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Welcome.

Evolution of the Leisure Experience

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Evolution of the Leisure Experience

Research conducted by

savills

ASPECT
MARKET RESEARCH

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Evolution of the Leisure Experience

Themes

MARKET	CONSUMER
TECHNOLOGY	PROPERTY

Methodology

8 sub-markets

4,800 locations / 80,000 occupiers

8,000 consumers

20 consultations

Market dynamics & change

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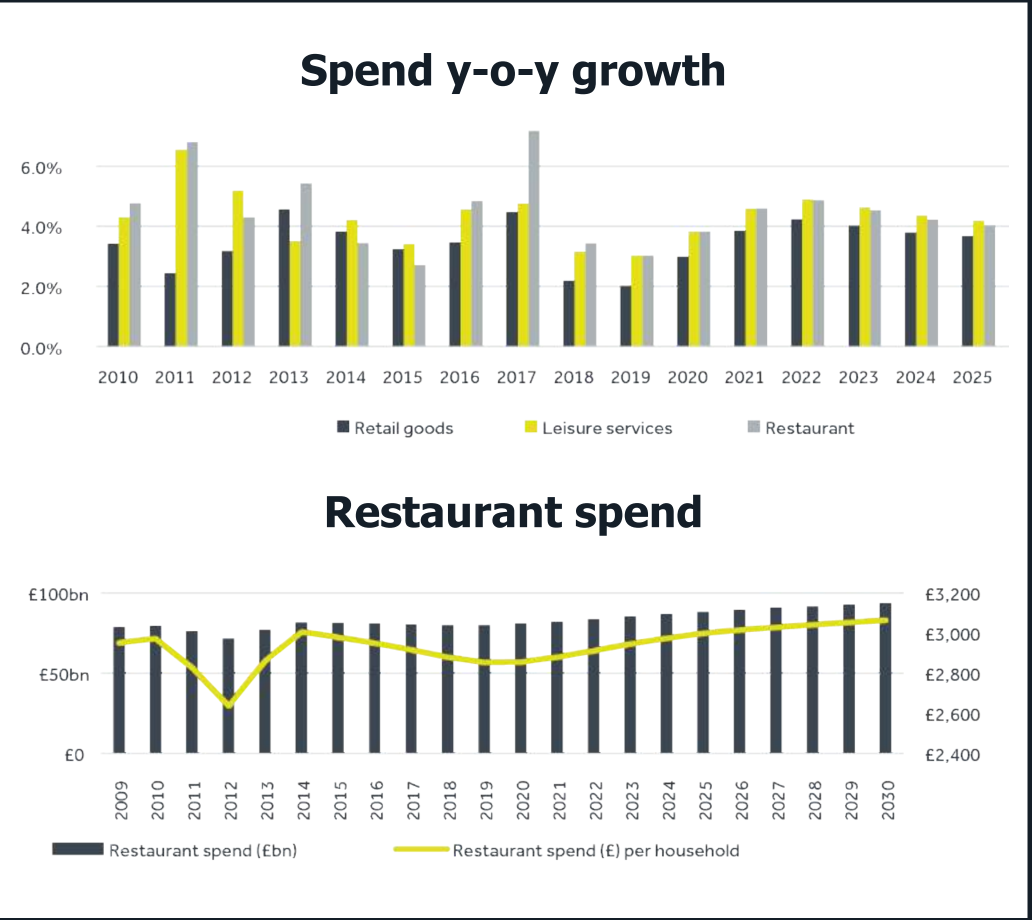
Market dynamics & change

Industry growth

- Leisure spend growth consistently outpaces retail
- Household restaurant spend has levelled but due to increase
- Cinema admissions have flat lined, but GBO has increased



Source: Oxford Economics / Dodona

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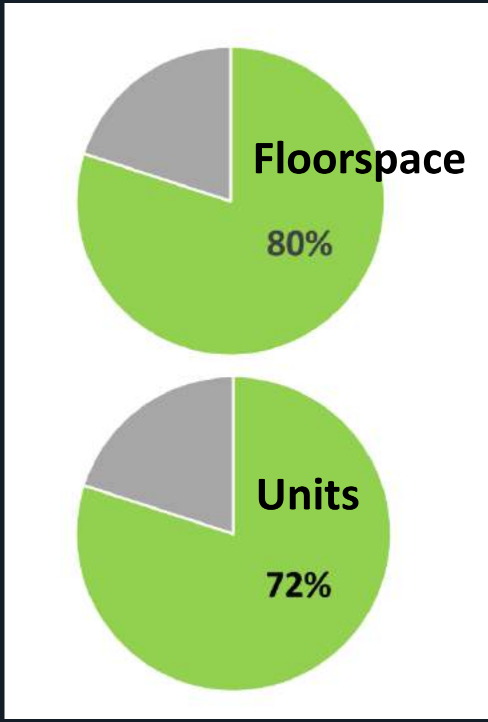
Market dynamics & change

Size & usage

- Vast majority of leisure space is on high streets
- 75% of leisure/F&B growth in last 5 years from change of use, not new development
- Growth in F&B well ahead of other sub-sectors
- The leisure provision gap between London and the UK is narrowing (36% compared to 22%)
- Independent sector covering new ground

High streets leisure market share:



Source: Savills

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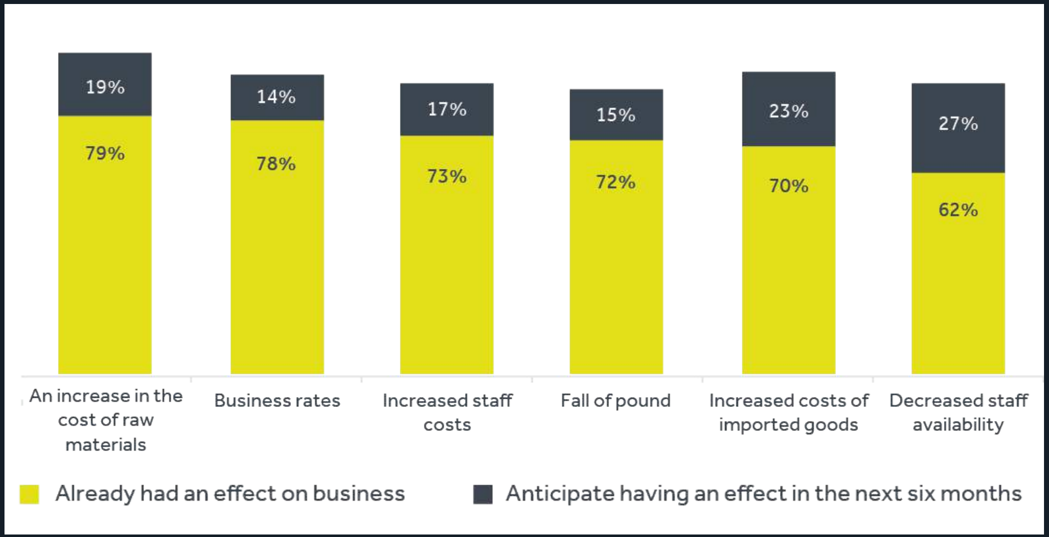
Market dynamics & change

Challenges & prospects

- Headwinds, saturation and CVAs
- Has casual dining had its day?
- F&B growth anticipated to grow at subdued level outside of key markets
- Other markets will grow cautiously where there are good opportunities

Challenges envisaged by business leaders:



Source: CGA Business Leaders Survey 2018

Consumer context

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Consumer context

Understanding different leisure journeys

- Polarisation of leisure experiences - but consumers constantly switch between them
- Blending of day parts
- Relationship with retail and other uses
- Importance of a mixed use offer

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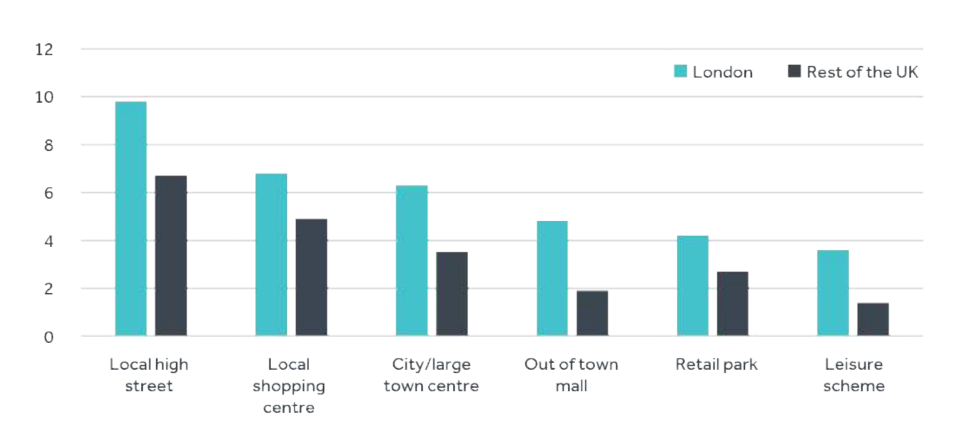
Consumer context
Visitation & spend

- Frequency of eating out weekly at a 4 year high for 18-44 year olds
- The highest visitation frequency: high streets and local shopping centres
- Frequent visitors spend more than less frequent consumers
- 50% of visits are made by 20% of consumers
- Frequency of visit & spend still highest in London

Average visitation by month – London vs UK



Source: Savills/GlobalData

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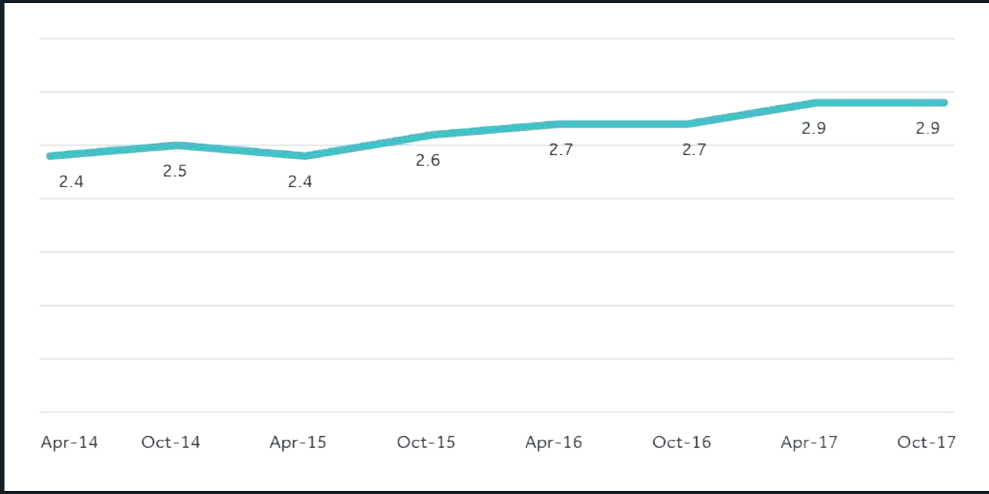
Consumer context

What do people want?

- Consumers are increasingly brand agnostic

- The three most universally important things to the consumer that embody every leisure visit are:
- Convenience
- Experience
- Service

Number of brands visited each month



Source: CGA

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Role of technology

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Role of technology

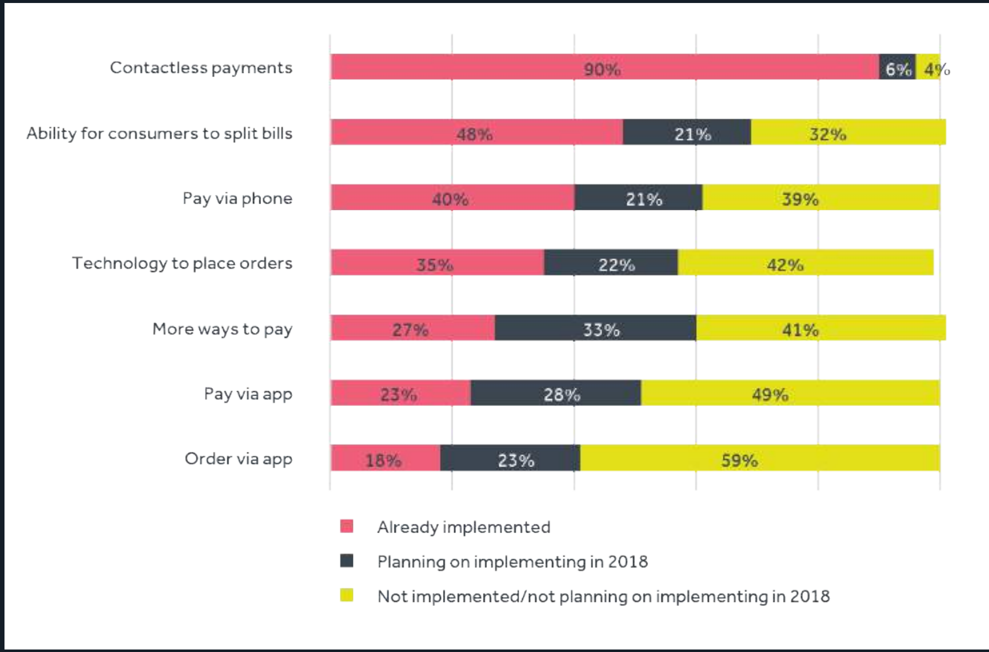
Consumer Experience

- Streamlining and simplifying booking & payment
- Social media
- Smartphones have been the key enabler
- Entertainment experiences & VR

Role of technology
Operational benefits

- Enhanced asset utilisation
- Improved customer satisfaction and experience
- Loyalty& promotions

Advencements in technology already implemented or planned to be implemented in 2018 by operators



Source: CGA Business Leaders Survey 2018

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Role of technology
F&B and delivery

- A controversial but significant disruptor
- UK delivery market worth £1.6bn
- 54% of UK population have used an app when ordering a takeaway
- There are operational benefits for many…
- …but challenges persist too

pre 199
ad-hoc delivery from local takeaway

1999
Domino's launches online ordering

2001
JustEat launches as 'menu aggregato r'

2011
Domino's launches delivery app

2013
Delivero o launches in UK

2016
Uber Eats launches in UK

2018
Deliveroo y-o-y revenue growth of 600%

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Property considerations

Property considerations

Space & location

- Relationship between retail & leisure increasingly symbiotic
- Greater synergies between retail & leisure → more engaging and memorable consumer experiences → more effective at driving footfall and repeat visitation
- Mixed uses
- Some occupiers seeking less prime space
- Private equity firms – good or bad?

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Property considerations
Lease structures

- Some leisure occupiers paying unsustainably high rental values
- What adjustments are required to secure a sustainable future?
- Turnover rents – embraced by some, shirked by others
- Do shorter lease lengths reduce viability, or create more vitality?
- How do we perceive covenant strength going forwards?
- An increased uptake in independents requires landlords to take a bigger risk

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Property considerations

Flexibility of approach

- Leisure industry is so diverse that there is not one simple solution that fits all
- Right operator, right location, right adjacencies and right lease structure
- Tapping into footfall – wherever it comes from
- Importance of independent operators
- Less homogeneous schemes may require landlords to take bigger risk on occupiers

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Case studies

12th Street, Milton Keynes

Westgate, Oxford

Revo members have exclusive access to the full report.

To find out more about our research and membership please contact:

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