

SECTOR ANALYSIS

Travel sector continues post-pandemic recovery thanks to resilient consumer spending



After recent periods of turbulence, the travel industry is going from strength-to-strength the further away the Covid pandemic becomes, resulting in continued popularity from private equity investors. Jonathan Klonowski speaks to market experts and examines Actum data to further understand what is driving the increased interest.

Travel was one of the sectors most affected by the global pandemic in 2020. Now, more than five years since the world locked down, tourism has rebounded in spite of macroeconomic uncertainty.

The travel sector has thrived, despite the broader pressures on consumer spending, Christopher Jones, Managing Partner at Clearwater says. Jones adds that the sector is benefiting from an ongoing shift in consumer preferences, with travel becoming an increasingly prioritised segment of spending.

Isa Maidan, Investment Director at ECI Partners, notes a degree of resilience in consumer spending across the travel sector, with individuals often prioritising travel despite broader economic challenges. “Even in tougher economic conditions, people continue to prioritise travel. We’ve seen a long-term shift—accelerated through the pandemic—towards consumers valuing experiences over material goods, and that’s a structural tailwind for the sector.”

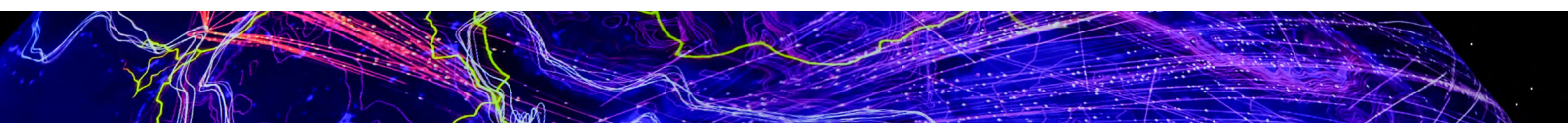
As a result, the sector continues to see decent levels of private equity investment and M&A activity, Jones says. Much of this has focused on firms targeting the wealthy, healthy older demographic, he says, giving the example of Vitruvian Partners which [acquired Great Rail Journeys \(GRJ\)](#) from Duke Street earlier this year and Soho Square’s [investment in Newmarket Holidays](#), both deals advised by Clearwater.

Actum data shows nine buyouts of UK-based travel firms have been announced so far this year, well ahead of 2023 and marginally lower than the equivalent period last year, after the market saw a noticeable increase from the previous 24 months.

While investor confidence has improved since the pandemic, Maidan observes that deal completion rates remain subdued. Lower organic growth and heightened technology risk continue to weigh on investor appetite.

“At ECI, we’ve consistently focused on tech-enabled travel businesses or those with differentiated product,” Maidan says. “In a slower-growth environment, that differentiation becomes even more important—not just for growth, but for maintaining strategic relevance and exit appeal.”

This echoes a growing trend, highlighted in Actum’s recent end of quarter buyout report, of private equity firms focusing on the highest quality assets and the need for resiliency in the face of relentless macroeconomic uncertainty.





Exploring further afield

As explored in the aforementioned end of quarter report, the role of value creation continues to rise as sponsors look to drive revenues in a low growth environment.

Bolt-on acquisitions look set to continue last year's pace, with ten bolt-ons announced so far this year. Acquisitions by UK-based portfolio companies in the travel industry already stand level with full-year 2022 and 2023 numbers, as seen in figure 1.

Bolt-on acquisitions are increasingly important as a growth lever, particularly when organic expansion is constrained. Maidan points out that several recent transactions in the market have faltered, some due to concerns around total addressable market (TAM) and long-term growth potential. "Strategic M&A can help bridge those gaps—whether by expanding product capability or opening up new source markets."

Bolt-on acquisitions in the sector are a common strategy to broaden an

addressable market, Jones says. He provides the example of Mayfair-owned Tour Partners Group, which [acquired Vision of Scandinavia](#) in October 2025 – a transformational acquisition to help further strengthen the firm's presence in Northern Europe, another deal advised by Clearwater.

Tech equally remains a key area of focus for investors – there is a strong correlation between the most attractive assets in the sector and those seen as having the most differentiated tech platforms.

Although the full impact of AI on travel is still unfolding, Maidan notes that it is already reshaping the customer journey—particularly in search, which is evolving rapidly. "Firms need to adapt their customer acquisition model to ensure it's as effective in this new search environment. While it's difficult to predict how customer journeys will evolve over the longer term, having flexible, up-to-date data and technology infrastructure will be key to staying agile as booking behaviours shift."

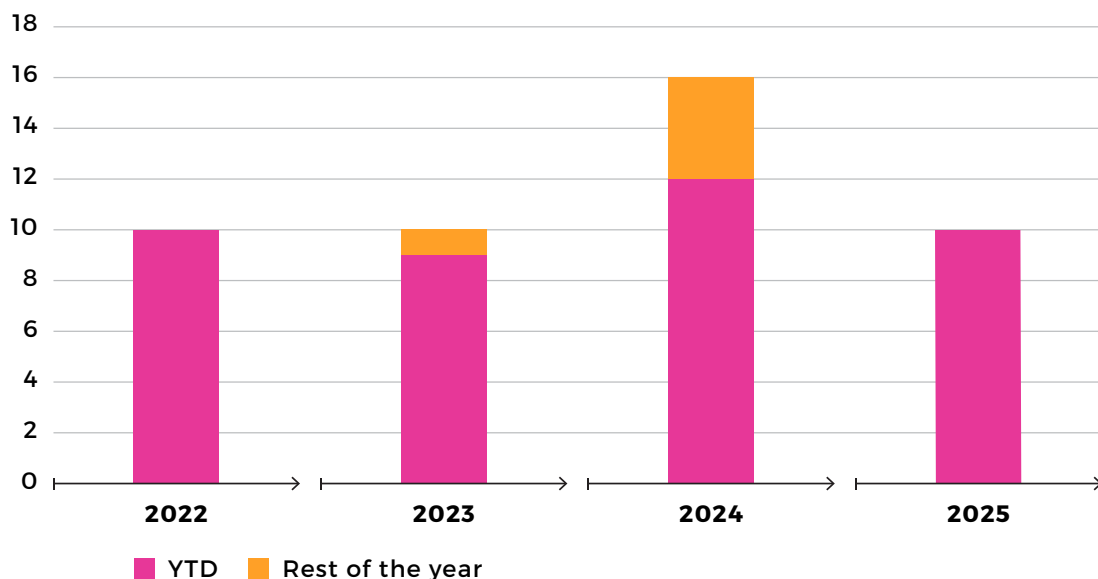


Figure 1: Travel bolt-ons by UK-based portfolio companies (Source: Actum data)

Departure lounge

While there has been an uptick in activity in recent years, a large stock of pre-covid vintage travel assets remain on the books of private equity firms, Jones says. The backlog will eventually clear, Jones says, but the core question is growth and how much headroom remains for the next owner.

“We’ve been investing in travel for over 25 years, through multiple cycles of technological change and major disruption across the sector,” says Maidan. “What’s been consistent is the resilience of consumer demand—even in challenging conditions, people continue to prioritise travel. That has allowed us to back and scale

some truly exceptional businesses. The enduring resilience of consumer spending, combined with the transformative potential of AI means we remain optimistic about the future of the sector”.

Private equity interest in the sector continues to rise back towards pre-pandemic levels in line with the industry’s recovery over the last half decade. With sponsors seeking resilient assets which can survive in today’s macroeconomic environment, the recovery of the travel sector is only likely to bring more private capital, particularly given the technological opportunities on the horizon.

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