

THE IHRSA GLOBAL REPORT 2016

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Another Year of Growth for Global Health Club Industry

By Kristen Walsh

It has been an impressive, eventful year for the health club industry. As IHRSA member clubs have expanded their presence around the world, so, too, has the association itself. Let's review some key developments.

UNITED STATES & CANADA

In North America, this past year has seen the continued proliferation of high-volume/low-price (HVLP), or budget, facilities, and of studios and boutiques with singular specialties. Among them: personal and small-group training, cycling, rowing, boot camp, cross training, yoga, Pilates, barre, martial arts, and sports performance training. The appeal of these activities to a "connoisseur audience" has produced several counterintuitive results: surprisingly high fees (e.g., \$34 for a 45-minute SoulCycle class), and multi-memberships.

According to *The 2015 IHRSA Health Club Consumer Report: The Story Behind Members and their Health & Fitness Clubs*, published in September, 16% of health club members now belong to more than one facility.

"Members appear willing to pay more to get what they want—the specialized coaching, personal interaction, and sense of community that many of the studio models offer," explained Molly Kemmer, the regional director for EXOSIMedFit Community Services, and IHRSA's current chairperson. "The study indicates that this presents an opportunity for club operators to leverage this trend, and to create studio facilities, or a studio concept within a larger, conventional club, and to charge accordingly if they can deliver the desired experience."

The 20th Annual IHRSA Financial Panel, held in March during IHRSA 2016 in Orlando, Florida, was once again moderated by industry consultant Rick Caro. "The health club industry continues to mature, and is always full of interesting stories and trends," he noted. Caro's four panelists agreed that if the U.S. government were to more actively support healthy lifestyles—such as by offering tax credits for the purchase of health club memberships—this would be a game changer for our industry.

IHRSA's public policy team continues to work towards this goal. In November, the Workforce Health Improvement (WHIP) Act, which IHRSA has supported since 2003, was reintroduced in Congress by Senator John Cornyn (R-TX). This act would make it easier for firms to offer club memberships to their employees. The current tax law permits companies to deduct, as a regular business expense, the cost of either onsite or offsite exercise facility subsidies for employees. Employees who take advantage of the offsite benefit must pay income tax on the value of the subsidy, while those who make use of an onsite facility aren't required to do so.



Molly Kemmer

Global Health Club

Industry Posts Growth

in Membership & Club Businesses Despite
Challenging Economy in Select Markets

By Melissa Rodriguez



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In spite of weakening currency values in select markets, the global health club industry continued to grow in markets observed. Total industry revenue reached an estimated \$81 billion in 2015, as roughly 187,000 clubs served 151 million members worldwide. While economic challenges remain in parts of Europe and the Americas, leading markets in these regions continue to post solid performance. Opportunities remain in emerging markets in the Asia-Pacific, Middle East, and Latin America.

► THE AMERICAS

In the U.S., the health club industry continued to grow. Revenue, health club membership and the total number of clubs all rose from 2014 to 2015. Revenue increased from \$24.2 billion in 2014 to \$25.8 billion in 2015, while membership improved from 54.1 million to 55.3 million over the same timespan. Club count also grew from 34,460 locations to 36,180 sites in the U.S.

The IHRSA Canadian Health Club Report indicates that club operators serve nearly 6 million members at roughly 6,000 facilities in Canada. IBISWorld, an independent industry research firm, projects that revenue from gyms and health clubs in Canada will increase through 2019. Consumer demand for health and fitness programs to help address obesity, active aging, proper nutrition, and sports performance will help drive growth for health clubs.

Leading markets continue to perform well in Latin America. Brazil's 31,000 health clubs put the country second only to the U.S. among global fitness markets. Roughly 8 million Brazilians are members of a health club. In all, 16 markets in Latin America attract nearly 16 million consumers to more than 55,000 health clubs. *The IHRSA Latin American Report* shows that opportunities for growth remain in the region as member penetration rates remain low in comparison with developed health club markets worldwide.

TOP 10 GLOBAL MARKETS

INDUSTRY REVENUE (USD) The top 10 countries account for **71%** of total industry revenue.

United States	\$25,800,000,000
United Kingdom	\$6,228,000,000
Germany	\$5,357,000,000
Japan	\$5,158,000,000
France	\$2,654,000,000
Canada	\$2,561,000,000
Australia	\$2,555,000,000
Brazil	\$2,442,000,000
Italy	\$2,386,000,000
Spain	\$2,363,000,000



TOP 10 GLOBAL MARKETS

NUMBER OF CLUBS The top 10 countries account for **67%** of the world's health clubs.

United States	36,180
Brazil	31,809
Germany	8,332
Argentina	7,900
Mexico	7,826
Italy	7,300
South Korea	6,839
United Kingdom	6,312
Canada	6,156
Japan	5,979



LEADING CLUB COMPANIES

This section provides basic information about many of the world's leading health club companies. The figures reported were obtained either from the companies themselves or from public, published sources. None of the figures have been independently corroborated by IHRSA. Revenues are reported in U.S. dollars. In reporting number of clubs, figures may refer to number of units and/or franchises.

For a complete list of IHRSA clubs, please visit healthclubs.com.



Indicates membership in the IHRSA Industry Leadership Council. Visit ihrsa.org/industry-leadership-council to learn more.

24 HOUR FITNESS USA, INC.

24hourfitness.com



Corporate Headquarters:
San Ramon, CA
USA

Phone: +1 (925) 543-3100

Number of Clubs:
2015: 441

Number of Members:
2015: 3,800,000

Principal: AEA Investors LP,
Ontario Teachers' Pension
Plan, Fitness Capital Partners

CEO: Mark Smith



President: Frank Napolitano

Markets Served: USA

360 FITNESS

www.360fitness.ca

Corporate Headquarters:
Red Deer, AB
Canada

Phone: +1 (403) 347-1707

Number of Clubs:
2015: 2

Number of Members:
2015: 690

Principal: Jack Wheeler,
Don Stirling, Brooke
Einarson-Schaab



CEO: Jack Wheeler

Markets Served: Canada

Media Contact:
Jack Wheeler
+1 (403) 872-7742

Revenues:
2015: \$1,840,525
2014: \$1,503,748

9ROUND

9round.com

Corporate Headquarters:
Littleton, MA
USA

Phone: +1 (866) 613-7978

Number of Clubs:
2015: 456
2014: 217

CEO: Shannon Hudson

Markets Served: USA,
Australia, Canada, Jordan,
Mexico, Saudi Arabia, UK

ABS FITNESS & WELLNESS CLUB

www.absfitness.in

Corporate Headquarters:
Pune, Maharashtra
India

Phone: +91 20 6601 0700

Number of Clubs:
2015: 12



CEO: Abhimanyu Sable

Markets Served: India

ACAC FITNESS AND WELLNESS CENTERS

acac.com



Corporate Headquarters:
Charlottesville, VA
USA

Phone: +1 (434) 974-9890

Number of Clubs:
2015: 11

Principal: Phil Wendel



CEO: Greg Wells

Markets Served: USA

ACADEMIA GUSTAVO BORGES

academiagb.com.br

Corporate Headquarters:
São Paulo, SP
Brazil

Phone: +55 11 5051 8009

Number of Clubs:
2015: 5



Principal: Gustavo Borges

Markets Served: Brazil

ACTIC

actic.se

Corporate Headquarters:
Täby,
Sweden

Number of Clubs:
2015: 152
2014: 144

Number of Members:
2015: 210,000
2014: 208,000

Principal: IK Investment
Partners and other minority
shareholders

CEO: Christer Zaar

Markets Served: Europe

Revenues:
2015: \$92,063,600

ACTIVE WELLNESS, LLC

activewellness.com



Corporate Headquarters:
Sausalito, CA
USA

Phone: +1 (415) 377-8595

Number of Clubs:
2015: 60 (7 owned,
53 managed)
2014: 58 (7 owned,
51 managed)

Principal: Privately Held