TREND REPORT
Leisure: Hit the ‘Zeitgeist’

Ten to 15 years ago, leisure properties were considered a new and promising asset class in the real estate investment world. The first hype has subsided and gave way to disillusionment. Real estate funds for football stadiums impoverished their signers, multiplex cinemas, gyms, theme parks, or indoor ski halls neither yielded nor yield the desired capacity and therefore neither the predicted return. A phenomenon that can be observed all over Europe.

The chances of this niche segment are opposed by great risks – even because the location requirements, reuse possibilities and life cycles clearly differ from those of classic office or retails spaces. They cannot be compared even among each other.

Certainly not all leisure properties are future failure projects. Many positive examples are known, for instance ZOOM experience world in Gelsenkirchen, Käthe-Kruse-Puppenmuseum in Donauwörth, Sea Life in Munich, or Europa-Park in Rust. Disneyland Paris also has a powerful radiance extending the region. Yet, the projects are all lone fighters that cannot be compared. This reveals the major flaw: There is no uniform definition or delimitation for sport and leisure properties. Too many building and operation types rank among this category:

- Cinemas, resorts, recreation centers, sport, fitness, wellness properties, cultural leisure centers such as theatres, concert and music halls, event gastronomy, event centers, theme parks, commercial leisure centers and arcades, sport arenas, dancing schools, climbing parks.

Moreover, they often underlie trends the end of which also means the end of the operation type, for instance, when the operation of the property is linked to an event (musical) or the success of a club (Bundesliga, BVB Fan World Dortmund). The constructed shell is worthless if the operating is not profitable – the dilemma of every operator-run property (see hotels).

Another problem is the fast saturation of the market with expansive franchise concepts in the fitness sector – not every McFit and Fitness First (now 80 locations nationwide) will survive in the long run.

The whole dilemma of the asset class leisure property reveals itself with the multi-million brand and experience worlds which the automotive industry (Volkswagen Wolfsburg, BMW World Munich) created to celebrate themselves and which delighted millions of people. The success of these leisure properties depends on the success of the brand. And they suffer considerably since recent air quality issues. It remains to be seen whether the visitor numbers will sink and the car companies will end up having to pay more for their worlds of experience.

OUR RECOMMENDATION – READY FOR THE FUTURE IN LEISURE

With Zeitgeist shifting fast, leisure developments should be based on a thorough asset strategy in order to ensure strong long-term performance. To enhance efficiency of existing leisure property, a lifecycle-oriented approach is recommended to optimize operations and maintenance cost.

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OUR EXPERTS

To learn more, just get in touch with Arcadis and CallisonRTKL leisure asset experts

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