The gym market is booming, driven by rapid growth at the low cost end of the market, popularity of studio concepts with flexible memberships and new operators with ambitious expansion plans. This competition for sites, particularly in Central London, is not only driving rental growth, but also necessitating broader property searches considering less conforming units. Furthermore, a rise in the popularity of athleisure wear and clean eating have led many gyms and studios to dedicate space to secondary spends such as juice bars (e.g. Psycle, Mortimer Street and 1 Rebel) or retail collaborations.

**UNPRECEDENTED GROWTH**

- Central London gym market is diversifying
- Operators taking a variety of space
- Further space being dedicated to secondary spends

**Definitions**

<table>
<thead>
<tr>
<th>BUDGET</th>
<th>MONTHLY MEMBERSHIP</th>
<th>FACILITIES</th>
<th>EXAMPLE OPERATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>£50+</td>
<td>Gym &amp; studio (limited classes)</td>
<td>Pure Gym, Anytime Fitness, Fitness First, Nuffield Health</td>
<td></td>
</tr>
<tr>
<td>£50-£100</td>
<td>Gym, studio, possibly pool</td>
<td></td>
<td></td>
</tr>
<tr>
<td>£100+</td>
<td>Gym, studio, pool, other</td>
<td>Third Space, Equinox</td>
<td></td>
</tr>
<tr>
<td>STUDIO</td>
<td>Credits</td>
<td>Specialist studio</td>
<td>Rebel, Kobox</td>
</tr>
</tbody>
</table>

**Credits**

High altitude training at the Hypoxic Studio, Third Space Soho
The Central London gym market remains dominated by mid-market operators in terms of both the number of clubs and the amount of floorspace. Whilst luxury concepts account for only 10% of the gyms in the capital, they represent 22% of the total floorspace as a result of the larger units that are needed to house the swimming pools, studios and specialist facilities including climbing walls, hypoxic chambers and bespoke laundry & ironing services that set these clubs apart.

Conversely, studio concepts now make up 21% of clubs, but with an average size of 4,556 sq ft, due to their compact formats, only contribute 6% of London’s total gym space. Significant expansion by Pure Gym, through the acquisition of LA Fitness, moved ten London gyms across from Mid-Market to Budget, which when added to The Gym Group’s acquisition of four Fitness First units and aggressive organic new openings from Anytime Fitness, means one in every five clubs are now run by low cost operators.

In spite of requiring the largest space, luxury gyms are also paying higher rents - on average £21.56 psf. This is driven by the scarcity of suitable space in Central London for these sorts of operations, as well as the comparatively expensive locations of these clubs in areas such as Kensington and Marylebone. However, with membership fees in excess of £135/month as a result of their superior facilities, these clubs are also better placed to afford these higher rents and outbid others on competitive units.

The proportion of basement space may also have a role to play in rental values. Again, breaking down by gym type reveals some great diversity in the proportion of space beneath the ground that each type of operator will accept. Only 35% of studio space is underground, whereas 54% of mid-market gym space is at basement level. At an operator level, there is even greater diversity. 82% of the Fitness First space in the capital is below the ground, compared to only 20% of the Third Space estate and 29% of Soho Gyms.

With rental growth in the gyms market and anticipated supply constraints, more landlords could consider using the basements of their office buildings for fitness concepts as a means of delivering much needed future floorspace, deriving long term income (owing to the 15-20 year leases available) and providing a further offer for workers.

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NEW OPENINGS

- Victoria/Westminster
- Shoreditch
- City Core
- Aldgate
- South Bank
- Docklands
- King’s Cross

MEMBERSHIP FEES

- £58/MONTH
  - 9 GYMS
- £61/MONTH
  - 9 GYMS
- £66/MONTH
  - 5 GYMS
- £73/MONTH
  - 30 GYMS
- £93/MONTH
  - 4 GYMS

NUMBER OF GYMS

- London
- £39/MONTH
  - 7 GYMS
- £61/MONTH
  - 9 GYMS
- £44/MONTH
  - 3 GYMS
- £50/MONTH
  - 5 GYMS
- £53/MONTH
  - 5 GYMS
- £55/MONTH
  - 6 GYMS

LOOKING FORWARD

- Insufficient provision and future market growth make clear case for investment.
- Skilled learning concepts e.g. boxing and barre are likely to be major trends.

Central London Gym Market Review 2017 | Colliers International

There are already a number of new gyms in the pipeline for 2017 and the majority of these are planned for areas in which we have identified significant latent demand. In Shoreditch, openings from PureGym (expected early 2017) and Equinox (opening as part of The Stage in 2019) will not only reduce current pressure on gyms in the area, but also diversify the offer by providing the first budget and luxury concepts.

Similarly, the opening of BXR in Marylebone, backed by IBB Heavyweight World Champion Anthony Joshua (cover image: Scott Heavey), will combine pay-to-train and luxury membership concepts in a 12,000 sq ft glass fronted unit, also featuring an in-house clinic and Joe & The Juice collection format and are actively seeking further representation for this concept.

With current provision insufficient to meet demand in many parts of Central London, forecast growth of £0.5bn by 2021 (Mintel) and the health and fitness agenda continuing to gather pace, there is clear justification for investment in gyms and facilities. This vibrant occupier market makes a compelling case for healthy rental growth ahead in the Central London gym market.
The Colliers International specialist Leisure Agency and Lease Advisory teams provide market leading services across the diverse London Health & Fitness sector.

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