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NEW REPORT FROM LEGAL & GENERAL REVEALS THE FUTURE OF LEISURE TODAY

- *LEISURE SECTOR CONTINUES TO CHANGE RAPIDLY AS CONSUMERS PRIORITISE RECREATION, CULTURE AND EXPERIENCE* -

A new report from LGIM Real Assets (“Legal & General”) makes the case for a fascinating future for the leisure sector, thanks to persistent consumer demand, a dynamic tenant base and technological innovation. The structural change in household spending habits, towards ‘experiences’ and away from physical possessions, has driven a major transformation in the market, which is expected to gather speed over coming years. This is being underpinned by an increasing proportion of discretionary spend being channelled towards leisure activities.

Legal & General’s ‘The Future of Leisure’ report looks at how the leisure sector continues to attract consumers now and will do into the future. Property owners that are willing to be flexible, optimise their stock selection and embrace changing dynamics will be rewarded with long-term, sustainable income and a dynamic tenant base. The report addresses the challenges and opportunities the sector will face, with key findings on how leisure services are evolving, who will be the tenant of the future and what will be their physical space requirements. Insight is provided from interviews with some of Legal & General’s core Leisure Fund tenants, leading market agent Savills and a glimpse into the future from consumer visionary The Future Laboratory. Click [here](#) to read the full report.

The report details three key findings:

- **The leisure tenants of the future will optimise location, occasion and channels to connect to their customer:**

Leisure operators across the country have embraced changing lifestyle demands and technological advances, stepping up to meet today’s challenges. Whilst over 10% of the investable leisure stock is located in Greater London, Legal & General’s report demonstrates that it is not just a London story. Regional markets have also adapted to provide a vibrant, interactive offering. We have seen this development play out across all types of leisure property, whether that be an out-of-town park, a scheme in a city centre or a standalone unit.

- **Creating a destination is paramount for future-proofed leisure property:**

Creating a destination, not just a location, is paramount to success. Property owners need to provide services and activities that stand out from the crowd. Currently, the mid-market is being squeezed as consumers crave new experience. This report finds that this can be resolved through reformatting space and utilising advancing technology with stock selection that focuses on flexible space, visibility and accessibility.

- **Consumer will want highly sociable, community-orientated spaces that are hyper connected and age inclusive:**

The consumer service model has changed: leisure activities are no longer the preserve of special occasions. Our leisure time has evolved from a static, one-stop event to a journey involving multiple touch points and a variety of activities; a meal and a visit to the cinema, axe throwing with colleagues, or a trip to the gym followed by a coffee with friends. This reflects the widening of our social networks as the groups of people we spend our free time with expands to include not only family and friends, but also colleagues and casual acquaintances.



Andrew Ferguson, Senior Fund Manager at LGIM Real Assets and Head of the Leisure Fund, said: “This report shows there is a real long-term future for leisure. Our dedicated Leisure Fund has grown to over £600m but as owners of leisure we have had to be bold and ambitious to achieve growth and success in this sector. We believe that the real long-term future of leisure will focus on optimised options, connected spaces and fusion cinema.”

Ellie Jukes, Senior Strategist at LGIM Real assets, added: “Whilst the sector has made significant headway compared with other industries, owners of leisure property need to continue to be as responsive and forward-thinking as their occupiers, they need to dare to be different. What space will be required to realise the ambitions of their tenants? How can the wider physical environment help create a future-proofed location? Where will leisure interact best with other areas of the commercial property market to build the best destination? We think our Future of Leisure report provides some of the answers.”

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For further information, please contact:

Sarah Whybrow

Head of Communications, Legal & General Capital and LGIM Real Assets

Email: sarah.whybrow@lgim.com

Faye Bennett

PR Manager, Legal & General Capital and LGIM Real Assets

Email: faye.bennett@lgim.com

Notes to editors

LGIM Real Assets

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