



Issue 30



AlixPartners

MarketRecoveryMonitor

Review of GB pub, bar and restaurant supply

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A quarter of sites closed as 'freedom day' delayed

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

After five weeks of limited outdoor openings, hospitality has made a steady but unspectacular return to inside service from 17 May. Three quarters of licensed premises were back trading by the end of the month, and as we see in this edition of the Market Recovery Monitor, the picture has been brightening for managed groups and big cities in particular—though trading has been modest in many places.

However, 25,000 sites remain closed, and the postponement of hospitality's full return in England until 19 July—and Scotland and Wales likely to follow that lead—throws the future of beleaguered operations into doubt. In addition to the fierce headwinds whipped up by mounting debt, recruitment problems, rising input costs and much more, operators now face four more weeks of severely curtailed trading—or, in thousands of cases, no trading at all.

The withdrawal of government support measures for these businesses including furloughing and tax cuts could be costly, and news of an extension of the moratorium on evictions of tenants until 2022 is a welcome first sign of backing. Britain already has nearly 10,000 fewer licensed premises than it did before the pandemic, and further backing is going to be needed if many more fragile businesses are to make it through.

76.2%



Of Britain's licensed premises open at end-May 2021

1. Overview

The last Market Recovery Monitor reported that around a third (32.9%) of Britain's licensed premises were open for trading during the period of outdoor-only service. By the end of May, a fortnight after hospitality got the green light to bring guests inside, the number had more than doubled, to **76.2%**. That is equivalent to about 80,500 venues trading.

The flip side of this is that just over 25,000 venues remained closed. It remains to be seen how many of these closures are temporary and how many are permanent, but constraining service until 19 July has shifted the balance towards the latter. Some venues that have been able to open have meanwhile reported underwhelming sales, and Coffer CGA Business Tracker data shows that managed groups' total sales in May were down

by **26%** on May 2019. Trading may have restarted, but it is still far off pre-COVID levels.

Beneath the headline numbers are more nuanced stories of openings and closures in four key areas. One: sites in England and Scotland—the latter of which faced tougher restrictions in April and May—have reopened faster than in Wales. Two: there has been a much sharper reopening of eating-out establishments than drink-led ones (*see page 2*). Three: the managed sector has returned confidently, while independents have been much slower (*see page 3*). And four: major city centres have been generally more robust than towns and suburbs—though London presents a uniquely complex picture (*see page 3*).

Reopenings by country



Late-night sector suffers another blow