephora, Represent, Ben Sherman, and BYD, are all eager to tap into Manchester's significant city centre population growth, which includes an increasingly affluent demographic due to economic growth, international students, and strong graduate retention. This demographic shift is also benefiting submarkets, such as the fine dining market, which was historically more limited in Manchester. Now, operators such as Mana, Higher Ground, and Erst are flourishing, deservingly making it to the UK's Top 50 Restaurants in 2024. The newly opened SKOF in NOMA, by L'Enclume executive chef Tom Barnes, additionally earned a 'One to Watch' award and is already placed in the Michelin Guide.

Increasingly luxurious leisure market

Expanding on this leisure trend, the St Michaels development, in the heart of the city-centre, will feature the first branded residence outside of London, and the third in Europe from W Residences. Additionally, seven new hotels are under construction, a great barometer of the increasing confidence in the market and a sign that overnight stays are becoming increasingly intertwined with Manchester's entertainment and business economies.

Manchester's F&B market is not just growing - it is thriving, becoming more sophisticated, and attracting some of the most exciting culinary and retail talents from around the world. As the city continues to evolve, it promises to offer even more for residents and visitors alike, solidifying its place as a premier destination for food, drink, and leisure.

Maki & Ramen Manchester Northern Quarter

Competitive socialising

Tom Whittington
Director – Commercial Research

Carlene Hughes
Director – Head of UK - Restaurants & Leisure

Where are we now and how did we get here?

Savills has been following the Competitive Socialising (CS) market since 2018. The year was considered a tipping point in the sector when a new form of leisure offer, including axe throwing, escape rooms and virtual reality experiences, were starting to make a significant impact on the market. Initially concepts were sporadically located in secondary pitches in key cities where rents were cheap, and weak covenants and inexpensive designs meant they were unattractive to wary landlords. However, over the intervening years a significant injection of innovation and capital has resulted in a sector in demand in most major cities across the UK. Much of the market remains fragmented, from independents operating single sites, to VC backed international concepts operating just a handful of London and regional sites, but with overseas operations in Europe, UAE, Asia or the US. By 2025, the market has matured significantly and quality of experience is paramount in order to appeal to a discerning but fickle consumer.

Our Brand Tracker includes any operator with multiple sites. In 2025 these account for over 500 sites, compared to 275 in 2018. This sees an 84% increase in our Brand Tracker 2018-2025, compared to the whole market increasing 58% over the same period. Openings from 2018-2025 were on average 9% year-on-year, but a series of headwinds (e.g. Covid, inflation and the cost-of-living-crisis), has resulted in the closure of many independent operators, particularly where there has been a local improvement in quality of supply. Whilst there has been continued growth amongst tracked brands, there has also been an influx of new operators and new concepts entering the market. The resulting net increase since 2018, has been 10% y-o-y for our Brand Tracker and 6% y-o-y for the whole market.

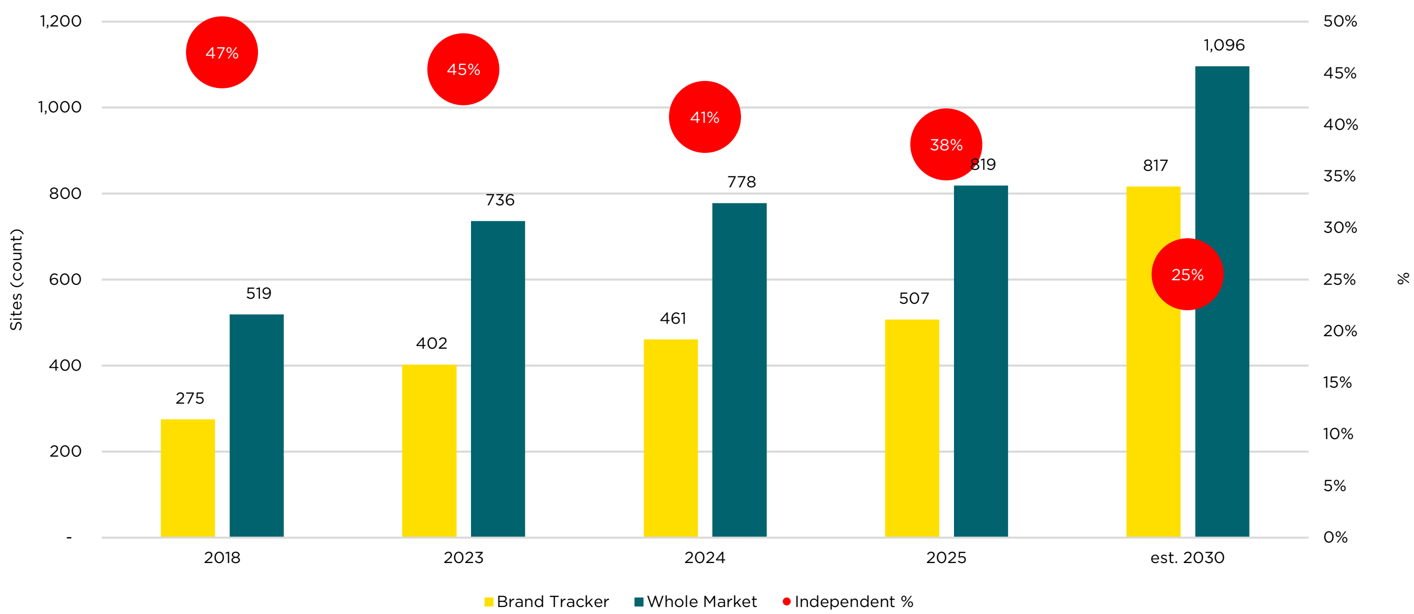
The total market now has over 800 sites, but the sector is notoriously difficult to track accurately due to the number of sites operating from within pubs, small back street sites, pop-ups, or tourist locations. Our focus is on major UK city centres, shopping centres and leisure schemes, which we are confident covers at least 95% of the market. Independent operators used to account for around half of the market, but now represent less than 40%. Brands have become increasingly dominant in terms of new openings. By the end of the decade we estimate that 75% of CS businesses will be operated by brands from around 820 locations, while the whole market will grow to almost 1,100 sites.

Challenges to growth going forwards

The competitive socialising sector has grown at unparalleled levels across the last five years as demand for in-person experiences and interactions post-pandemic heightened demand. While confident we will see further growth, there are a few precautions that need to be made in terms of how much latent demand remains if we are to avoid saturation seen in other leisure markets, such as the trampoline boom around ten years ago.

In the initial period, CS brands were attracted mostly to the larger cities, which has resulted in some select markets nearing saturation for some concepts as fascias compete for finite consumer spend. In some locations we are into a period of stabilisation and will likely see some

Competitive socialising sites in the UK 2018-2030



Source: Savills Research

consolidations. However, such is the diversity of CS concepts, it remains possible in the biggest markets for there to be 'micro-saturation' of one concept if several businesses are present, but potential for a new concept to boost the critical mass and appeal of the wider offer.

As such, operator requirements are shifting – some are looking to smaller towns and cities across the UK, or international to continue their growth trajectories. In addition, there is a wider diversity of size requirements. Several are seeking larger footprints of +20,000 sqft. in order to house multiple CS activities under one roof (the 'Combo' concept), to those looking for smaller footplates to secure units in locations where rents are high, or for smaller catchment populations. In the latter, there is typically only room for one or two sites for businesses to thrive. We anticipate the majority of growth in the next few years will be from those operating within the family entertainment leisure sphere.

Other headwinds for the sector include the well-documented pressures on costs, such as wage inflation, national insurance changes and business rates, and the cost-of-living squeeze that has put pressure on all hospitality. Additionally, while the proportion of disposable income spent on leisure has increased, consumers are becoming more discerning about where and how they spend their money. Leisure experiences remain central to how we interact with each other in social settings – but operators are having to work hard to keep their offers fresh and tempt consumers back for repeat visits once the initial 'halo' effect of a new opening wanes.

A look at brands/concepts

Combo concepts

The 'Combo' all-under-one-roof approach has seen the largest sub-sector growth and is something we continue to expect to see more of, having increased from 11 to 84 sites and 3 brands growing to 8, since 2018. Incorporating several concepts, such as bowling, karaoke, darts and table tennis, allows operators to dominate the catchments in which they locate, as well as have the flexibility to evolve with consumer trends, bring in new games and respond to incoming competitors. This can appeal to landlords seeking to secure a long-term footfall driver to their assets that can keep drawing consumers back. However, there are larger size requirements.

Boom Battle Bar (BBB), Roxy Ball Room (and Roxy Lanes), and Lane 7 are leading the way with 66 sites between them. BBB didn't have a single site in 2018 and is now up to 30 nationally. Lane 7 has opened off-shoot concepts e.g. ML7 (Newcastle) an arcade bar offering pool and duckpin bowling. Openings in

Carnival High Wycombe

2025 also include its Gutterball brand, which offers family-friendly bowling. More brands are now entering the realms of 'combo' as are starting to extend or diversify their offerings. We have seen operators hosting or sharing space with other CS vendors (e.g. Urban Playground, Manchester Arndale). This allows brands to be more adaptable to changes in consumer trends as well as increasing dwell times at the venues.

Solo sports

In 2018, the narrative was around ping pong, shuffleboard, darts and axe throwing. These remain important concepts, but several operators have left and new entries arrived, such TOKA Social (football). Our Brand Tracker includes 22 solo sports brands, up from 13 in 2018. Flight Club are the only top 5 solo sports brand that was already around in 2018 and has since grown to 14 sites – new openings have slowed, which may be an indication that for brands seeking key regional city openings have a natural ceiling before reaching capacity. However, the brand is likely to open 2-3 more UK sites in 2026, as well as looking for international opportunities.

Sixes grew rapidly to 15 sites from their first opening in 2020 but went into administration at the end of last year. It is possible a buyer will rescue a consolidated form of the business, and 11 sites are currently still trading. The failure is a warning to businesses seeking rapid expansion, and a reminder that the challenge for any concept with a single offering is its longevity, given the need to keep consumers interested. The key difference between success and failure in Solo Sports is the importance of a high-quality fitout, a good food and beverage offer, with location choice paramount to ensure there are sufficient target consumer groups.

Top competitive socialising tracked brands

Sector	Top 5 Tracked Brands
Combo Concepts	Boom Battle Bar, Roxy Leisure, Lane7, Gravity, King Pins
Solo Sports	Flight Club, Sixes, Game of Throwing, Electric Shuffle, Point Blank
Urban Mini Golf	Mr Mulligans, Paradise Island, Junkyard Golf, Golf Fang, Putt Putt Social
Escape Rooms	Escape Hunt, Clue HQ, Enigma Rooms, Escape Live, Escape Reality
Bowling	Hollywood Bowl, Tenpin, Superbowl UK, Lane7, Roxy Lanes

Source: Savills Research

Urban mini golf

Indoor crazy golf was already one of the more established subsectors of CS in 2018, having seen investment improve concepts and provide confidence to landlords seeking to boost their family leisure credentials. Since then, venues have more than doubled and we have recorded 100 in our latest audit. Clearly there are far more outdoor crazy golf venues across the country, but the focus here is on the commercial leisure market and its place in large retail and leisure schemes. The number of brands we track has grown from 13 to 21, with 7 brands operating half of all sites. Mr Mulligans being the largest operator with 15 sites across the country. Growth in this segment is expected to slow over the next few years.

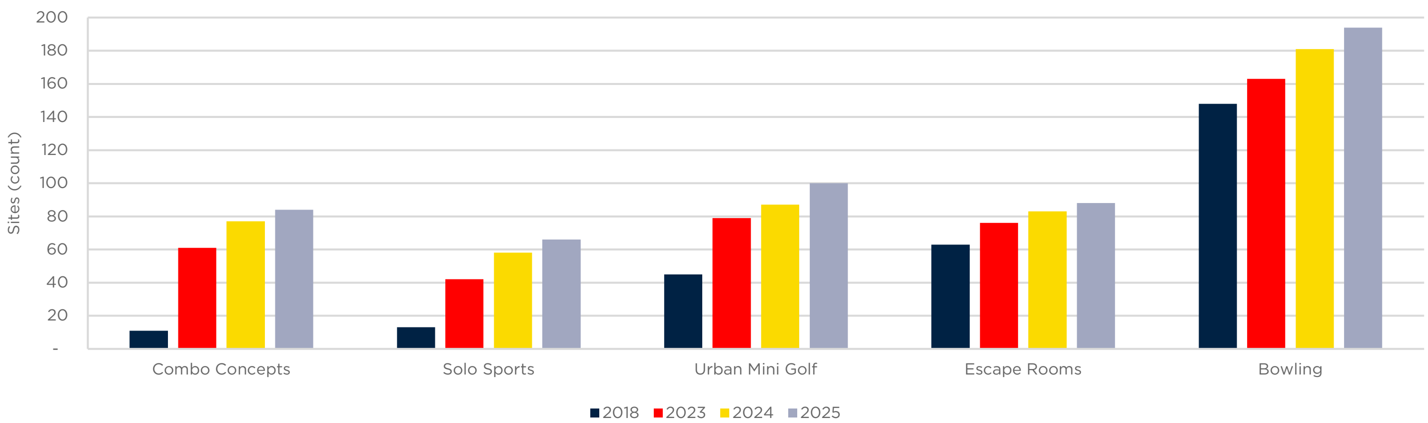
Escape rooms

Escape rooms not only kicked off the CS boom, but has also been the most fragmented, as enthusiastic entrepreneurs opened independent venues across the country from back rooms, with low-tech, but playable challenges. Independents still account for 60% of sites, more than any other CS sub-sector and there are now over 225 venues across the country. Within our Brand tracker we have moved from 14 to 19 brands since 2018, with Escape Hunt being the most established brand, now with 23 sites and seeking a further 2-3 sites in 2026. While quality of offer has been really important for prime locations, or attracting corporates, the significant tail of smaller national venues reflects relatively low start-up costs and the ability of this sub-sector to locate into smaller towns and cities.

Bowling

The epitome of competitive socialising, bowling has made something of a revival over the last decade. This can be largely attributed to the disruptive CS market forcing operators to up their game and reinvest in tired facilities. The arrival of Lane 7 and Roxy into the UKs top 5 bowling operators demonstrates the level of disruption and in fact the response has not just been refurbishment, but also the adoption of other CS concepts into long established bowling venues, 'Combo-lite' you could call it. In fact, it is worth noting that because of a degree of overlap between Combo operators that include bowling and 'solo' bowling operators (that may or may not include an element of CS), there are several operators that appear both Combo and Bowling in our audit. This overlap has been factored into our total growth figures, but not our subsector figures. There has also been a degree of brand consolidation, and Hollywood Bowl increased from 48 sites in 2018 to 77 in 2025, through a series of acquisitions, capitalising on the consumer trend for leisure experiences.

Savills competitive socialising brand tracker (sites by sub-sector)



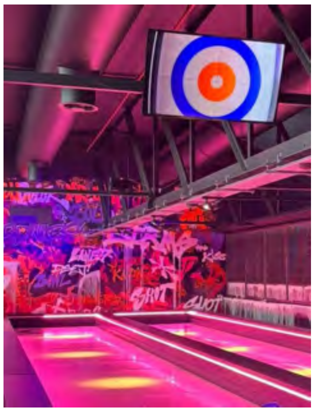
Source: Savills Research

What's next for competitive socialising?

Sites are expected to continue to grow by 10% each year to 2030 - with new brands emerging adding to this mix. We estimate our BrandTracker to exceed 800 sites by 2030, with the whole market reaching around 1,100 site in the same period. Many regional cities are already at capacity, but there remain 'in-fill' options, particularly in smaller cities with large student or tourist populations. However, as the sector considers to grow and diversify, there is an increasing blend between different leisure sub-sectors. We've already seen how bowling has adapted and incorporated elements of competitive socialising, and there is becoming a blurring between leisure formats and another parallel leisure sector, 'immersive leisure'. There are many forms of immersive leisure, from Abba Voyage, to Mama Mia The Party, to Secret Cinema, to The Lost Estate, to the Cauldron, to Museum of Illusion. Most of these concepts are more about theatre than about game play, but there is no doubt that they also compete for the consumer pound.

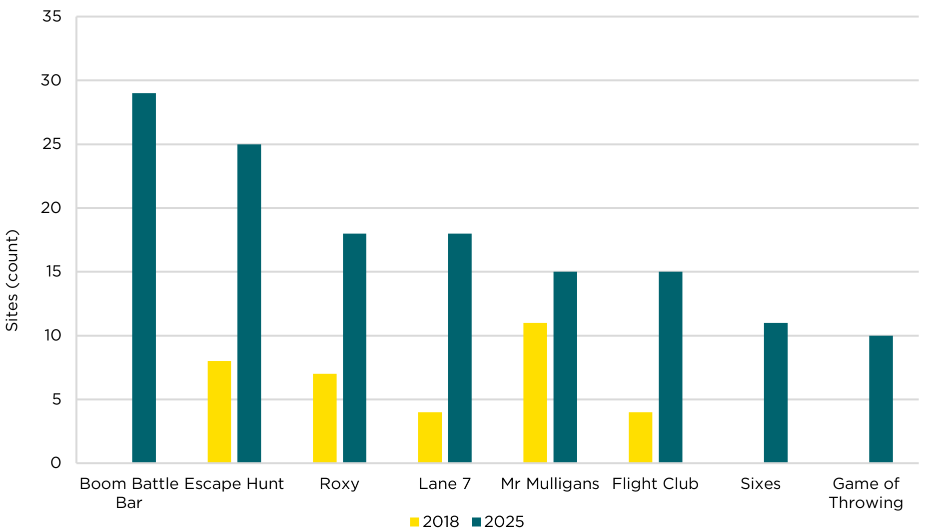
Where theatre and gameplay come together, is in the 'Game Show' competitive socialising concept that we have not included in the above narrative because it is in its infancy and solo venues don't fit the criteria to be accounted for in our Brand Tracker. Back in 2018, the only format we tracked was Crystal Maze. Since then this sub-sector has grown from 2 to 13 venues, including concepts like The Traitors Live, The Cube, Monopoly Lifesized, Ludo and Gameshow Allstars. The common theme is playing within cherished family board games or TV game shows, with strong IP concepts being key to popularity. So far most Game Show and immersive leisure concepts are located in London and a few key regional cities. There is unlikely to be significant plans for expansion of specific concepts beyond this, but we can expect to see an increasing number of alternative concepts entering the market.

If we were to pick one other area that we anticipate the most growth in new concepts in the next 3-5 years, it would be from family entertainment brands. This will be a particularly important area for leisure schemes and shopping centres that continue to seek to diversify their leisure offer. Brands like Chucky Cheese, Superpark, Team Sport, Putt Putt Noodle and Activate – many of which are well financed international businesses looking to expand into the UK. We have also seen a renewed interest in arcades and retro computer games. The key theme here is that the market continues to evolve at pace and will ensure that consumers have different leisure experiences to immerse themselves in for years to come.



Lane 7 Birmingham

Savills competitive socialising brand tracker (sites by operator)



Source: Savills Research


Medway Valley Leisure Park, Rochester

The UK leisure investment market

Sam Arrowsmith

Director – Commercial Research

James Hurst

Director – Retail & Leisure Investment

The UK multi-let leisure investment market sees year on year growth for the first time in a decade, suggesting the market has rebounded off the bottom

Concerns over occupier credit following the pandemic, combined with the trading difficulties experienced by UK cinemas, have notably suppressed investor interest in multi-let leisure schemes in recent years. However, transactional evidence over the past 12 months indicates that the market may have lifted off the nadir, pointing toward a more positive outlook for the leisure investment sector.

There is no doubt that the past five years have presented an exceptionally difficult trading environment for UK leisure investment, with volumes falling further below already depressed levels of transaction activity in that time period (volumes exclude pubs and hotels). Leisure deals have in fact been falling year on year since 2016, each below the long-term average of c.£500m per annum.

The sector inevitably hit an all-time low in 2020 with the onset of Covid, surpassing even the downturn experienced during the global financial crisis of 2008–09. Recovery in the post-pandemic period has been notably sluggish. Since 2020, volumes have struggled to return to pre-Covid levels, which themselves were below the average of the last two decades. In 2023, UK leisure investment volumes reached just £127.9 million - the lowest figure recorded since the turn of the millennium, excluding the two major economic shocks mentioned. This represented a 63% decline in transactions compared to 2019, and a 46% drop year-on-year.

Encouragingly, 2024 seems to have marked a pivotal shift, representing the first year since 2014 in which investment volumes have increased compared to the preceding 12-month period. Investment volumes rose to £200 million, reflecting a 56% increase on 2023. This improvement reflects growing market optimism and a widening pool of active buyers, albeit still dominated by high net worth, family trust and opportunistic investors rather than institutional capital. Momentum continued into 2025, with £283 million transacted by year-end, representing a second consecutive annual increase and a further 41.5% uplift in volumes.

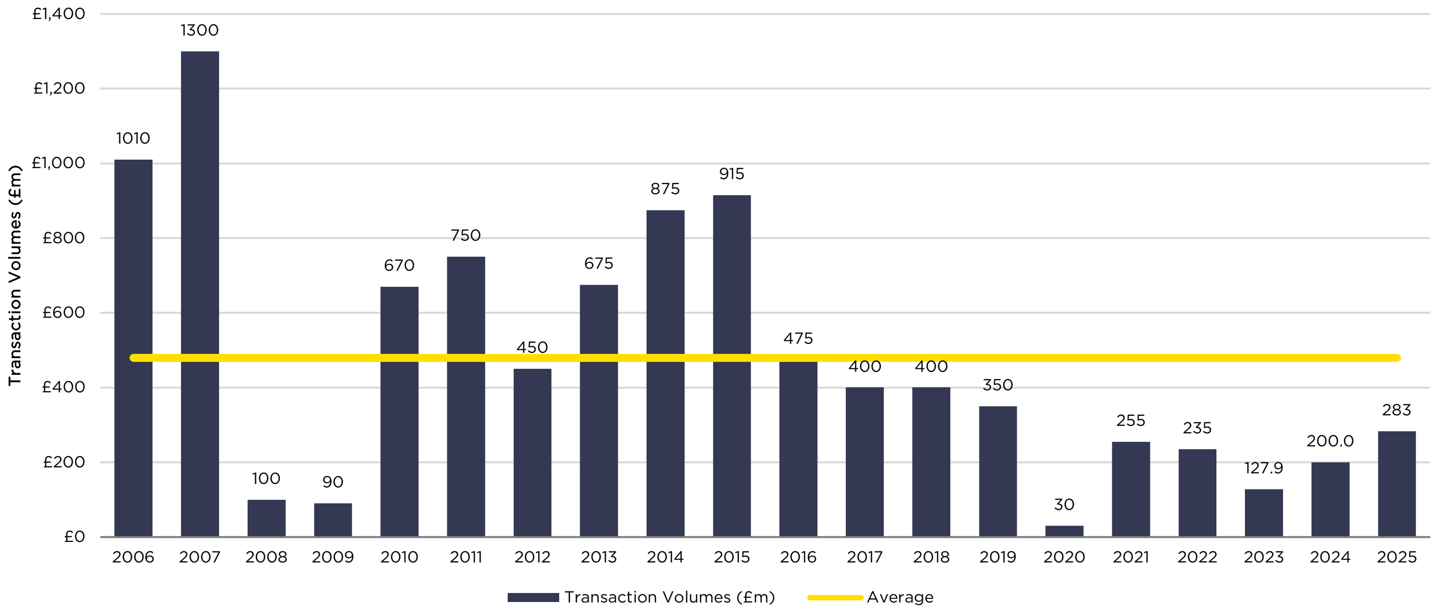
Plenty of appetite for expansion but, occupational covenant strength isn't as strong as other sectors, a factor which has tempered investor demand in recent years.

If we compare the multi-let leisure sector to retail warehousing for a moment, Savills suggests the latter presents a more attractive risk-return profile. This is largely due to the robust occupational fundamentals and the financial resilience of its core tenants, which offer greater stability and confidence to investors relative to other sectors.

Assessing the INCANS Tenant Global Score, which is a measure of the financial strength and stability of a retailer based on its public accounts, tells us the financial stability of the out-of-town markets' top operators is solid. Of the top 50 retail operators in terms of the number of units they have across retail, leisure and shopping parks combined (excluding F&B and gyms), 37 are considered 'low risk' or 'very low risk' in terms of financial failure.

> " Value-add and opportunistic investors are increasingly drawn to leisure assets, recognising the potential to time entry and exit for enhanced returns.
>
> **James Hurst – Director, Retail & Leisure Investment**

UK leisure investment volumes (£)



Source: Savills Research

In contrast, leisure schemes often host more immature or financially vulnerable businesses, especially among emerging F&B, competitive socialising, and immersive experience operators Despite this, many leisure subsectors have shown strong post-pandemic recovery, outperforming expectations even amid cost-of-living pressures. Nevertheless, performance varies significantly by operator and concept, making investor confidence uneven. The sector is buoyed by tenant appetite for new space, though economic headwinds continue to impact operators differently depending on their subsector. Appetite is encouraging, but covenant strength remains a concern, particularly among newer concepts.

Is cinema anchor disruption still negatively impacting the investment market?

The most significant drag on investor sentiment post pandemic has undoubtedly been the trade performance of UK cinemas. In 2023, both Cineworld and Empire Cinemas filed for administration in the UK, while Vue underwent a debt-for-equity restructuring. Cineworld exited at least 11 sites nationwide, including Glasgow, Bedford, Loughborough, and Swindon. While a few sites - such as Swindon Regent Circus - have been relet, most remain vacant, posing challenges for landlords reliant on cinema anchors to drive footfall.

Empire Cinemas closed six sites immediately upon entering administration, including Bishop's Stortford, Catterick Garrison, Sunderland, Swindon, Walthamstow, and Wigan. However, the impact was partially offset by Omniplex Cinema Group's acquisition of five Empire locations - Birmingham, Ipswich, Sutton, Clydebank, and High Wycombe - as part of a £22.5 million investment. These sites were refurbished and rebranded, preserving around 150 jobs. Everyman Group also acquired two Tivoli-branded Empire sites in Bath and Cheltenham, reflecting the ambitions of challenger cinema brands to grow their presence in the boutique segment. These operators are actively seeking well-located, characterful venues that align with evolving consumer preferences for premium, experience-led formats.

These closures have however, exposed the vulnerability of leisure schemes dependent on single-use anchors. Reletting large-format cinema units is complex and capital-intensive, often requiring reconfiguration or repositioning. As a result, recent transactions reflect a repricing of risk, with investors demanding higher yields to compensate for income uncertainty and void periods.

Despite the notable closures Cineworld UK have implemented a restructuring programme to improve its fortunes moving forward. The operator avoided administration through a court-approved Part 26A restructuring plan in September 2024. The plan allowed the company to compromise lease liabilities, reduce rents across its estate, and secure £16 million in equity funding, with a further £35 million earmarked for capital expenditure. Positively, the restructuring preserved 101 UK sites and approximately 4,000 jobs, repositioning the business on a more sustainable footing.

This restructuring has however, set a precedent for leisure operators seeking to reset lease terms through legal mechanisms, raising concerns among landlords about enforceability and income stability. Despite this, it has also made Cineworld a more investable covenant. Recent multi-let transactions involving Cineworld anchors - after a three-year absence - suggest renewed confidence in the operator's viability and long-term presence.

Key transactions in 2025

Four notable multi-let leisure transactions in 2025 underscore the sector's renewed traction and growing purchaser appetite:

- Medway Valley Leisure Park, Rochester (215,000 sq ft): Sold by M&G to Prestbury for £26 million, achieving a net initial yield of 9.45%. Anchored by Cineworld, the scheme includes a Premier Inn hotel, bingo hall, gym, bowling alley, and multiple F&B units.
- Freemans Leisure Park, Leicester (109,000 sq ft): Sold by DTZ Investors to AEW for £11.2 million at a net initial yield of 10.60%. Tenants include Odeon, Nando's, and Mecca Bingo.
- Robin Leisure Park, Wigan (98,000 sq ft): Sold by Otium to a private investor for £8.3 million, reflecting a net initial yield of 8.50%. The scheme features an Omniplex cinema, bingo hall, and F&B units.
- Southwater Square, Telford (101,000 sq ft): Sold by M&G to LCP off market for an undisclosed price. The asset includes

a Cineworld, hotel, and several restaurants.

Each of the first three transactions achieved pricing in excess of quoting terms, signalling a clear shift in sentiment compared to this time last year, when optimism was largely speculative and lacked transactional evidence. These deals reflect a tangible improvement in investor confidence toward leisure parks and a softening of concerns around cinema anchor tenants. However, pricing continues to vary significantly, influenced by factors such as geographic location, financial strength of tenants, the physical condition of the asset, and overall lot size.

Prime yields for multi-let leisure schemes are now showing signs of hardening following a prolonged period of flatline, creating opportunities for investors to maximise returns with the correct entry and exit strategy.

Savills prime yields across multi-let leisure schemes has remained steady at 8% since Q1 2024. However, emerging indicators point to early yield compression, suggesting the market may have reached its cyclical low and that asset pricing is poised for upward movement - reflecting renewed investor confidence and the potential for capital growth.

At its current price, multi-let leisure look favourable when compared to the high watermark level of 2016/17 when it reached its lowest point in the last 15 years at 5%. If we look at the yield trajectory over that time period, the market started at 9% in early 2009, fell to 5% by mid-2016 and has since risen to where it currently sits at 8.%. This cycle suggests leisure yields are arguably more attractive in terms of their relative longer-term performance and the ability to capitalise on value accretion over time.

The current inflection point could motivate investors to act while pricing remains close to the nadir but poised to compress - signalling growing confidence in the sector and the potential to capture capital growth and exit at a higher sales price. The 300 basis point margin from peak to trough over the cycle highlights the sector's volatility - but also its opportunity. Value-add and opportunistic investors are increasingly drawn to leisure assets, recognising the potential to time entry and exit for enhanced returns.

Furthermore, while securing finance for leisure scheme acquisitions continues to pose challenges, conditions have notably improved compared to 12 months ago. Lending appetite remains cautious, particularly for assets with cinema anchors or secondary tenant profiles, but there is evidence of greater flexibility among lenders. Although debt is still priced higher than for prime retail assets, all-in borrowing costs have eased slightly due to falling base rates and tightening margins. This shift has made acquisitions more viable for buyers prepared to take on elevated risk in pursuit of enhanced returns, particularly in value-add or opportunistic strategies where pricing remains attractive.

Looking ahead, the UK leisure investment market is poised for further recovery. Stabilising cinema performance, rebased rents, and improving occupier fundamentals across leisure subsectors are creating a more investable landscape. While caution remains around credit risk and emerging concepts, pricing dynamics and yield trends suggest growing opportunity for value-add strategies and long-term capital growth.

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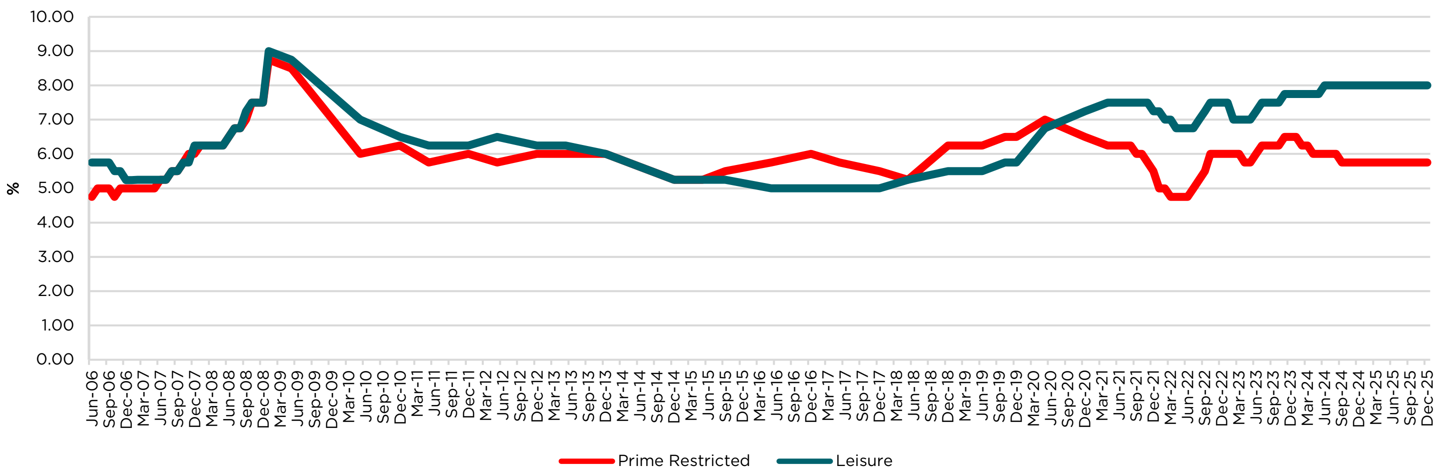
Leisure investment yield (multi let out of town scheme) versus prime retail warehouse yield



Source: Savills Research

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