



## PRESS RELEASE

### Modest forecasts for growth in the UK leisure construction sector

September 2016 – Cheltenham, UK



Construction activity in the leisure sector has been volatile in recent years, with a decline of around 5% in 2015. However, this followed strong growth in 2013 and 2014 and the sector remains a vibrant market for construction work, worth over £6 billion annually in new work alone. Expansion and investment has been largely driven by growing demand for budget hotels, health and fitness and, more recently the cinema segments.

However, in terms of revenue, the largest sector within the UK leisure industry is the 'food service' segment and the restaurant sector has experienced a strong performance over recent years. This has been driven by a growing trend towards consumers eating out more often – and this has helped drive expansion of new outlets to meet demand.

The UK hotel market has also continued to expand, with 'budget' hotels the key area of growth. Over 20% of hotel rooms in the UK are now estimated to be in the budget sector and most of the leading groups in the sector are continuing to expand their portfolios through substantial new development programmes. The UK health and fitness club market has also grown significantly over recent years, also driven by the budget segment, with market value increasing by around 3% in 2015. However, the private health and fitness market remains highly fragmented, though AMA's report highlights the key development programmes of the leading groups in the sector.

Andrew Hartley, Director of AMA Research commented: *"The outlook for entertainment & leisure construction output remains positive, if modest, with annual increases of around 2% currently forecast to 2020. However, in both the hotel and health club sectors, competition in the low cost segment has increased, but most of the leading operators have substantial development pipelines offering good potential for contractors and material suppliers."*

Going forward, there is a good pipeline of leisure sector work forecast to 2018, with a mix of theme park, resort, hotel and sports stadia in the pipeline, which should drive construction growth over the forecast period. However, the uncertainty following the outcome of the EU Referendum is likely to have some adverse effect on the leisure sector, including some cancelled or delayed projects, but it is too early to predict the impact of the Brexit process at this stage.

Opportunities for construction, fit-out and refurbishment work are mixed across the sector with significant expansion plans announced by budget hotels, 'food-led' pubs, budget gyms and cinema sectors, contrasting with continued pressure on the mid-market hotels sector and the betting and gaming industry. However, many new construction projects in the leisure sector relate to re-fit or refurbishment as hoteliers and leisure facility owners invest in their portfolios in order to maximize growth in occupancy and maintain market share, through a mix of refurbishment, upgrading facilities, and re-branding programmes, particularly for the larger leisure operators.

The '**Construction in the Hotel, Entertainment and Leisure Sector Report - UK 2016-2020 Analysis**' report is published by AMA Research, a leading provider of market research and consultancy services with over 25 years' experience within the construction and home improvement markets. The report is available now and can be ordered online at [www.amaresearch.co.uk](http://www.amaresearch.co.uk) or by calling 01242 235724.

**Editors Note:**

If you would like to receive more information on the report, or would like to speak to the author, then please contact Anna Eriksson or Andrew Hartley on 01242 235724.

Please include our web address and telephone number on any review printed, and it would also be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

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