

# MARKET

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# SUMMARY

**LEISURE MARKET**  
**OUTLOOK 2017**

# CONTENTS

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<b>SUCCESS IN THE LEISURE SECTOR</b>	<b>Page 2</b>
<b>MARKET OVERVIEW</b>	<b>Page 3</b>
<b>INDUSTRY INSIGHTS</b>	<b>Page 4</b>
<b>2016 HIGHLIGHTS</b>	<b>Page 5</b>
<b>BUSINESS BROKER ADVANTAGES</b>	<b>Page 6</b>
<b>RECENT RETAIL AND FOOD SALES</b>	<b>Page 7</b>
<b>MAJOR TRANSACTIONS</b>	<b>Page 13</b>
<b>TRENDING IN RETAIL AND FOOD</b>	<b>Page 15</b>

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## OUR SUCCESS IN THE LEISURE SECTOR

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2016 was a fantastic year for Kings Business, Redwood Dowling Kerr and Bruce & Co within the Leisure industry.

The UK Leisure investment market is still displaying a strong correlation with previous years in terms of the high level of transactions completed; not only by established corporate buyers, but by first time entrants to the market.

Highlights from last year included; the sale of a highly successful children's activity centre, Jitter Bugs, located in Rowley, West Midlands to first time buyers and the sale of a well renowned indoor adventure centre, Coconut Play, situated in Essex.

Both sales were achieved through our Corporate Sales Process. We expect to announce similar successes in first quarter of 2017.

In defiance of industry challenges (i.e. Brexit); UK investors are likely to retain their positive view on the Leisure investment market, having operated in a sector that has grown expeditiously in the recent decade, even though times of an economically challenged recession.

The sector possesses a strong underlying sense of stability, setting the foundation for a busy and optimistic 2017.

Demand for our Corporate Sales Process also continues to increase, with many business owners wanting to ensure they get the very best marketing packages and ultimately the best possible deal.

As well-respected market leaders in business brokerage and the quantity and the quality of the sales we achieved in 2016 are a testament to this.

The positive feedback and testimonials we receive from business owners and buyers also evidence Redwood Dowling Kerr's commitment to offering a dedicated service and achieving a satisfying conclusion for all parties.

The outlook on the Leisure market remains positive, as the sector consistently offers opportunities for growth across the full spectrum of the market.



## MARKET OVERVIEW

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Leisure is, arguably, one of the most diverse sectors of the UK economy, catering to residents and tourists alike, through restaurants, cinemas, casinos, bowling alleys, sport centres, spas, golf courses, etc.

Together, the leisure sub-sectors account for a growing and sizeable slice of the UK economy and are well-placed to benefit from the recovery in consumer demand.

According to the latest ONS data, the leisure industry has more than doubled over five years to reach an estimated total turnover of £176 billion.

The UK leisure industry is also a major source of employment, providing 2.9 million jobs in 2016. Its contribution in terms of employment (14%) is significantly higher than its contribution to GVA (3.5%).

This can be largely explained by the prevalence of part-time jobs and the high labour intensity of many leisure activities.

Similar to the retail sector, drivers of the leisure industry are closely correlated to the health of the overall economy, and in particular to consumer confidence, consumer spending and disposable income levels.

Household spend on recreation and culture is now on the rise by 3.6% when compared to 2015.

Restaurant turnover in the UK, for example, has increased 48% since 2014 to reach £21.6bn in 2016, with dining out becoming an increasingly regular experience for many.

A wider variety of leisure activities on offer, combined with an increase in 'staycations' as a result of the financial crisis and terrorism fears, have driven significant growth in household expenditure towards these leisure activities.

Going forward, the macro-economic picture remains positive for the medium-term prospects of the UK leisure industry.

Forecasts for UK consumer spending are upbeat and real disposable incomes are on a steady upward path in line with strengthening wage growth, low inflation and low interest rates. At present, the UK economy is expected to grow by an estimated 2.1% in 2017.

2017, like any year in leisure, will be dynamic and interesting. With such close ties to customer demand, the leisure industry will be shaped by how it can best serve its paying customers.

## INDUSTRY INSIGHTS

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### Leisure Investment Market

The UK Leisure Investment market has further established itself as a mainstream sector over the last 12 months with very strong investor demand for both leisure parks and the numerous sub-sectors.

Transaction volumes for the sector as a whole (including leisure parks i.e. Trampoline parks, bingo/bowling outlets, health & fitness,) increased significantly in 2016. This growth was led by the development of the sector as a whole with increased consumer spend, a growing number of established brands and dominant operators overcoming years of financial struggle to offer investors strong covenants underpinned by sustainable businesses.

Although, the market feels frustrated as the majority of landlords are resisting the temptation to sell for a number of reasons including the difficulty in sourcing “replacement investments” and the continuation of good performance of their current assets through both rental growth and yield compression.

### Trampoline Parks

Whilst the UK only saw its first entrant three years ago, trampoline parks are by no means a new phenomenon. They have been a rising trend in the US for over 10 years and the International Association of Trampoline Parks (IATP) estimated that at the end of 2015, there were over 550 indoor trampoline parks globally.

The UK market has experienced rapid growth, with over 80 parks now established nationwide; it is clear that

trampoline parks are becoming a fast-growing sector of the leisure market.

2017 is likely to see these businesses striving for diversification in the battle to compete. Many parks have already started introducing additional facilities such as climbing walls, laser tag and “ninja warrior” style courses.

Indicators suggest that this rapid growth in the UK is not likely to wane anytime soon; Oxygen Free jumping, the UK’s largest trampoline operator announced they are set to invest over £11.5m in the next 12 months, whilst operators including Bounce, Jump Xtreme, Gravity, Jump Inc and Energi have all announced plans of opening new parks in 2017.

### Technology and the Leisure industry

One trend we can’t ignore from 2016 is that of ever advancing technology. David Lloyd Leisure has had a major virtual fitness rollout and we predict 2017 will see much more of the same.

Technological innovations are bringing interesting changes to leisure sectors, with apps continuing to open up many opportunities in terms of personalised promotion, engagement and sales.

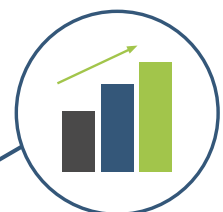
Virtual reality and augmented reality also continue to develop, presenting many options for leisure venues to integrate smartphones into leisure activities by creating exciting new immersive experiences.

## 2016 HIGHLIGHTS

Leisure provided  
2.9 million jobs in 2016

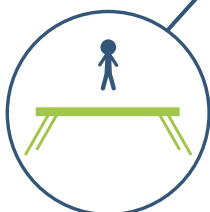


The restaurant sector  
is now worth an  
estimated £21.6bn



Household spend on  
recreation and culture  
grew by 3.6%

**2016**  
**HIGHLIGHTS**



Growing demand for the  
trampoline parks in the  
leisure investment market



The UK leisure industry is  
now worth an estimated  
£176 billion

## ADVANTAGES OF USING A BUSINESS BROKER

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We believe that using a business broker is certainly the best course of action to take for anyone who wants to sell their business effectively. Although there are opportunities to sell direct, selling a business is not always a straightforward process and going it alone may offer various disadvantages including; negotiation experience, price achieved, time management, lack of evaluation and legality expertise etc. We strongly believe that business owners who decide to sell should place confidence in working alongside an experienced and well-knowledge broker to offer support and advice in making all important decisions for these essential reasons;

### **Advertising & Marketing**

When selling a business, the way the business is perceived by potential buyers is crucial. Experienced brokers know exactly where to advertise your business to maximise interest and more significantly how to market your business so that it gets noticed by serious, potential investors.

### **Negotiation Expertise**

Business brokers are skilled negotiators who are driven to maximise your sale price. The role of a business broker is to bring “serious” buyers and sellers together with a view to achieving the best deal and sale price possible.

### **Qualified Buyers**

Business brokers qualify all prospective buyers at the primary stage of the sales process. When a broker qualifies a buyer, they will ensure that the buyer is serious about purchasing the business and will also identify if the potential buyer has the realistic financial capacity to complete the transaction.

### **Time Management**

By using a business broker, you can concentrate on running your business instead of answering enquiries about the business sale. You ensure the business is still running optimally, and let the broker take care of the rest.

### **Confidentiality & Discretion**

When selling a business, you may not want your competitors, employees or customers knowing that you are selling your business.

A broker will keep all details of a sale completely confidential. All potential buyers will sign a legal confidentiality agreement and then be ‘qualified’ as a serious buyer. It is only then, that the potential buyer will be presented with details of a business for sale.

### **Business Appraisals**

Experienced business brokers possess the knowledge, skills and on-hand information directly related to your business, industry and location. This gives the broker the ability to accurately appraise your business.

### **Risk**

Achieving the best possible deal, out of the transaction is the most essential aspect of the process. The knowledgeable broker will work to their greatest ability to ensure that you get the most realistic sale possible, taking the risk out of you receiving a below market value sale for your business.

### **Legalities**

If you are considering a sale within the near future, then it is crucial that you consider your exit strategy. Tax planning and legal advice are a must and will ensure that the path to the exit is smoother and less costly than leaving everything to the last minute. It is essential that you have a strong professional team who are all working on your behalf.

We believe that each Leisure business is unique, and that individual owners have different needs, requirements and aspirations – that is why we offer a free, no obligation appraisal, to show you what we can do for the sale of your business.

## RECENT SALES IN LEISURE

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### COCONUT PLAY, ESSEX

Redwoods Dowling Kerr is pleased to announce the retirement sale of Coconut Play, well renowned children's indoor adventure and party centre, situated in Essex.

The vendor, Mrs Bond, had been running the centre since 2010 and has refurbished the premises to the excellent standard in which it stands today.

Set in an excellent trading location, the business caters to a wide range of functions and includes a state-of-the-art play frame (providing approximately 60 sq. metres of play space) toddler's adventure frame and soft play zone, three party rooms, a fantastic café supplying an array of hot and cold food and a summer garden.

After careful consideration, Mrs Bond decided to put the business on the market to allow her to semi-retire and provide the time to pursue her other interests, such as volunteering at her local school.

After a viewing, the business was sold to Mr and Mrs James - first time buyers who wanted to invest their money into an existing successful business.

The outstanding location of the property was amongst the factors which attracted them.

Mrs Bond commented **"The service throughout the sale was excellent; a stressful process was made easier with the communication and help provided by RDK."**

Sarah Ellison, Sales Negotiator at Redwoods Dowling Kerr commented **"I am pleased that we have come to a successful completion. This was a smooth transaction and, from everyone at Redwoods Dowling Kerr, we would like to wish Mrs Bond all the best for the future, and we would also like to wish the new buyers continued success in their new endeavour."**



## RECENT SALES IN LEISURE

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### STAY & PLAY LTD, SURREY

Redwoods Dowling Kerr are delighted to announce the sale of Stay and Play Ltd; an impressive activity centre and café situated in a highly sought after residential and shopping area in Farnham, Surrey.

The vendor, Mrs Carol White, decided to place the business on the market due to her wish to retire, and was sold to Mr Gary Morgan – a first time buyer, on a leasehold basis.

The sale presented an excellent opportunity to acquire a thriving children’s activity centre with capacity for 54 children. The business benefits from a new playframe with adequate play areas and a café providing drinks and snacks.

The centre has earned an enviable reputation since it opened and occupies an ideal ground floor unit, making it accessible to everyone.

The sale generated great levels of interest with 15 viewings before being acquired by the buyer, who wanted to own his own business.

Referencing the service received by Redwoods Dowling Kerr, and nominated Senior Childcare Negotiator Sarah Ellison, Mrs White commented: **“I would like to say how very lucky I have been to have had the pleasure of working with**



**Sarah...I feel like I have made a lovely friend and am most impressed by Sarah’s professional, but friendly and approachable manner...Thank you for all your company has done to assist me in bringing this matter to conclusion. It has been a struggle, but a good experience - made so much better by Sarah.”**

Sarah Ellison from Redwoods Dowling Kerr comments: **“Redwoods Dowling Kerr are pleased to have facilitated this sale and look forward to seeing the new owners build on the activity centre’s solid foundations and drive the business forward to undoubtedly increase overall profitability. We would like to wish both buyers and purchasers every success in their future endeavours.”**

## RECENT SALES IN LEISURE

### THE HIPPODROME, KENT

Redwoods Dowling Kerr are pleased to announce the sale of a unique Indoor Adventure Playground based in Herne Bay, Kent. The leasehold business was sold to two first time buyers for £43,000, who both dreamed of one day owning their own business.

The Hippodrome is a unique indoor and adventure playground, which was originally operated by Mr Fossey since 1995. Even though the business has been considered a valuable part of the local community for over 18 years, after careful consideration, Mr Fossey decided it was the right time to sell. Mr Fossey is looking to concentrate on his other business interests and planning to retire.

The thriving activity centre holds up to 160 children at any one time, and incorporates ample soft play areas including ball pools, slides and inflatables. The Hippodrome consistently hosts a range of children's parties, providing fun and entertainment for children from the immediate locality and beyond. The business benefits from its ideal location, with its closest rival 6 miles away, and is ideally located with the main high street and amenities close by.

The spacious two storey premises features a 2,600 sq ft play area, a 380 sq party room, another 2,124 sq ft play area, and a 2,600 sq ft loft storage area. There is also a café, which provides beverages and light meals and snacks - which is highly popular amongst visitors. As a result of its space, the first floor of the property has been utilised by a nursery for over 12 years during the weekdays, and in the evening, has been utilised for a wide variety of fitness classes including aerobics and kick boxing. During the weekends, the space has been available for private parties. Once on the market, the business received a good level of viewings, before being sold to



first time buyers Mrs Rennie, and Mrs Hertzler via a cash purchase. Among the main reason which attracted Mrs Rennie to the business was its potential and scope; she saw great potential in expanding the activity centre as she is a fully qualified Dance Teacher.

Sale completion took eight months- which is slightly longer than what is usually expected with a sale of this nature. This was mainly due to leasing issues, and the buyers having to start from scratch to draw up a suitable leasing agreement. However, with the help of Redwoods Dowling Kerr, the buyers gained the knowledge they needed to be able to accomplish this effectively.

Mrs Rennie and Mrs Hertzler commented **“We received an absolutely brilliant service. We would have given up if it wasn't for the dedication of Redwoods. Through the good and bad times, help was on hand. Excellent.”** Sarah Ellison, Sales Negotiator at Redwoods Dowling Kerr commented **“It was a pleasure to help Mrs Rennie and Mrs Hertzler achieve their first business venture. The sale did prove to be challenging at stages, but with persistence, we helped them to achieve their dream. We are also pleased that we have helped Mr Fossey with his retirement plan. Best of luck to all.”**

## RECENT SALES IN LEISURE

### Jitterbugs, West Midlands

Redwoods Dowling Kerr are delighted to announce the sale of Jitterbugs in Rowley, West Midlands. Jitterbugs is a highly successful children's activity and play centre, which provided terrific potential for future growth and development. Following an impressive 7 viewings, the childcare business was acquired by Mrs Natalie Shirley; a first time buyer on a leasehold basis. Mrs Shirley has plenty of experience in the childcare sector, having worked within a school, but she was wanted to run her own business, specifically looking to buy a nursery or activity centre.

Mrs Shirley was extremely impressed with the service received through Redwoods Dowling Kerr commenting: **"Thank you again for your help and hard work in order to help us purchase our play centre. I cannot fault the service you provided and I am so happy that we finally did it..."**

Mrs Shirley further talks about her journey stating: **"Looking back from the day we had our first viewing - I immediately knew then, that this place was for me... I am so happy to have finally completed and to say that I am the owner of the business which is now branded Junglebugs Indoor Play Centre. Despite the worries and concerns, I have no regrets going for it."**

Finally, Mrs Shirley also commented on the service received from her nominated Childcare Negotiator, Firdaws Patel, commenting: **"I would like to thank Firdaws, who probably spent more time than anything on the telephone, communicating with either me or the**



**seller and the different solicitors in order to speed up the process of the sale."** The vendor, Mr Jason Thompson, also had very positive comments: **"Firdaws has been really helpful in the communication with solicitors and our buyer. During some frustrating times, she has been persistent and has committed her time to helping us in a positive and professional manner."**

The sale provided an excellent business prospect, being noted for being **"one of the largest indoor play centres within the area for children up to the age of 12."** Encompassing a soft play area, play frame, and being a popular party venue, the business also included a café with seating for over 160 people.

Firdaws Patel from Redwoods Dowling Kerr states: **"Both Mr Thompson and Mrs Shirley have been brilliant to work with. Mr Thompson decided to place the business on the market with us due to other business interests, and I wish him the best of luck with his other ventures. I also wish Mrs Shirley all the best with the future of the new Junglebugs Indoor Play Centre."**

## RECENT SALES IN LEISURE

### The Garden Cafe, Manchester

Kings Business Transfer are delighted to announce the sale of the The Garden Café, an established and thriving café in Manchester.

The business operates from an excellent location on a busy high street in the popular, rejuvenated residential area of Urmston, to the South West of the city.

The Garden Café occupies 32 indoor covers with a further 3 outside, and benefits from regular repeat and passing trade. Performing well on modest trading hours, the new owner now has significant opportunity to grow sales by opening later in the evening.

The business operates from a highly visible single fronted shop premises, with front canopy. The café is presented to a very high standard with a comprehensive range of catering equipment, which has been excellently maintained.

The opportunity naturally attracted a good deal of interest, and following a high number of viewings and 5 offers Mr James Pownall, a first time buyer with experience in this trade, acquired The Garden Café. He now plans to build on the hard work of the original owner, and to offer increased menu options and increase footfall.

The vendor, Mrs Kiraliti, had decided to sell in order to focus on a new business opportunity. She said: **“I would like to thank Kings Business Transfer for all their hard work and patience in getting the café sold.”**



The new owner, James Pownall, commented: **“I am delighted to finally be in my new business and feel this would not have been possible without the assistance from Kings Business Transfer. I would especially like to thank Senga for all her hard work and persistence and have invited her to come and have breakfast on my anytime.”**

Senga Shuttleworth from Kings Business Transfer added: **“I am very happy for both parties and would like to wish them the best of luck in their new ventures.”**

## RECENT SALES IN LEISURE

### Fairytale Events, Aberdeen

Bruce & Co. are delighted to announce the sale of Fairytale Events; a thriving unique events hire company situated in Aberdeen. The business specialises in event organisation, dressing and entertainment.

The business was established by the vendor Mrs Singer, in 2008 and over the years, has gained an enviable reputation not only from private clients, but also large corporate organisations.

The events company has an excellent base of loyal clientele and enjoys much repeat custom generated mainly through word of mouth and recommendations.

The business premises is situated within an industrial unit, designed over 2 levels. Following 3 viewings, Fairytale Events was sold to Ms Jill Shaw on a leasehold basis.

Should the new owner wish to, the business could be relocated as all the equipment, which was included in the sale, is fully mobile.

Safa Sultan, Sales Negotiator at Bruce & Co. comments: **“This was a really quick transaction. We are really proud to have found a buyer within just a few months of the business being on the market.”**



## MAJOR TRANSACTIONS

	Vendor	Purchaser	Transaction
January	Albion Ventures and London Health	Sports Direct	Health brand Sports Direct Fitness acquires the former 37° health club in London from Albion Ventures and London Health
April	The Brighton Marine Palace and Pier Company	Eclectic Bar Group	Eclectic Bar Group acquires The Brighton Marine Palace and Pier an estimated for £18m
June	Virgin Active	Nuffield Health	35 health clubs acquired for a consideration of c. £80m
July	Terra Firma	AMC Theatres	Terra Firma sells Odeon & UCI Cinemas Group to AMC Theatres for £921m, creating the largest movie theatre operator in the world
July	Cinema Holdings Limited	Cineworld Group	Cineworld Group acquires 5 cinemas from Cinema Holdings Limited for £94m
September	Electra Partners	N/A	Electra Partners completes the listing of Hollywood Bowl Group on the Main Market of the London Stock Exchange giving Hollywood Bowl a market capitalisation of £240m

## MAJOR TRANSACTIONS

	Vendor	Purchaser	Transaction
September	Fitness First UK	DW Sports	DW sports acquires Fitness First UK and its 62 clubs to add to its existing portfolio of 78 health clubs
November	Woodbury Park	The Club Company	Golf and health club operator The Club Company acquires Woodbury Park off a guide price of £11.75m.
November	Piperdam Resort	Coppergreen developments Ltd	Holiday park operator Coppergreen Developments Ltd acquires the 600 acre Piperdam Resort incorporating 77 holiday lodges, a golf course, wedding & conference centre for £25m
December	Caledonia Investments	Tiger Bidco (Intermediate Capital Group)	Park Holidays UK is sold by Caledonia Investments to Tiger Bidco, a special purpose vehicle incorporated by Intermediate Capital Group (ICG), for £362m
December	Epiris	Parkdean Resorts	Parkdean Resorts which comprises 73 holiday parks has been sold to Onex for £1.35bn

# #LEISURE

## @LeisureOpps

The UK leisure industry is now at an all-time high creating over 15 thousand jobs in 2016

## @BBCNews

Sheffield Meadowhall submits plans for £300m 'Leisure Hall'

## @VisitBritainBiz

UK leisure industry set to see steady growth in 2017

## @BISL1

#LeisureIndustry has "unparalleled" opportunities for career progression #UK

## @JumpWarehouse

#Trampolineparks are a big hit in the USA they are now taking the UK by storm

# #GYM

## @TLDC\_UK

more gyms are now using mobile apps to boost memberships

## @guardian

UK gym membership spending up by 44% in 2016

# #STAYCATIONS

## @Hotel\_News\_Now

Brit #staycations are on the rise in 2016. Get booking!

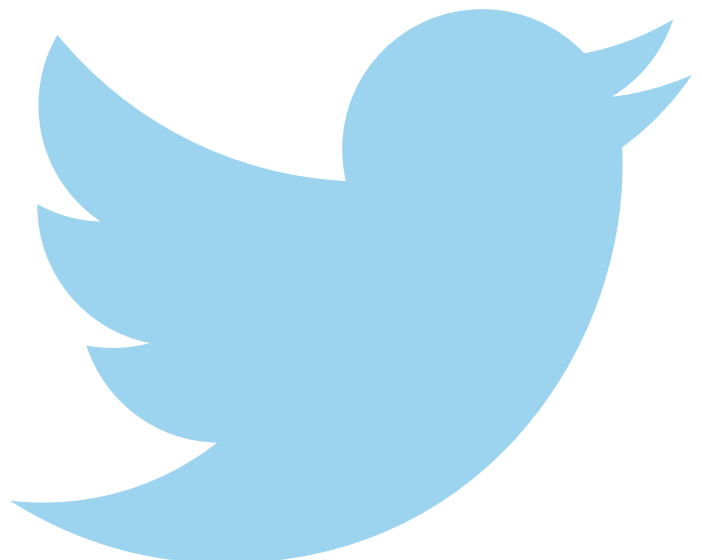
## @VisitBritainBiz

In 2016 there were a record 37.3m inbound visits to the UK, +3% on 2015, with visitors spending £22.2bn

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