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New Shopping Center Mix: Live, Work Out, Play

Fitness Concepts Move in Nationwide As 'Era of Wellness' Strengthens Among Baby Boomers, Millennials



TruFusion is among the boutique fitness concepts helping to fill vacancies at malls and shopping centers. (TruFusion)

The proliferation of fitness concepts of all shapes and sizes is exploding in the United States as baby boomers and millennials alike flex their muscles in what real estate services firm JLL calls a "golden era of wellness."

And landlords across the retail space spectrum, long sensitive to the strength-in-numbers theory, are jumping in to reconfigure abandoned stores or create new spaces to fill the demand for a healthy, balanced lifestyle.

"The wellness economy is booming right now," said James Cook, director of U.S. research at JLL, formerly known as Jones Lang LaSalle. "With this state of the economy, entrepreneurs are seizing the opportunity to create life/work balance alternatives with traditional and boutique fitness concepts."

Call it the "live, work out and play" model that CoStar economists say is a key element of [refashioning shopping centers](#) and malls nationwide. Plop a fitness concept somewhere close to where people live and are fulfilling their daily needs — the most

obvious of which is food-related — and they will come, according to a JLL research report that Cook co-authored.

“The growing prevalence of fitness is a part of a larger consumer focus on wellness,” the report says. “When it comes to attracting fitness tenants to a retail property, the No. 1 draw is a strong daily needs tenant like a grocery store.”

JLL’s analysis of more than 6,000 fitness center move-ins within retail real estate from 2013 through 2018 found that 47% of consumers are motivated to multitask in one outing when it comes to exercise and shopping.

That’s led to a notable shift in fitness facility locations away from general, freestanding retail space. JLL found that fitness move-ins at shopping malls are growing at a threefold pace, while specialized, typically outdoor, lifestyle centers are seeing a near-quadruple jump. And wellness counterparts are moving in right along with them.

“Savvy landlords focus on boosting co-tenant synergies that encourage fitness customers to linger in centers after their workouts,” the report notes. “These co-tenancies include juice bars and healthy food and beverage, vitamin stores, athleisure stores like Lululemon and even pet stores.”

Ballet Workouts

Traditional gyms, with their expansive floor plates and multitude of workout equipment ranging from free weights and ropes to elliptical machines and treadmills to punching bags and balance balls, are still popular. Last year, they accounted for nearly 34% of all fitness move-ins.

But boutique fitness concepts with specialized offerings in small classroom settings such as ClubPilates, SoulCycle and Pure Barre, which offers an exercise regimen based on ballet moves, have leaped to the fore. “It seems that everybody who exercises has some very specialized program that they’re into,” Cook said. “It’s not to just go to the gym, but to go an Orangetheory or Crossfit class. It’s almost become a new religion.”

These single-offering boutique workout locations accounted for almost 42% of all fitness concepts nationwide in 2015, double the numbers in 2014, according to JLL. Fast-forward to 2018, and these niche concepts are growing on average “six times faster than traditional gyms,” the report says. Personal training, high-intensive interval training, known as HIIT, Pilates, yoga and combat sports cumulatively accounted for more than 54% of all move-ins last year.

Boutique fitness is not only popping up everywhere, but it’s getting a lot of investor attention, particularly when tied to celebrities and athletes. [Consider TruFusion](#), which offers yoga, Pilates, cycling, barre, boxing, boot camp and circuit training, with a handful of locations in high-priced shopping areas. Started in 2013 in Las Vegas, its newest site

is scheduled to open this fall at the [Post Oak Central](#) office complex in [Houston's](#) Galleria-Uptown area.

Its investors include former New York Yankees slugger Alex Rodriguez, whose fame is drawing star power to the facilities, including his fiancee, actress and singer Jennifer Lopez, and Seattle Seahawks quarterback Russell Wilson.

The singular fitness concepts are priced much higher compared to budget-friendly gyms. But Planet Fitness, Crunch and YouFit, for example, are expanding rapidly too. Planet Fitness has added more than 600 locations in the past five years and is on track to open another 250 within the next year.

Planet Fitness' \$10 monthly membership fee promotes it to recession-proof status, according to Cook. "For the cost of a month membership, you get maybe one workout at a boutique," he said.

But as long as the record-long U.S. economic growth stretch keeps stretching, boutique fitness "will continue [its] healthy expansion and incredible popularity," according to JLL's report.

"Should we approach a downturn in growth, we can expect to see some churn in existing locations," it notes. "Budget gyms, on the other hand, appear to have more longevity, since membership rates as low as \$10 per month should keep loyalty up."