



UK Low-Cost Gyms

Increased headroom for low-cost gyms in the UK

March 2024

Low-cost operators drive expansion in the private gyms sector

Low-cost gyms driving market growth

Health and fitness is a well-established market in the UK, generating £5.4bn in 2022-23 (see Figure 2). The market benefits from positive demand and supply factors, including a prioritisation of health and wellbeing amongst consumer discretionary spending.

The leisure industry was brought to a halt during COVID-19, and the impact on the health and fitness market was significant. Total fitness club numbers and penetration rate have yet to return to 2019 levels, although market value is at an all-time high as operators increase average pricing to offset inflationary pressures.

The private sector continues to be driven by the expanding low-cost segment (see Figure 1). The low-cost segment has more than doubled its share of the private sector over the last ten years, and now accounts for c.19% of private sector market value (see Figure 3). Low-cost market leaders The Gym Group and Pure Gym account for c.80% of all low-cost clubs.

Figure 1 – Growth rate in the private sector: low-cost vs. other gyms

	Low-cost gyms		Other private gyms	
	Mar-23	Δ 18-23	Mar-23	Δ 18-23
Clubs	724	+4%	3,736	0%
Members	2.9m	+3%	4.1m	0%
Market value⁽¹⁾	£782m	+6%	£3,258m	+2%
Market value / club	£1.1m	+2%	£0.9m	+2%
Market value / member	£274	+3%	£789	+2%

Figure 2 – UK health and fitness market value

UK health and fitness market value, Mar-07 to Mar-23
£bn

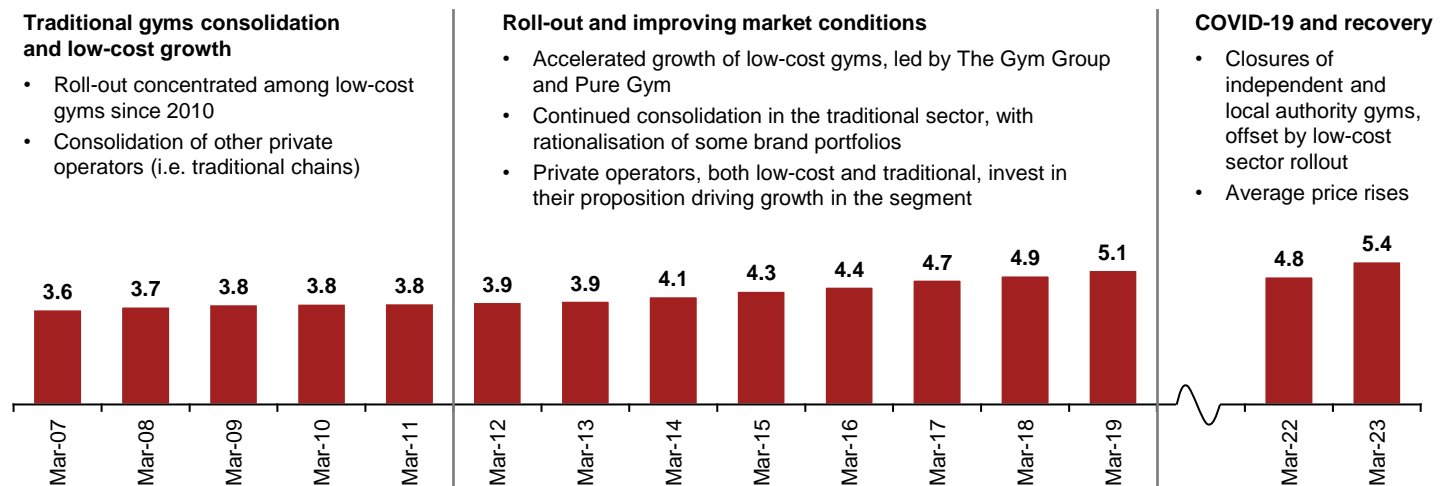
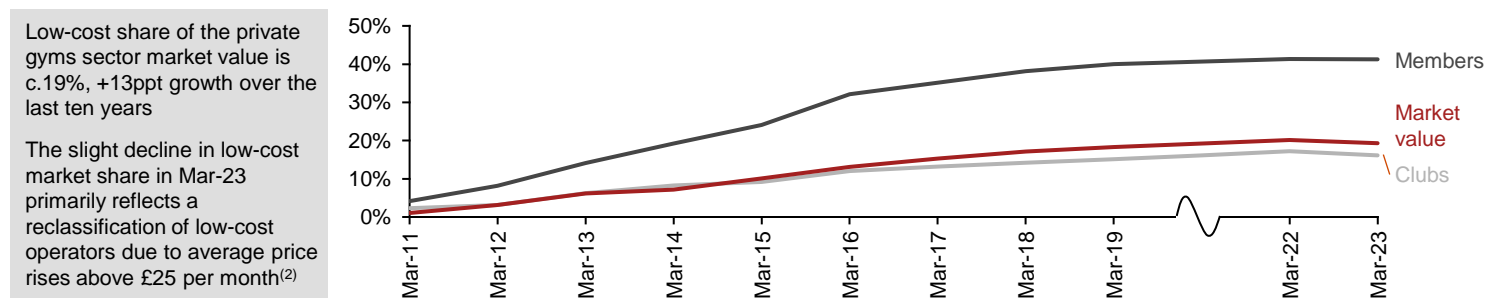


Figure 3 – UK low-cost share of the private gyms sector

UK low-cost share of private sector clubs, members and market value, Mar-11 to Mar-23
%



Note: (1) Leisure Database estimates market value using the annual income at each club, based on the single adult monthly peak membership fee multiplied by the number of members at that club. Figures are then aggregated to estimate the total private sector market value. Reports are as at March of each year; (2) Leisure Database defines low-cost clubs as those belonging to a chain (2+ clubs) where the non-contract membership option across the majority of clubs is usually less than £25 a month. This definition has not changed since 2018, despite inflation being ahead of the Bank of England's 2% target since mid-2021. Price rises resulted in 4 operators being removed from the low-cost definition in Mar-22 (Sports Direct / Everlast, Welcome Gym, Dream Fitness and Fitness4Less) and 3 operators being removed in Mar-23 (énergie Fitness, TruGym and Active Fitness) | Source: Leisure Database, Strategy& Analysis

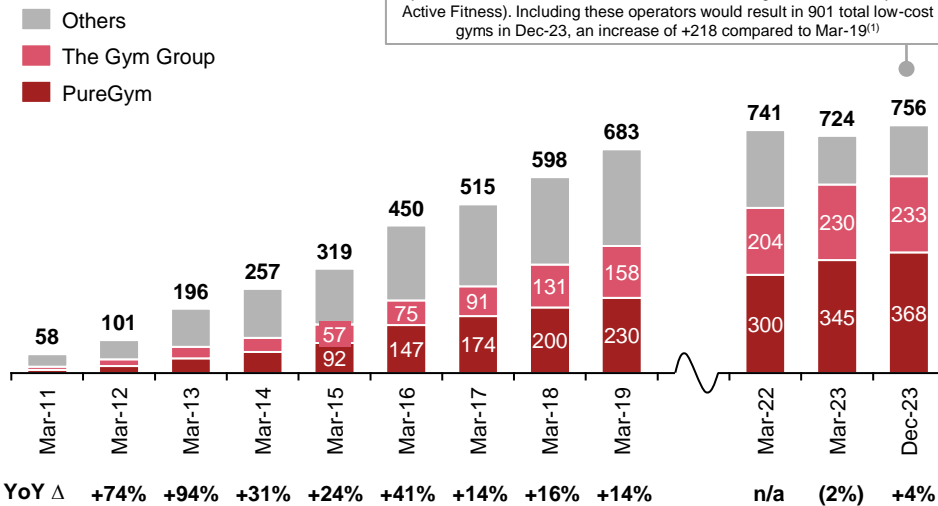
What next for low-cost operators?

Low-cost operators have continued to roll out despite challenging conditions in the wider market

While market conditions have put pressure on the wider market, particularly the public sector, low-cost operators have continued to open new sites. Leisure Database reported 724 low-cost gyms as of March 2023, a 3.7x increase on the number of low-cost gyms that were open ten years ago (see Figure 4). The pace of new openings has slowed as the low-cost market matures (see Figure 7), but operators continue to find headroom through broadening of the catchments targeted (See Figure 5).

Figure 4 – UK low-cost gyms site evolution

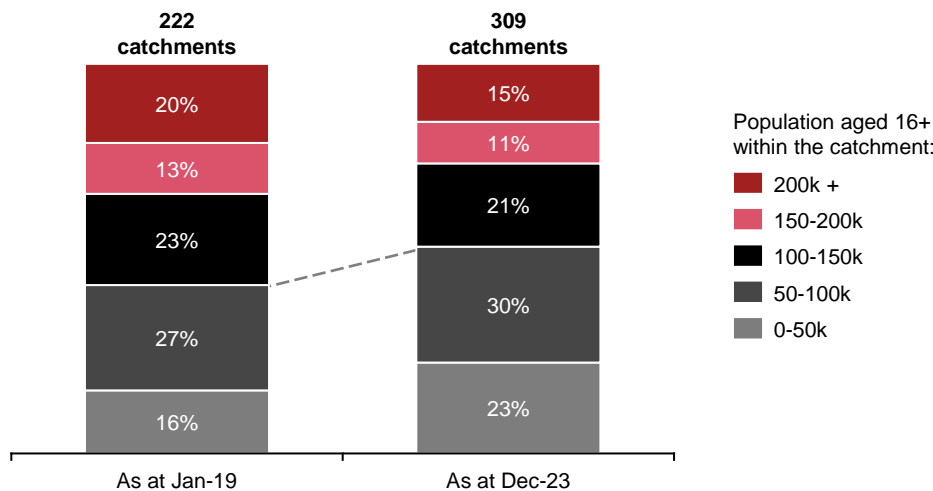
UK low-cost gyms site evolution, Mar 2011 – Dec 2023⁽¹⁾
Number of sites



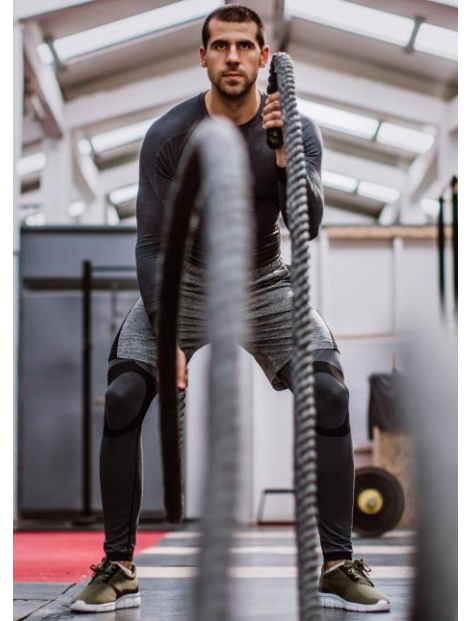
Leisure Database defines low-cost operators based on an average headline price of £25 per month; this has not changed since 2018, despite significant price inflation in the market. As a result, each year operators are removed from the low-cost classification (2022: Sports Direct / Everlast, Welcome Gym, Dream Fitness and Fitness4Less, 2023: énergie Fitness, TruGym and Active Fitness). Including these operators would result in 901 total low-cost gyms in Dec-23, an increase of +218 compared to Mar-19⁽¹⁾

Figure 5 – UK low-cost gyms catchment evolution

Low-cost gym distribution across Strategy& catchments⁽²⁾
% of catchments with at least one low-cost gym



Note: (1) Leisure Database defines low-cost clubs as those belonging to a chain (2+ clubs) where the non-contract membership option across the majority of clubs is usually less than £25 a month. This definition has not changed since 2018, despite inflation being ahead of the Bank of England's 2% target since mid-2021. Price rises resulted in 4 operators being removed from the low-cost definition in Mar-22 (Sports Direct / Everlast, Welcome Gym, Dream Fitness and Fitness4Less) and 3 operators being removed in Mar-23 (énergie Fitness, TruGym and Active Fitness); (2) Non-overlapping catchments were created around key areas of population draw in the UK (e.g. retail / leisure activity) | Source: Leisure Database, Company Websites, Strategy& Analysis



Low-cost operators continue to expand into a broader set of catchments; a continuing trend evidenced in each of our headroom assessments. Over the last five years, the share of low-cost gym catchments with a population less than 100k has increased +10ppt to 53% as of Dec-23

We estimate a total opportunity for 1,350-1,600 low-cost gyms in the UK, supporting continued growth of the segment

In our latest assessment of the total opportunity for low-cost gyms in the UK, commissioned by The Gym Group, we estimate that there is an overall opportunity for 1,350-1,600 gyms (see Figure 6). This implies 600-850 additional low-cost gyms from the 756 currently.

Our estimate is based on:

- 1. An in-depth assessment of the distribution of low-cost gyms in the UK across different types of catchment (including catchments within the M25 and small, medium and large catchments outside of the M25)⁽¹⁾;
- 2. Identifying the levels of residential adult population required to support a standard or smaller scale (infill) low-cost gym across these types of catchment; and
- 3. Extrapolating required population per low-cost gym across all catchments in the UK to arrive at the overall market potential.

Identified opportunities include catchments where there are no low-cost gyms today, as well as catchments with space for additional low-cost gyms. Additional opportunities include larger and smaller gyms, which is in line with our previous headroom assessments and historical trends towards smaller catchments (see Figure 5).

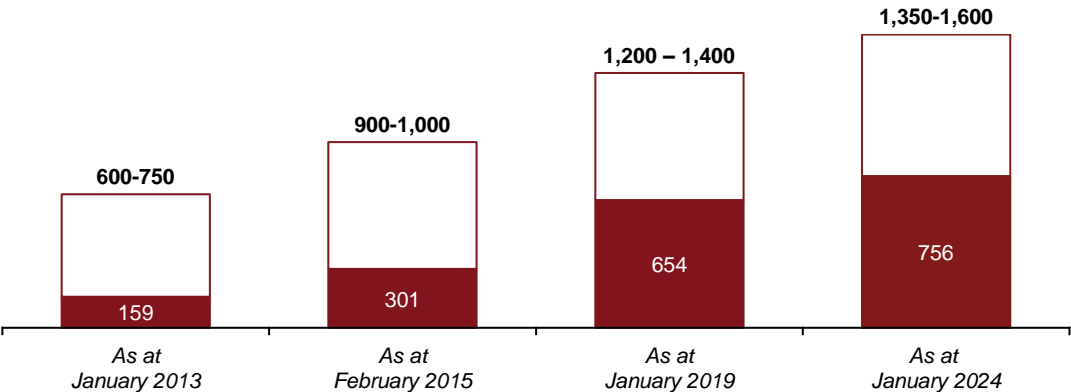
To sense check our headroom assessment, we conducted sensitivity analyses on our results. We reviewed both the total market potential number and implied growth rate for low-cost operators to consider: (i) implied low-cost share of total gyms, (ii) share of total gym members and (iii) implied penetration amongst adult population relative to the current position and available international benchmarks. Our sense checks supported our overall position, in particular:

- When low-cost market potential is achieved, low-cost operators would account for c.30-40% of all gym members in the UK. This is behind historical rates for highly penetrated European cities such as Munich, Hamburg and Cologne⁽²⁾
- When low-cost market potential is achieved, 7.2% - 8.5% of the UK population will be members of a low-cost gym (see Figure 7). If this was achieved over a 10-20 year period, it implies growth of 0.1-0.4ppt p.a. which is in line with the historical growth rate

Our model is based on inputs at a point in time. There is potential for further headroom from population growth, continued low-cost gym format development (particularly in smaller catchments) and structural change outside of the low-cost segment (e.g. significant closures of independent and local authority gyms creating opportunities for accelerated low-cost expansion and/or the potential for additional low-cost headroom).

Figure 6 – Strategy& assessments of low-cost market potential over time

Strategy& assessment of total low-cost market potential
Number of low-cost gyms



As in prior headroom assessments (see Figure 6), our latest review confirms the continued expansion of the low-cost market potential driven by:

- Population growth
- Expansion in the wider health and fitness market
- Low-cost gyms entering broader catchments (see Figure 5)

Figure 7 – Sensitivity analysis on low-cost member penetration

Scenario: implied low-cost member penetration if market potential is reached
% of UK population

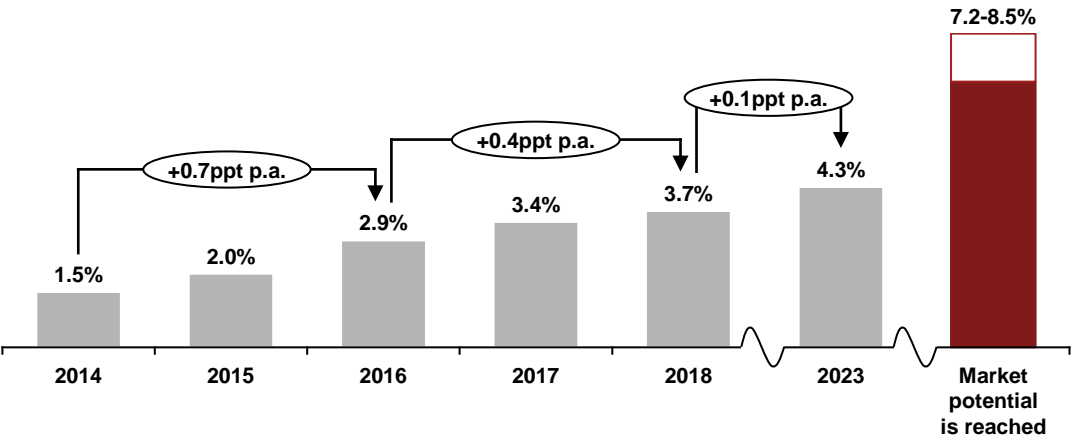


Figure 7 implies that 7.2% – 8.5% of the UK population will be members of a low-cost gym when the market potential is reached; approximately double the low-cost penetration today

This calculation is based on a scenario whereby:

- Low-cost market potential is reached
- Average members per low-cost gym is 3,600
- There is no population growth

Note: (1) Non-overlapping catchments were created around key areas of population draw in the UK (e.g. retail / leisure activity). In addition to the catchments referred to above we have conducted the same analysis using ONS-defined 'urban areas' to ensure robustness; (2) European comparison statistics as of 2018
Source: Leisure Database, Strategy& Analysis

About the authors

Over the past ten years PwC Strategy& has undertaken four separate studies, commissioned by The Gym Group, into the total market potential for low-cost gyms in the UK. We have extensive experience of the gym sector both within the UK and internationally, and have worked with most major operators in the space across a range of engagements (including portfolio and roll-out assessments; market entry, sizing and forecasting; pricing and product assessments and consumer insight development). We are available for informal discussions and more formal engagements and look forward to hearing from you.



David Trunkfield

PwC Strategy&, Partner
Hospitality & Leisure
Mobile: +44 (0) 7764 235446
Email: david.trunkfield@pwc.com



Eleanor Scott

PwC Strategy&, Partner
Hospitality & Leisure
Mobile: +44 (0) 7748 965165
Email: eleanor.r.scott@pwc.com



Laura Waterman

PwC Strategy&, Director
Hospitality & Leisure
Mobile: +44 (0) 7808 799420
Email: laura.a.waterman@pwc.com

[pwc.co.uk](https://www.pwc.co.uk)

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law PricewaterhouseCoopers LLP, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2024 PricewaterhouseCoopers LLP. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers LLP which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.