



Issue 50



AlixPartners

HospitalityMarketMonitor

Review of GB pub, bar and restaurant supply

AUGUST 2025



98,746

Total licensed premises in
Britain at June 2025

Hospitality losing two sites a day as new costs bite

Introduction by Karl Chessell, CGA by NIQ director –
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Hospitality has worked exceptionally hard to respond to the challenges of COVID-19, high inflation and the cost of living crisis, returning to a position of stable site numbers in 2024.

However, the Hospitality Market Monitor figures show how the recent Government-led increases in employment costs have added pressure to site profitability and helped trigger a period of net site closures.

The introduction in April of new National Minimum and Living

Wage rates and National Insurance contributions isn't the sole cause of sites shutting in 2025. But it has been a material contributing factor for many operators—especially smaller ones. Rising costs have led many venues to raise prices, which in turn can lead to reduced visit frequency from consumers who are keeping a close eye on their spending.

Hospitality remains a vibrant and resilient sector, but a lack of Government support creates headwinds that may lead to further closures and job losses over the second half of 2025.

Market overview

Last year was a welcome period of consolidation for hospitality, and the sector ended it with almost exactly the same number of premises as 12 months earlier. However, 2025 is proving more challenging.

-0.1%

Net change in outlets between
December 2024 and March 2025

After contracting by **0.3%** in the first quarter of the year, the market shrank by another **0.1%** between the start of March and the end of June. This means hospitality has suffered a net decline of 374 licensed premises in the first half of 2025—equivalent to 62 closures per month or two every day.

-0.5%

Net change in outlets between
June 2024 and June 2025

On a longer view, these closures are damaging hospitality's recovery from the triple whammy of COVID-19, high inflation and the cost of living crisis. The latest quarter-on-quarter contraction is the 11th in the 14 quarters since the start of 2022 and means there are **14.2%** fewer sites than at the pre-COVID benchmark of March 2020. That represents more than 16,000 net closures.

Eating-out and independent operators have borne the brunt of closures in 2025 so far. The food-led sector has contracted by **2.9%** in just one year, in sharp contrast to reasonable growth in the drink-led side of the market (see page 2). As this table shows, bars and pubs have outperformed in the last 12 months.

Indie-run and leased or tenanted venues have meanwhile slipped by **0.1%** and **3.3%** respectively

year-on-year, reflecting their greater exposure to the strong trading problems. It's a brighter picture in the managed segment, which has grown by **0.7%** year-on-year—partly a result of groups acquiring or converting sites that were previously free, leased or tenanted.

Outlets by segment, June 2025 v March 2025 and June 2024

	Sites at June 2024	Sites at March 2025	Sites at June 2025	% change in sites, June 2025 v March 2025	% change in sites, June 2025 v June 2024
Bar	4,459	4,680	4,636	-0.9%	+4.0%
Bar restaurant	3,272	3,338	3,286	-1.6%	+0.4%
Casual dining restaurant	5,167	5,046	5,088	+0.8%	-1.5%
Community pub	17,933	17,990	18,070	+0.4%	+0.8%
Food pub	11,557	11,279	11,231	-0.4%	-2.8%
High street pub	5,911	6,139	6,140	0.0%	+3.9%
Hotel	7,208	7,356	7,380	+0.3%	+2.4%
Large venue	4,289	4,342	4,380	+0.9%	+2.1%
Nightclub	787	826	823	-0.4%	+4.6%
Restaurant	15,139	14,570	14,506	-0.4%	-4.2%
Sports / social club	19,630	19,555	19,523	-0.2%	-0.5%
Other*	3,854	3,744	3,682	-1.7%	-4.5%
Total	99,207	98,866	98,746	-0.1%	-0.5%

In focus: Restaurants

For a long period before COVID-19, closures of drink-led venues were substantially higher than those on the food-led side. Since the pandemic and the costs crisis that followed, this trend has been flipped, with restaurants shutting much faster than pubs and bars.

The latest Hospitality Market Monitor data shows a year-on-year dip of **2.9%** in food-led venues, while drink-led ones have risen **1.0%**. The difference in fortunes since COVID hit in March 2020—drops of **18.1%** and **11.1%** respectively—is even wider.

While all food-led segments of the market have been negatively affected, recent losses have been greatest in restaurants (see table). The independent-dominated

restaurant category is now **22.7%** smaller than it was before COVID. Casual dining has contracted even further, by **23.2%**. Put together, these two channels have suffered 5,801 net closures since March 2020, or 21 per week.

Several factors have been at play here. Long periods of closures and trading restrictions sent many independent, family-owned restaurants to the wall. The sector, and the branding casual dining side in particular, may have reached saturation point in any case, and a clear-out of unsustainable venues was inevitable.

More recently, inflation has hit restaurants harder than many pubs, bars and other drink-led sites. Higher rents and rates, and relentless rises in food prices, have piled pressure

-18.1% Net change in food-led venues between March 2020 and June 2025

-2.9% Net change in food-led venues between June 2024 and June 2025

In focus: Restaurants

on margins. New employment costs have added even more to the burden, especially at bigger, labour-intensive restaurants.

The trend may also reflect a shift from eating-out to drink-led visits by some consumers, especially those who

are watching their spending. This is reinforced by the CGA RSM Hospitality Business Tracker, which shows managed pubs have outperformed all other channels for sales every month in 2025. Pubs have many problems of their own, but for now they are slightly better protected against headwinds.

Outlets by segment, June 2025 v March 2020 and June 2024

	Sites at March 2020	Sites at June 2024	Sites at June 2025	% change in sites, June 2025 v March 2020	% change in sites, June 2025 v June 2024
Bar restaurant	3,685	3,272	3,286	-10.8%	0.4%
Café / delicatessen	1,456	1,234	1,194	-18.0%	-3.2%
Casual dining restaurant	6,625	5,167	5,088	-23.2%	-1.5%
Food pub	12,590	11,557	11,231	-10.8%	-2.8%
Restaurant	18,770	15,139	14,506	-22.7%	-4.2%
Total food-led sites	43,126	36,369	35,305	-18.1%	-2.9%

In focus: Manchester

Manchester has been a hotspot for new openings in recent years—not just from local operators but from London-based brands expanding beyond the capital.

Of the ten British city centres with the most licensed premises, Manchester is the only one in growth between March and June. Its year-on-year gain of **0.6%** is also better than any leading city except Glasgow. The performance reflects a strong return of commuters and a steady increase in the number of people living in the heart of Manchester. A recent BBC report said the city's population totalled just 500 people in 1990, but is now close to 100,000.

Manchester's population density and economic productivity have caught the eye of London operators. Blacklock, Lina Stores, Caravan, Chotto Matte and Market Place are just five who have made Manchester their first stop outside the capital, while many more have used it as a launchpad for openings across northern England. Home-grown groups like Mission Mars and Individual Restaurants continue to expand too. Saturation may become a risk at some point, but a raft of new residential developments is bringing even more people into the city, and there is likely to be headroom for growth for some time to come.

City centre outlets, June 2025 v June 2024

Ten cities with the most licensed premises at June 2025

	% change in sites, June 2025 v March 2025
London	-0.2%
Manchester	+0.8%
Edinburgh	-1.7%
Glasgow	-1.1%
Liverpool	-3.4%
Birmingham	-0.3%
Leeds	-3.6%
Newcastle	-0.9%
Brighton	-1.2%
Nottingham	-0.7%



Comment from AlixPartners

After a period of relative stability for pub and restaurant businesses last year, the first half of 2025 has proved more challenging, with the net closure rate increasing again – the big question for hospitality is what happens from here.

The effects of a step change in costs and taxation, which landed this April, have made the trading environment more challenging for many hospitality businesses. While it seems likely that more closures will follow in the immediate term, consumer demand does appear to be resilient so the medium-term impact of these changes are yet to be seen.

We would expect the polarisation in the market to continue, with the leading players continuing to grow and take market share from struggling and under-invested brands. A bright spot is the continued resilient trading seen in the pub sector, aided by more favourable weather, as highlighted by the recent trading updates from leading quoted operators such as Fuller's, JD Wetherspoon, Marston's and Mitchells & Butlers.

This relatively robust performance may well prompt an uptick in expansion plans (JDW expects to open 30 new sites during its next financial year) and an increase in M&A activity – as seen with The Restaurant Group and Upham Inns acquiring significant parts of Oakman Group – as strong operators capitalise on market opportunities.

Graeme Smith, Senior Partner , AlixPartners , gsmith@alixpartners.com

Market Survey: Total sites across three key segments: food-led, drink-led and accommodation-led

		Sites at June 2024	Sites at March 2025	Sites at June 2025	June 2025 v March 2025	% change in sites, June 2025 v March 2025	% change in sites, June 2025 v June 2024
All Venues	Total	99,207	98,866	98,746	-120	-0.1%	-0.5%
	Managed	20,689	20,740	20,837	+97	+0.5%	+0.7%
	Independent	62,034	62,134	61,975	-159	-0.3%	-0.1%
	Leased	16,484	15,992	15,934	-58	-0.4%	-3.3%
Food-led Venues	Total	36,369	35,460	35,305	-155	-0.4%	-2.9%
	Managed	10,617	10,154	10,107	-47	-0.5%	-4.8%
	Independent	21,240	20,951	20,839	-112	-0.5%	-1.9%
	Leased	4,512	4,355	4,359	+4	+0.1%	-3.4%
Drink-led Venues	Total	53,874	54,376	54,420	+44	+0.1%	+1.0%
	Managed	6,977	7,370	7,500	+130	+1.8%	+7.5%
	Independent	35,215	35,644	35,622	-22	-0.1%	+1.2%
	Leased	11,682	11,362	11,298	-64	-0.6%	-3.3%
Accommodation -led Venues	Total	8,964	9,030	9,021	-9	-0.1%	+0.6%
	Managed	3,095	3,216	3,230	+14	+0.4%	+4.4%
	Independent	5,579	5,539	5,514	-25	-0.5%	-1.2%
	Leased	290	275	277	+2	+0.7%	-4.5%

Sources and definitions

Data in this report is sourced from CGA by NIQ's Outlet Index, the leading database of licensed premises in Britain.

'Independent' means that the venue is owned and operated independently—the individual owner has full decision-making responsibility for the venue's operation and profitability.

'Managed' pubs are managed sites of operators with more than one location, typically a collection of venues or portfolio of brands. They typically employ a manager to carry out the day-to-day running of the venue, according to the company's specifications and objectives.

'Leased' outlets are run by individual tenants who pay a tenancy fee or rent to a corporate landlord, typically a pub company.

'Licensed' outlets are permitted to serve wine, beer and other alcoholic beverages.

****Other'** segments include café / delicatessens, guest / boarding houses and holiday / caravan parks.