

The Hotel, Entertainment & Leisure Construction Sector Maintains Healthy Pipeline



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Construction output in the hotel, entertainment and leisure sector, grew to £10.1bn in 2019, from £6.2bn in 2015, almost doubling in just 4 years. It is worth noting that the value of construction projects across these sectors can vary dramatically, for example the costing for construction or RMI work on a large hotel, leisure centre or a theme park will be significantly higher than that for a new build micro pub or the refurbishment of a regional restaurant. This does help to highlight the diversity within this type of sector and how directly comparing turnovers could be detrimental when growth has been shown throughout.

There is a healthy pipeline of construction work, including major hotel, sports stadia and leisure/entertainment activities. However, the pace of delivery will depend upon the resilience of the UK economy following Covid-19 and Brexit. Given the varied nature of the entertainment and leisure sector, including hotels there will be a wide distinction in performance. Whether the hotels sector will see an uplift from the 'staycation' market, entertainment venues that may still be seeing long-term closures as to avoid mass gathering where social distancing may not be possible. Sports

facilities however may see a reprieve sooner as there is a current willingness to adhere to social distancing rules to enable this to happen.

Hotels represent the largest sub-sector and have performed strongly, with a number of major construction projects and an appetite for investment. London has been a key driver behind this growth. Inbound tourism has grown along with spending in recent years. However, with the Covid-19 pandemic still pressing and travel restriction still in force its sill be worth seeing if this appetite for investment continues and returns post-Covid along with the popularity of 'staycations'.

The gaming & betting sector faces significant challenges from consumer movement towards online services, especially among the younger audiences. The sports and health & fitness sectors present significant opportunities, in particular larger-scale projects in the football and tennis sectors, especially as we have noted that these are the sectors with some of the greatest willingness and ability to adapt for social distancing and Covid secure premises.

Following an anticipated decline of 22% in 2020, construction output in the hotel, entertainment and leisure sector is forecast to be expected to be flat in 2021, improving from 2022 onwards.

The information was taken from the [Hotel, Entertainment & Leicure Construction Market Report – UK 2020-2024](#) by AMA Research, which is available to purchase now at www.amaresearch.co.uk or by calling 01242 235724.

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