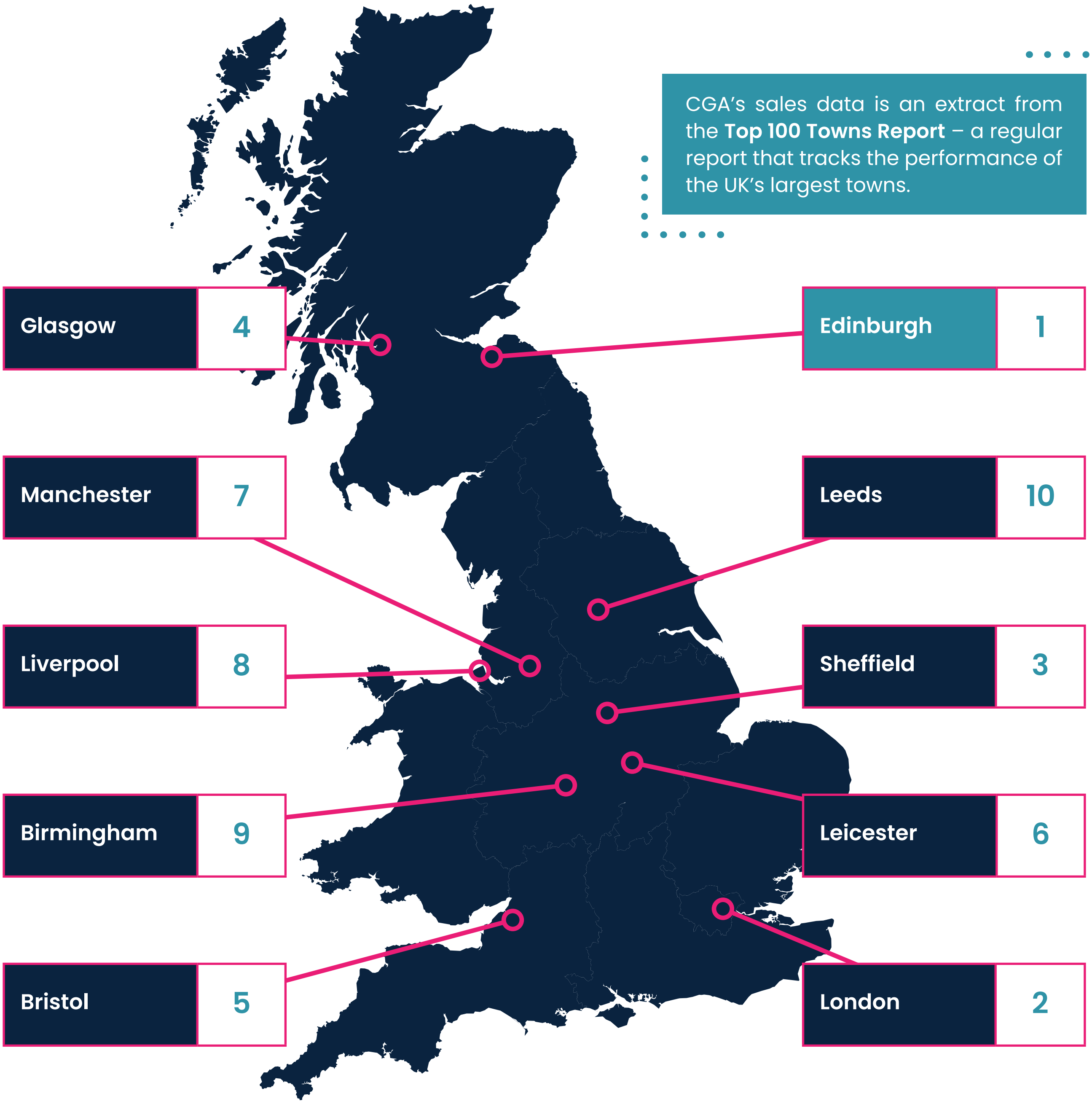
Top Cities Vibrancy Ranking

Q1 2023

Top Cities: Vibrancy Ranking

CGA and Wireless Social have collaborated to deliver the definitive view on city vibrancy. Utilising sales data from CGA's data pool of over 8,000 sites, combined with Wireless Social guest data from over 1 million logins, Top Cities provides the most accurate assessment of the current landscape across the most important markets of Great Britain.

CGA's sales data is an extract from the **Top 100 Towns Report** – a regular report that tracks the performance of the UK's largest towns.



Source: CGA Managed Volume Pool & Wireless Social login index (6 weeks ending 01/04/2023)

Top Cities research from **CGA by NIQ** and **Wireless Social** provides the definitive picture of hospitality sales and footfall in **Britain's biggest city centres.** This is our summary of the performance in the **first three months of 2023.**

City centres in Q1

After months of disruption from COVID, Top Cities research reveals a **strong revival in hospitality sales and log ins in the first quarter of 2023.** Sales in each of Britain's ten biggest cities were above the first quarter of 2022—welcome proof of the **sector's progress over the last 12 months.**

This positivity comes with two caveats. The first is that the first three months of last year were hit by anxiety about the **Omicron variant of COVID-19**, which led some consumers to stay away from city centre pubs, bars and restaurants. This makes for favourable year-on-year comparisons. The second is that with inflation running in double digits throughout the first quarter of 2023, **trading for most operators remains well behind last year's level in real terms.**

Nevertheless, there has been a lively start to the year in many big cities. **All three of 2023's monthly Top Cities lists so far have been led by Edinburgh**, where sales and log-ins have surged back since the end of COVID restrictions. Second is London, which is the subject of our special focus in this report. Glasgow, in fourth place, adds to a very strong quarter for Scotland, while third-placed Sheffield is the best performing city in the north of England.

At the other end of the rankings, Leeds, Birmingham and Liverpool have consistently ranked near the bottom in the first quarter of the year. This is partly a consequence of their speedier recovery from COVID than London, which has made it harder for them to achieve growth over the last 12 months. But the **cost of living crisis and rail strikes have also put the brakes on the post-COVID recovery** in footfall—so while early 2023 has brought some encouraging signs, **businesses will have to keep working hard to attract people to city centres over the remainder of 2023.**

Q1 TOP TEN

Britain's 10 biggest cities, ranked by average vibrancy score, January to March 2023

1	**Edinburgh**
2	London
3	Sheffield
4	Glasgow
5	Bristol
6	Leicester
7	Manchester
8	Liverpool
9	Birmingham
10	Leeds

City Centres in March

In January, sales and log-in data benefited from easy comparisons with the first month of 2022, when COVID concerns lingered. However, with households facing soaring bills, March has been a tougher month.

Sales were down year-on-year in four cities—Birmingham, Manchester, Liverpool and Leeds—while log-in comparisons were lower than in both January and February for most places. Rain and low temperatures dampened trading, especially compared to the warm sunshine of March 2022, and kept people off pub and restaurant terraces. The continuation rail strikes did not help with footfall from the suburbs either.

#1

Edinburgh has topped all of 2023's Top Cities lists

As it did throughout the first quarter, Edinburgh tops the Top Cities rankings for March. London slipped to sixth, while Bristol moved the other way up to fifth. Leicester was another riser and Sheffield another faller.

MARCH TOP TEN

Britain's 10 biggest cities, ranked by vibrancy score in March 2023

1	**Edinburgh**
2	Bristol
3	Glasgow
4	Leicester
5	Sheffield
6	London
7	Manchester
8	Birmingham
9	Liverpool
10	Leeds

These trends echo findings from the Coffer CGA Business Tracker, which measures the sales of Britain's leading managed pub, bar and restaurant groups. The Tracker recorded double-digit year-on-year sales growth in January, but by March this had slowed to low single digits—which means the month's trading was substantially down after adjustments for inflation. However, CGA research consistently shows strong consumer demand for restaurants, pubs and bars, and while short-term conditions are difficult, we can be cautiously optimistic for better momentum when inflation eases.

Special Focus: London

Central London has been hit harder by the COVID-19 pandemic than any other city in Britain. The widespread switch to working from home during lockdowns, and plummeting visitor numbers as a result of travel restrictions, decimated footfall for much of 2020 and 2021.

It had a very damaging impact on pubs, bars and restaurants in London, some of which have never reopened after lockdown. The Hospitality Market Monitor from CGA and AlixPartners has reported a 15.6% net decline in the number of licensed premises in London between March 2020 and March 2023—equivalent to 540 permanent closures, or one every two days.

However, the picture since mid-2022 has been much brighter. The Monitor shows the rate of net closures in London has slowed to 1.1% in the last six months. The Coffer CGA Business Tracker has meanwhile shown that sales growth for managed operators within the M25 has been at least twice as high as in the rest of Britain over the quarter of 2023.

The new Top Cities research from CGA and Wireless Social provides further cause for optimism about the capital. After finishing bottom of these rankings for most of 2022, London has soared to second on the list of Britain's most populous cities over the first quarter of 2023, behind only Edinburgh. Sales growth has been very close to the high level of inflation, though still behind in real terms.

#2

London has soared to second on the list of Britain's most vibrant cities over the first quarter of 2023

This growth is partly a result of easy comparisons with early 2022, when the Omicron variant of COVID was keeping some consumers away from city centres and crowded hospitality venues. This trend was especially obvious in London, where the concentration of tourists and businesses is so high—and as a result the recovery in late 2022 and early 2023 has been particularly apparent here.

It is an encouraging sign that both office workers and visitors have steadily returned to London, and that footfall and sales might soon be back to pre-COVID patterns. Key London city business hubs such as Canary Wharf, are seeing a series of new 'competitive socialising' venue openings, including Esports Bars, bowling, and crazy golf venues. These types of venues are helping to mitigate losses of footfall during weekdays and attract new consumers. Another positive indicator comes from Feed it Back's data on Net Promoter Scores (NPS), which reveals Competitive Socialising is outperforming the rest of the hospitality sector, with significant growth in the first quarter of the year –10 percentage points ahead of the rest of the industry in March 2023. Feed it Back's NPS data has been consistently ahead year-on-year in 2023—by as much as 14 percentage points on some days. Issues around speed of service have dropped too and demonstrates it's a segment of the market delivering on guest experience.

Analysis for Top Cities highlights important nuances in London trends, like much stronger growth for food sales than drinks. Restaurants and food-led pubs have been robust as consumers have returned to eating out and made up for occasions with friends and family that they missed during lockdowns.

However, trading has been tougher in other parts of the market—especially the late-night segment. Bars and nightclubs have struggled to bring sales back to the levels of 2019, and the Hospitality Market Monitor shows Britain now has 30.6% fewer clubs than it did three years ago. This is partly a consequence of the drop in after-work and late-night drinking occasions following the switch to remote working.

It is a reminder that trading conditions remain difficult. Challenges have been exacerbated by the cost of living crisis, which has piled pressure on consumers' spending—even in relatively affluent areas like London. However, with commuter and tourist numbers likely to continue rising over the rest of 2023, the outlook for hospitality in London is more positive than at any point since the start of the pandemic.

The view from Wireless Social

JULIAN ROSS
FOUNDER & CEO, WIRELESS SOCIAL

Wireless Social

"Hospitality is an incredibly resilient industry. Despite facing up to many significant challenges over the last three years, the sector is continuing to fight back. Footfall and sales remain strong in major hubs all over the UK, especially across competitive socialising and more experience-led concepts that have emerged and blossomed since the pandemic. Consumers are looking to get as much for their money as possible, and that is what these operators are capitalising on.

"However, the market is still fraught with economic obstacles that are continuing to pose a serious threat to the survival of many businesses. Soaring energy bills, grossly inflated supply chain costs, an ongoing labour crisis, and a business rates system that is simply not fit for purpose, are just some of these issues, and it's absolutely vital that the sector continues to receive as much support as it can get. Without the requisite support, the road ahead is set to be extremely rocky for our sector."

The view from CGA

"It's been a tough few years for hospitality businesses in Britain's city centres, but our Top Cities research gives us grounds for cautious confidence about the future. Major cities are steadily recovering their vibrancy from the turmoil of COVID, and demand for the sector remains high among consumers and investors alike. Over the first quarter of 2023 it's particularly pleasing to see the impressive recovery of London, Britain's heartbeat of hospitality. Our numbers also emphasise the pivotal role of pubs, bars and restaurants in reenergising all city economies after the COVID crisis. Hospitality can kickstart job creation and consumer spending, but it needs support from government on energy and other key costs to sustain it through the short-term challenges."

CHRIS JEFFREY
CGA CLIENT DIRECTOR

CGA Powered by NIQ

About the research

The 'Top Cities' research combines sales data from CGA by NIQ's Managed Volume Pool of more than 8,000 pubs, bars and restaurants with device log-in data from Wireless Social, the leading connectivity solutions provider for hospitality and leisure businesses. The results have been weighted to compile 'vibrancy' rankings of Britain's ten most populous cities.

To learn more about **CGA by NIQ's services**, including sales measurement, benchmarking and location planning, please contact hoaf@cgastrategy.com.

To learn more about **Wireless Social**'s data insight and guest wi-fi solutions for businesses, please contact hello@wireless-social.com.