

OakNorth Sector Pulse

HEALTH & WELLBEING

FEBRUARY 2025



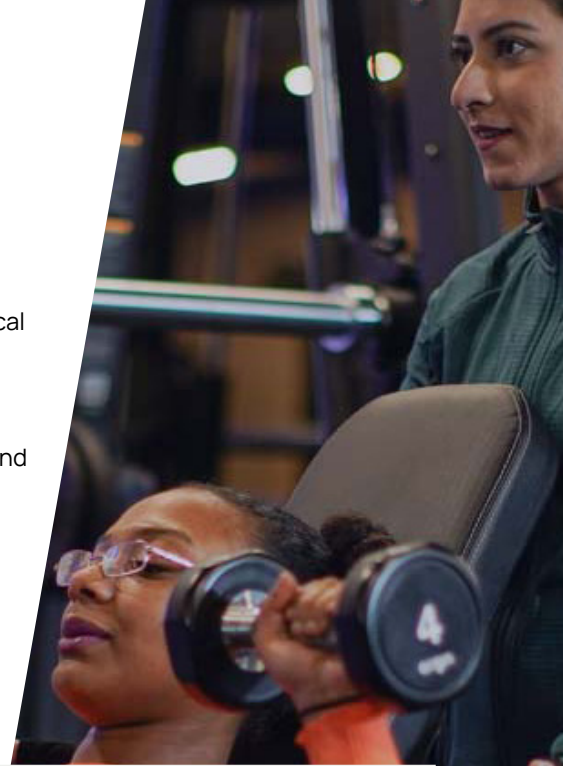
OakNorth



Industry overview

The UK's health and wellbeing sector is a dynamic and multifaceted industry that plays a critical role in both the country's economy, as well as the mental and physical wellbeing of its population.

According to [new research](#) published in September 2024, the UK has the second largest wellness economy in Europe and the fifth largest in the world (\$224b) behind the US, China, Germany, and Japan. In the latter half of 2024, [findings](#) from the UK Fitness report revealed that 17% of the UK were members of a gym, with a further 17% saying they plan to join a gym in the coming 12 months. These fundamental growth metrics are why we continue see this as an exciting sector - particularly in the budget and premium ends of the spectrum.



Key trends of the last six months

Booming digital fitness

The use of apps, online platforms, and wearable devices to create virtual fitness experiences, continues to fuel the growth of the industry. In October 2024, Oura released its 4th-generation smart ring and while it comes with a hefty price tag, Cyber Monday and Black Friday sales helped boost sales of both this product and other wearable devices.

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Increase in demand for virtual fitness experiences

Increasing M&A and PE activity

The UK's health and wellbeing industry experienced significant M&A activity and interest from private equity firms over the last six months, with notable public transactions including: occupational health services provider, Latus Group securing backing from private equity firm, NorthEdge; Evergreen consumer investor, Verlinvest, acquiring a majority stake in UK bouldering gym operator, The Climbing Hangar, and PureGym's acquisition of Blink Fitness.



UK health industry sees growing M&A and PE activity

'Her' fitness

The fitness industry continues to see growth in 'Her' fitness and women-only gyms, driven by a growing demand for comfortable and supportive workout environments tailored specifically for women. OakNorth customer, Total Fitness, launched its latest purpose-built women only gym in Wilmslow in September 2024, with WOHGYM also recently opening in Newport, alongside Curves gym in Romsey, Hampshire.



Rising demand for women-only gyms



The UK's health and fitness market is set to grow at a compound annual growth rate of 5.5% from 2023-28, driven by rising consumer awareness of the physical and mental health benefits of regular exercise. This is particularly prevalent at the start of the year as resolutions are set and consumers sign up to gym memberships. Over the last six months, we've seen the continued rise in virtual fitness experiences and an increased interest from private equity firms in the sector. Looking ahead to the first half of 2025, we expect to see a rise in fitness-focused travel, as more consumers seek out holidays that offer significant health and fitness elements, with Labour's new Mental Health Bill also set to be a significant milestone in the evolution of the UK's mental health services"

Ben Barbanel
Head of Debt Finance at OakNorth



Customer insight



totalfitness



As the leading mid-market operator in the North of England and Wales we proudly champion variety and choice and serve an incredibly diverse set of members of all ages. Having outperformed the market by 3.8pts in 2023, we closed the books on yet another year of record growth in 2024, with 2025 set to be just as strong. While the way consumers are transacting in our sector continues to evolve, a robust appetite for physical spaces to workout in is not. Beyond our core health club membership business, we've been busy building additional demand-led products and services like our swim academy and women's gyms, adding high margin revenue streams and enhancing quality of earnings while responding to clear customer needs."

Sophie Lawler
CEO of Total Fitness

Outlook for the next six months

New year, new me

The period after the festive season is always a popular time for people to focus on health and wellbeing, as many aim to rejuvenate their minds and bodies after the indulgences of the festive season and new year celebrations. As a result, January and February are traditionally the busiest months for [gym membership sign-ups](#).



Highest number of new gym memberships post the festive season

Rise in fitness-focused travel

Consumers seeking holidays and destinations that offer significant health and fitness elements is set for further growth in 2025. [Figures](#) show that three-quarters of travellers will incorporate fitness into their getaways for 2025, with notable new hotel openings including Six Senses in London, offering a 3,500-square-metre spa, as well as wellness journeys mirroring the energies of city life.



Mind over matter

The significance of mental health within the UK's wellbeing sector will continue to be a key issue, reflecting the ongoing societal shift towards recognising it as an integral part of overall health. This is reflected by the new Mental Health Bill, likely to become law by summer, that includes proposed reforms to give patients greater choice, autonomy, enhanced rights and support, and ensure everyone is treated with dignity and respect throughout treatment.



Impact of Labour's new Mental Health Bill

Scaling 'super premium'

We expect to see operators within the 'super premium' segment of the UK's fitness market, such as Ultimate Performance and Third Space, to continue performing well over the next six months, driven by an increasing number of affluent people signing up to boutique gyms. This rise in popularity for experience driven fitness has also led to businesses in this part of the market continuing to expand overseas, with Ultimate Performance launching in several locations across Washington DC and Los Angeles.



'Super premium' operators expanding overseas

Get in touch with the team at questions@oaknorth.co.uk or visit oaknorth.co.uk for more information.