OakNorth Sector Pulse

HEALTH & WELLBEING

FEBRUARY 2026

OakNorth

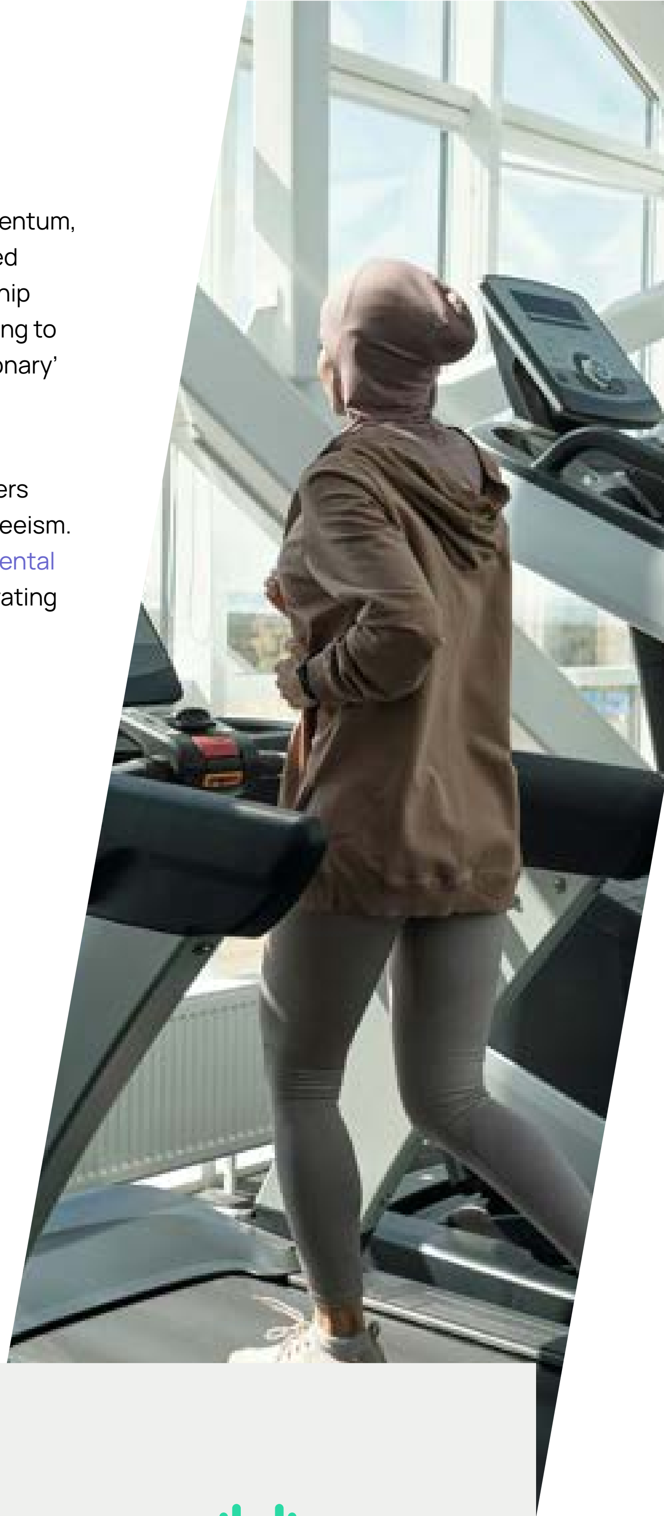
Industry overview

The UK's health and wellbeing sector has entered 2026 with strong momentum, underpinned by record gym and leisure centre participation and sustained consumer focus on preventative health. Sector data shows UK membership reached 11.5m in 2024 (c.16.9% penetration for adults), with revenues rising to £5.7bn, reflecting a market that is increasingly viewed as a 'non-discretionary' personal investment rather than a luxury.

Over the last six months, operators have continued to benefit from a 'generational shift' toward health-focused socialising, alongside employers expanding wellbeing benefits to support productivity and reduce absenteeism. At the same time, demand has broadened beyond weight loss towards mental wellbeing, strength, longevity, and measurable health outcomes, accelerating adoption of wearables, testing, and personalised programmes.

The sector has also continued to attract significant interest from private equity investors, reflecting its scale, resilience, and long-term growth characteristics. Recent media reports have highlighted growing sponsor appetite for premium and differentiated operators, with established platforms increasingly viewed as credible large-scale investment and exit opportunities. This attention underscores investor confidence in the sector's ability to deliver resilient cashflows, pricing power, and expansion potential, particularly for businesses with strong brands, loyal membership bases, and clear pathways to scale.

Furthermore, policy and regulation are also reshaping the landscape. The Mental Health Act 2025 received Royal Assent on 17 December 2025 and will be phased in over a number of years, while government has signalled renewed focus on women's health, including menopause support through NHS Health Checks. Together, these themes point to a sector with durable demand, but one where operators will need to invest in clinical governance, data capability, and differentiated propositions to win.



Key trends of the last six months

Record participation and market polarisation

Membership growth has continued to be led by younger demographics, with gyms increasingly functioning as social spaces. Operators at the value end and at the premium/boutique end have tended to outperform mid-market propositions, as consumers either seek affordability and convenience, or higher-touch, experience-led services with measurable outcomes.

Gym growth is led by younger members, with value and premium gyms leading

Women's health accelerates

Women's health has remained firmly on the national agenda, with government announcing that the Women's Health Strategy will be renewed and that menopause questions will be included in NHS Health Checks. Investment and innovation in FemTech and women's health services continue to broaden, spanning menstrual and fertility tracking, menopause care pathways, pelvic health, and maternal health improvements.

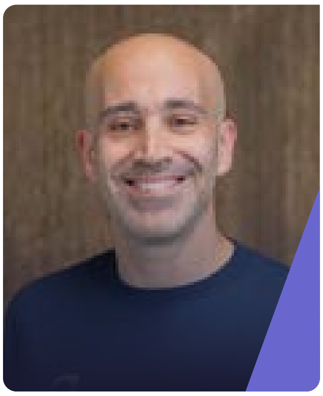
Women's health remains a national priority, with growing focus and innovation

Employers deepen investment in preventative and occupational wellbeing

Over the last six months, employers have continued to expand investment in preventative health, mental wellbeing, and occupational health services, driven by ongoing concerns around productivity, retention, and long-term workforce resilience. Demand has increased for integrated offerings spanning mental health support, musculoskeletal services, health assessments, and early intervention pathways, particularly among larger employers and public-sector adjacent organisations. According to the CIPD, over half of UK employers now include wellbeing as a core part of their people strategy, while providers report growing interest in blended models combining in-person services with digital triage and support.

Employers are increasing investment in preventative and integrated wellbeing services

Record participation and continued innovation underpin our confidence in the UK's health and wellbeing sector. Demand is being driven by a broader definition of wellbeing, spanning mental health, community, and preventative care, alongside sustained policy focus on areas such as women's health. Over the last year, we've continued to support high-quality operators across the sector, including mid-market health clubs, premium fitness and wellness platforms, and specialist healthcare providers, backing growth initiatives, estate investment, and strategic acquisitions. Looking ahead, we expect spring and summer to reinforce 'hybrid habits', with consumers combining gyms, outdoor activity, and lifestyle-led wellbeing. We remain keen to do more in the sector, partnering with ambitious management teams to support scalable growth through 2026 and beyond."



Ben Barbanel
Chief Lending Officer at OakNorth

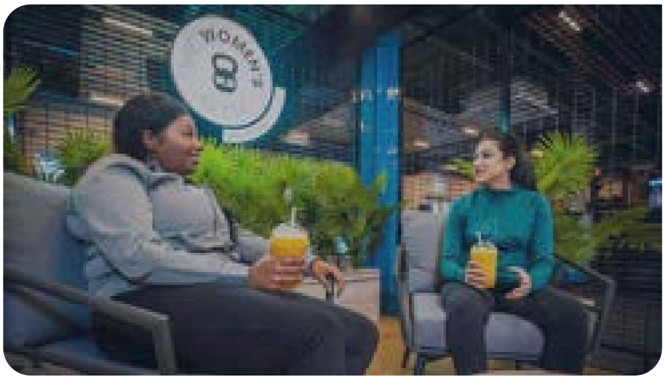
Customer insight

totalfitness

2025 was another strong year for Total Fitness – in terms of member growth yes, but more importantly in quality of earnings. Our customers are stickier, revenues more durable, price elasticity greater, and cross-sell and up-sell opportunities realised, demonstrating brand-trust. The sector as a whole is enjoying the sustained growth that comes with the sort of long-term macro tailwinds that are a feature of the health club category. And yet opportunity remains – with penetration in the UK at just 17%, when arguably the market size is anything up to 100%, there is significant market headroom still to capitalise on from underserved areas and underserved customer segments. At Total Fitness we're actively exploring the opportunities to open up those unaddressed markets, starting with an underserved segment of the female market. In 2024/5 we opened our first two women's gyms, and with the first now at capacity with members joining on a wait-list basis we've got more in the planning."

Sophie Lawler
CEO of Total Fitness

Deal spotlight



totalfitness

The leading mid-market health club brand

In December 2025, we provided a £15m loan to Total Fitness, to support the development of new growth initiatives, including the roll-out of standalone, The Women's Gym clubs, and continued investment across the estate.

THIRD SPACE

London's premium fitness & wellness operator backed by KSL Capital Partners

In October 2025, we provided a £75m leveraged finance loan to Third Space. This new facility refinances a portion of the existing capital structure and provides a £25m capex facility to support Third Space's expansion into new locations, including Oxford Street, Queen's Park, and Chelsea among others.

Outlook for the next six months

Spring/summer wellbeing and 'hybrid habits'

As daylight increases, we expect a shift toward hybrid routines combining gyms with outdoor fitness, endurance events, and lifestyle-led wellbeing. Operators with compelling community-based offerings, flexible access, and strong digital touchpoints will be best placed to capture this seasonal demand while sustaining retention beyond peak months.

Longer days are driving hybrid fitness habits, favouring flexible, community-led operators

Mental health reform implementation and employer-led prevention

Following Royal Assent in December 2025, implementation planning for Mental Health Act reforms will gather pace through 2026. This is likely to increase demand for community-based provision, workplace mental health support, and partnerships that can help deliver prevention and early intervention at scale. We also expect employers to continue expanding private wellbeing benefits, including counselling, digital therapeutics, and occupational health pathways, particularly as retention and productivity remain key priorities.

Mental Health Act reforms will boost demand for community and workplace wellbeing services

Hyper-personalisation, data-driven recovery, and AI-enabled wellbeing

Looking ahead, we expect to see a continued shift toward hyper-personalisation, data-driven recovery, and the integration of AI across wellbeing journeys. Fitness is increasingly evolving from sporadic, high-intensity workouts into a continuous, holistic lifestyle supported by real-time data, personalised programming, and recovery optimisation. Wearable technology remains the leading global trend, with devices moving beyond basic step-counting to deliver increasingly sophisticated insights into sleep quality, stress, heart health, and readiness, enabling operators to tailor experiences and improve engagement and retention over time.

Wellbeing is moving toward AI-driven, data-led, personalised fitness

Consolidation and selective expansion

We expect continued consolidation across gyms, specialist wellness formats (including climbing, recovery, and boutique studios), occupational health, and diagnostics. Well-capitalised operators will look to add capability and geographic density, while smaller operators may seek strategic partners as cost pressures and customer acquisition costs remain elevated.

Consolidation across gyms and wellness services is set to continue

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