



HospitalityMarketMonitor

Review of GB pub, bar and restaurant supply

JANUARY 2025

Site numbers level in 2024 but closures surge in Q4

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

Given all the challenges that were thrown at it, hospitality did very well to end 2024 with almost exactly the same number of premises as 12 months earlier.

The theme of consolidation is backed up by CGA by NIQ’s sales data, which showed modest but consistent growth for managed groups. However, hundreds of net closures in the last quarter of the year showed that the burden of costs—made even heavier by the government’s Autumn Budget—is threatening this fragile renewal.

Spending is still tight for many consumers, and trading conditions are tough—even for growth areas like food-led businesses and high streets (see page 2). In 2024, many closures were swiftly replaced by new openings, but January has already brought further closures of venues that clung on through Christmas. With economic uncertainty lingering, many more hospitality venues remain extremely vulnerable.

99,120

Total licensed premises in Britain at December 2024

Market overview

After another year of challenge and churn in hospitality, the net result is that the number of licensed premises is at virtually the same point year-on-year.

It’s not a spectacular outcome, but it does represent reassuring stability in site numbers. The year compares favourably with both 2022 and 2023, when venues contracted by **4.5%** and **2.9%** respectively. After thousands of net closures during COVID and the period of high inflation that followed, 2024 brought some welcome respite.

However, this year-on-year comparison is deceptively steady. Beneath the surface there was a constant turnover of sites, with a total of **4,078** closures and **4,085** openings. In other words, an average of 11 venues a day closed their doors, but a

near-identical number opened. In many cases, as one operation closed another quickly took its place.

As this table shows, there was also a significant level of change between formats. For example, the bar and bar restaurant channels have seen impressive net gains of **5.9%** and **4.1%** in the last 12 months, and several other segments have grown too. Others have shrunk—notably nightclubs and food-led channels (see page 2).

Market trends also look rather different on a quarter-by-quarter measure. Hospitality site numbers contracted by **0.7%** between September and December—equivalent to more than 8 net closures per day—with casual dining and other restaurants among the segments with most casualties. It is an indication that the hospitality landscape could continue to change fast in 2025.

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

| | Sites at Dec 2023 | Sites at Sep 2024 | Sites at Dec 2024 | % change in sites, Dec 2024 v Sep 2024 | % change in sites, Dec 2024 v Dec 2023 |
|--------------------------|-------------------|-------------------|-------------------|--|--|
| Bar | 4,363 | 4,614 | 4,621 | +0.2% | +5.9% |
| Bar restaurant | 3,221 | 3,324 | 3,352 | +0.8% | +4.1% |
| Casual dining restaurant | 5,085 | 5,194 | 5,143 | -1.0% | +1.1% |
| Community pub | 18,021 | 17,999 | 17,944 | -0.3% | -0.4% |
| Food pub | 11,639 | 11,435 | 11,267 | -1.5% | -3.2% |
| High street pub | 5,910 | 6,138 | 6,128 | -0.2% | +3.7% |
| Hotel | 7,232 | 7,338 | 7,324 | -0.2% | +1.3% |
| Large venue | 4,240 | 4,318 | 4,326 | +0.2% | +2.0% |
| Nightclub | 851 | 834 | 828 | -0.7% | -2.7% |
| Restaurant | 14,968 | 15,229 | 14,882 | -2.3% | -0.6% |
| Sports / social club | 19,737 | 19,619 | 19,547 | -0.4% | -1.0% |
| Other* | 3,845 | 3,825 | 3,757 | -1.8% | -2.3% |
| Total | 99,113 | 99,868 | 99,120 | -0.7% | 0.0% |

-0.7%

Net change in outlets between September 2024 and December 2024

0.0%

Net change in outlets between December 2023 and December 2024

In focus: Food v drink

For many years, the trend in hospitality has been away from drink-led venues towards food-led alternatives. Post-COVID, pub groups have developed strong food-led offerings that present yet another dining choice for consumers.

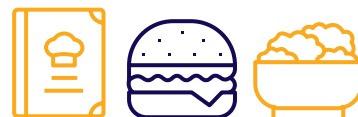
But the narrative may be changing. In the last 12 months, the number of venues classified by the Hospitality Market Monitor as food-led has fallen by **0.7%**, while drink-led ones have increased by 0.5%. The gap widened in the fourth quarter of last year, with food-led venues shrinking **1.6%** but drink-led ones only **0.2%**.

Signs of resilience in this second group—largely made up of pubs, bars and sports or social clubs—is welcome given the problems facing these types of venues in the last few years. On the food-led side, the acceleration in closures can be attributed to a combination of very high cost inflation, fragile consumer confidence and an unsustainable over-supply of restaurants in some places. But a positive read of the numbers is that consumer demand for pubs is much higher than some recent media coverage would suggest.

One striking sub-plot of this story is the contrasting performance of managed and independent operators. There was a **2.9%** drop in the number of food-led venues run by multi-site groups in

-0.7%

Net change in food-led outlets, December 2023 to December 2024



2024—equivalent to nearly 1 net closure every day. The year saw high-profile closures from some casual dining brands, food pubs and higher-end restaurants alike, while some churn is explained by pub and bar groups switching sites from food-focused concepts to new ones centred on drink-led experiences. The independent part of the segment was much steadier with net growth of **1.0%**, reflecting the striking confidence of small food-led businesses and start-ups.

+0.5%

Net change in drink-led outlets, December 2023 to December 2024



In focus: The high street

The Hospitality Market Monitor has shown that high street venues have been more resilient than others in recent years—but there are some signs of that changing.

In the 12 months to December, there was a **1.0%** net increase in the number of licensed premises on British high streets, alongside drops of **0.3%** and **0.7%** among their counterparts in suburban and rural areas respectively.

However, some gains have been lost in the last three months. There was a quarter-on-quarter contraction of **0.7%** in the high street segment—in line with the suburbs (**down 0.9%**) and rural areas (**down 0.7%**). It suggests that urban venues may have

suffered from a drop in footfall and high costs of doing business, especially in labour and rates. This will be a data point to watch closely moving forward.

There have been notable quarterly falls in venue numbers in major cities including London (**down 0.6%**), Birmingham (**down 2.0%**) and Oxford (**down 4.4%**). At the same time, there has been modest growth in cities like Liverpool (**up 0.7%**), Manchester (**up 0.3%**) and Leeds (**0.9%**). These gaps aren't enough to prove a north-south divide, but operators in some big hubs of northern England do seem to be slightly more resilient than average at the moment.

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

| | Sites at Dec 2023 | Sites at Sep 2024 | Sites at Dec 2024 | % change in sites, Dec 2024 v Sep 2024 | % change in sites, Dec 2024 v Dec 2023 |
|-------------|-------------------|-------------------|-------------------|--|--|
| High street | 33,172 | 33,744 | 33,516 | -0.7% | +1.0% |
| Suburban | 35,591 | 35,785 | 35,471 | -0.9% | -0.3% |
| Rural | 30,348 | 30,337 | 30,131 | -0.7% | -0.7% |

Comment from **AlixPartners**

The regular flow of festive trading announcements has revealed that, while the buoyant Christmas period was needed and welcome, it was not quite a season of unbridled joy for hospitality. Bar and pub groups reported an unsurprising uptick, but there was a wider sense that trading across the sector as a whole was soft – underpinned by the lower levels of footfall reported across the retail sector.

This should not detract from the fact that this latest Hospitality Market Monitor has revealed some signs of stability. After another year of challenge and churn in hospitality, the net result is that the number of licensed premises is at virtually the same level, year-on-year. In some parts of the market there are signs of modest growth. The sector has learned to hang tough over the course of the past few years and there is a sense that with a new year, this ability – to operate in tough times – will be more important than ever. The current conditions, coupled with further significant labour cost headwinds, will force a new level of focus and grit, as businesses right-size their operations for this new environment.

We expect the consumer outlook to improve as we move further through the year, and note that there has been a continued flow of M&A activity in the past quarter for high-quality businesses. These deals, including 200 Degrees Coffee, Blacklock and Wingstop, could provide the catalyst for growth operators to secure investment during 2025. However, at the same time, a significant number of businesses remain vulnerable. The turnover of sites will continue, as operators increasingly focus on core operations, discard ancillary sites and reassess opening pipelines. Restructurings and rescue deals will be an inevitable feature of this part of the business cycle.

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

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

| | | Sites at Dec 2023 | Sites at Sep 2024 | Sites at Dec 2024 | Dec 2024 v Sep 2024 | % change in sites, Dec 2024 v Sep 2024 | % change in sites, Dec 2024 v Dec 2023 |
|---------------------------------|--------------|-------------------|-------------------|-------------------|---------------------|--|--|
| All Venues | Total | 99,113 | 99,868 | 99,120 | -748 | -0.7% | 0.0% |
| | Managed | 20,602 | 20,955 | 20,677 | -278 | -1.3% | +0.4% |
| | Independent | 61,954 | 62,481 | 62,347 | -134 | -0.2% | +0.6% |
| | Leased | 16,557 | 16,432 | 16,096 | -336 | -2.0% | -2.8% |
| Food-led Venues | Total | 36,125 | 36,433 | 35,864 | -569 | -1.6% | -0.7% |
| | Managed | 10,555 | 10,524 | 10,222 | -302 | -2.9% | -3.2% |
| | Independent | 21,044 | 21,407 | 21,253 | -154 | -0.7% | +1.0% |
| | Leased | 4,526 | 4,502 | 4,389 | -113 | -2.5% | -3.0% |
| Drink-led Venues | Total | 53,987 | 54,366 | 54,237 | -129 | -0.2% | +0.5% |
| | Managed | 6,954 | 7,227 | 7,253 | +26 | +0.4% | +4.3% |
| | Independent | 35,300 | 35,497 | 35,552 | +55 | +0.2% | +0.7% |
| | Leased | 11,733 | 11,642 | 11,432 | -210 | -1.8% | -2.6% |
| Accommodation-led Venues | Total | 9,001 | 9,069 | 9,019 | -50 | -0.6% | +0.2% |
| | Managed | 3,093 | 3,204 | 3,202 | -2 | -0.1% | +3.5% |
| | Independent | 5,610 | 5,577 | 5,542 | -35 | -0.6% | -1.2% |
| | Leased | 298 | 288 | 275 | -13 | -4.5% | -7.7% |

Sources and definitions

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

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

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

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

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

*Segments

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