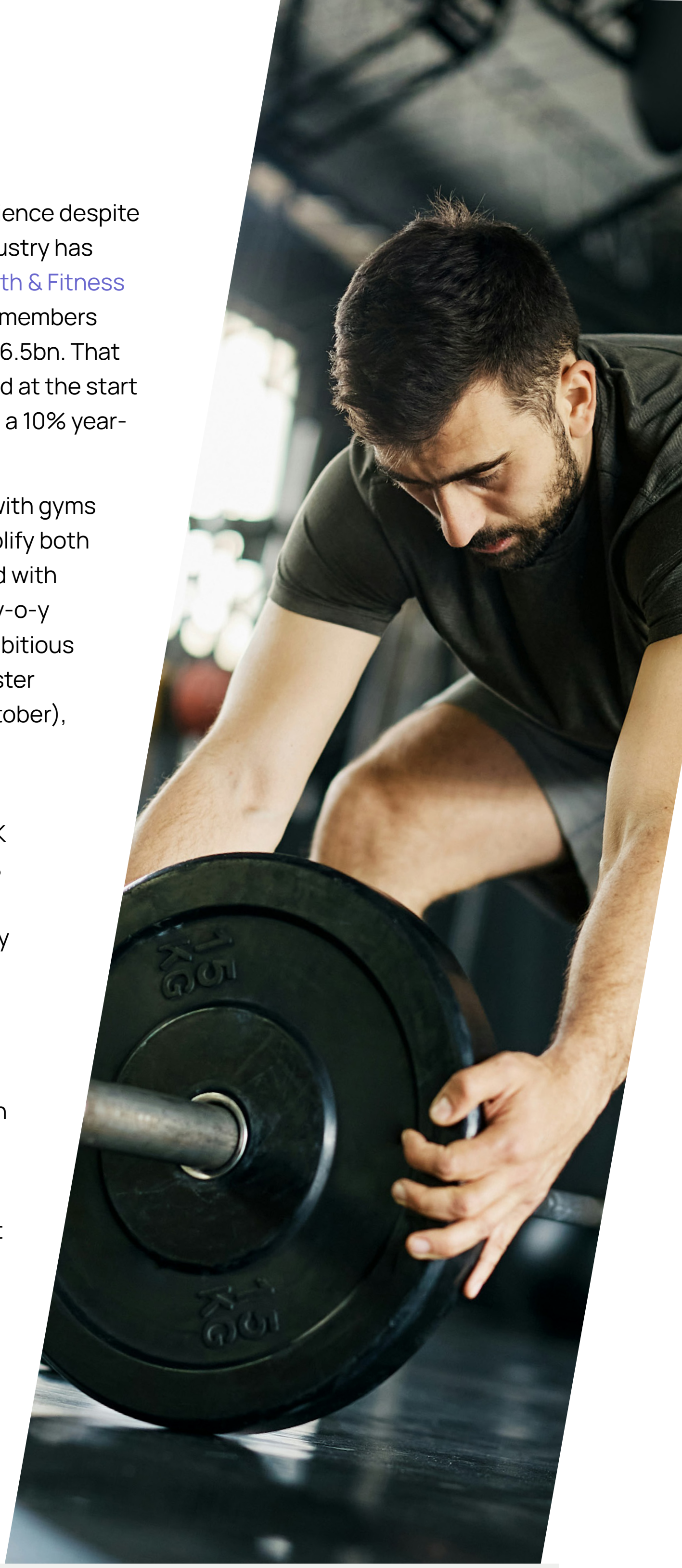
OakNorth Sector Pulse

# HEALTH & WELLBEING

SEPTEMBER 2026

OakNorth

## Industry overview



The UK's health and wellbeing sector continues to demonstrate resilience despite macro-economic challenges, with the latest data confirming the industry has entered a new phase of structural maturity. According to the UK Health & Fitness Market Report 2026, published in April, the sector now boasts 12.2m members aged over 16 - an 18% penetration rate - with total income reaching £6.5bn. That represents a significant step forward from the record figures reported at the start of the year, with annual gym and leisure centre visits totalling 679m - a 10% year-on-year increase.

Membership growth continues to be led by younger demographics, with gyms increasingly functioning as social spaces. Our own customers exemplify both ends of this dynamic: Total Fitness, the mid-market health club brand with 15 locations across the North of England and Wales, reported a 27% y-o-y increase in EBITDA in August, while Third Space has continued its ambitious expansion programme, with additional clubs in Chelsea and Paternoster Square (both now open), and Queens Park (scheduled to open in October), alongside major investment and extension projects at its Soho and Islington sites.

The sector has also continued to attract strong investor interest - UK healthcare and pharma services M&A saw 114 deals in Q1 2026, a 37% uplift on the same period last year, with private equity and venture capital-backed deals up 43% on Q1 2025. While some of this can likely be attributed to the late Autumn Budget pushing some Q4 2025 transactions into Q1 2026, this is clearly not the only driving factor. Virgin Active is among the operators leaning into the investment momentum, opening its flagship Mayfair club in July as a reimagined 'social wellness' concept, where training, recovery, focus, connection and nutrition are brought together - a signal of where premium operators believe the market is heading.

Meanwhile, the Mental Health Act 2025, which received Royal Assent in December 2025, is now in the early stages of implementation, with the introduction of a new Code of Practice and secondary legislation expected within the next year, and the first major phase of reform set to be introduced in 2027. Together, these themes point to a sector with durable, broadening demand - one where operators who invest in community, wellbeing integration, and differentiated propositions are best placed to win.

## Key trends of the last six months

### GLP-1 drugs: a structural shift, not just a weight-loss story

The mainstream adoption of GLP-1 weight-loss medications has accelerated sharply, and the scale of the shift is now being felt well beyond the pharmacy. Research from Worldpanel by Numerator, drawing on more than 11,500 households, found that 6.3% of GB households now include at least one GLP-1 user - nearly triple the 2.3% recorded in 2024 - with 1.9m adults currently on weight-loss medication.

GLP-1 adoption boosts strength, nutrition and fitness demand.

According to PwC's first-ever UK consumer survey on GLP-1s (published in June), which surveyed more than 2,300 UK adults, 27% of current and former users increased their fitness expenditure during GLP-1 use - with 41% of those joining a gym or starting fitness classes, 20% upgrading to a more premium club, and 16% starting to use a personal trainer. The reason is structural: as the drugs suppress appetite and accelerate weight loss, the risk of muscle loss means strength training and expert nutrition support have become essential complements. Fitness professionals are adapting their programmes accordingly, shifting the conversation from calorie deficits to protein intake, resistance training, recovery and muscle preservation. For operators like Ultimate Performance, whose model is already built around data-driven, personalised strength and nutrition programming, this is a genuine tailwind.

GLP-1 users spend more on personalised fitness, nutrition and strength.

## Strength training as a public health imperative

A landmark Harvard-led study published in the British Journal of Sports Medicine in June, tracking more than 147,000 people over 30 years, found that people who do up to two hours of strength training per week over several decades had a lower risk of earlier death from serious conditions including heart disease and neurological diseases such as dementia. A month later in July of this year, the four UK Chief Medical Officers published the first refresh of the national physical activity guidelines since 2019. It gives strength and balance greater prominence and, for the first time, includes guidance for people taking GLP-1 medications, recommending resistance training and adequate protein intake to preserve muscle mass.

Strength training recognised as vital for longevity and muscle preservation.

## Designing for women

A white paper published by our client, Total Fitness, in March, found that while 64% of women in the UK are not gym members, two thirds of them would consider joining if the offering genuinely aligned with their needs. Total Fitness's Women's Gym concept is already at capacity with a wait-list at its first site, with further locations in the pipeline supported by funding from us. Meanwhile in April, PureGym announced that it is considering rolling out women's spaces across its UK estate. This doesn't appear to be a purely mid-market trend – in August, a women-only members wellness club called Lerei opened in Knightsbridge. The company said it's targeting local clientele which it says comprise of one of the highest concentrations of ultra-high net worth women in Europe.

Women-focused gyms unlock substantial underserved demand across markets.

## Mental health moves from conversation to infrastructure

Mental health has featured in every edition of our past Health & Wellbeing Sector Pulses, but what is new - and significant - is that it has now moved from policy ambition to physical infrastructure. Earlier this month, the government announced a £343m plan to open up to 159 new NHS mental health facilities across England between Autumn 2026 and March 2027. These would be split between 100 new community mental health centres offering walk-in support without a referral, and 59 dedicated mental health emergency departments providing fast, same-day specialist care for people in crisis - more than doubling the number of such facilities in England. Critically, these centres are designed to sit in the heart of communities - in libraries, banks and high-street locations - working alongside GPs, councils, the voluntary sector and employers, with direct links into housing and employment support.

Mental health investment shifts from policy ambition to community infrastructure.

"Looking ahead, Andy Burnham's arrival as Prime Minister - with his track record of embedding physical activity into primary care and his genuine understanding of what leisure facilities mean to communities - is an encouraging signal for the sector. From a credit perspective, though, what interests us is whether strong demand converts into sustainable cash generation. We look closely at membership retention and yield, wage intensity and reliance on flexible labour, the fixed-cost burden of leases, business rates and energy, and ongoing maintenance and refurbishment capex. We also scrutinise the ramp-up risk and potential cannibalisation that comes with new site openings, and whether leverage and liquidity allow a business to fund expansion without weakening its existing estate. For those with strong brands, loyal memberships, and the ambition to keep investing, the momentum is real - and we're primed to back them."

Ben Barbanel
Chief Lending Officer at OakNorth

## Customer insight

**totalfitness**

"I think it's time to start talking about women and gyms well beyond the context of training modalities, glute builders and life-stage education. There is a tough truth here: the mainstream gym environment, its membership structures and its equipment, have been designed in a way that silently excludes most women. Their emotional needs are written out, unconsciously and unintentionally. And as an industry veteran myself, I've been a part of that problem, unconsciously and unintentionally. I'm really sad about that. But when you understand it, it's something you can't un-see, and that presents choices about what – if anything – to do."

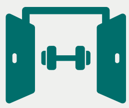
Sophie Lawler
CEO of Total Fitness[1]

## Outlook for the next six months

### A new Prime Minister, a new opportunity

The arrival of Andy Burnham as Prime Minister in July is possibly one of the most significant political developments for the health and fitness sector in years. Burnham has repeatedly advocated for integrating leisure facilities into primary care and recognised the sector as a driver of economic productivity. As Mayor of Greater Manchester, he pivoted GPs from a medical model to a social model, expanding their role to treat isolation and physical inactivity as aggressively as clinical symptoms, and set Greater Manchester an ambition to get 75% of the city's population physically active.

Last month, ukactive published an open letter to Burnham setting out how the physical activity sector can help deliver his government's priorities, calling for a gym on every high street and a leisure centre serving every place - while flagging that around 60% of sports halls and swimming pools are beyond their expected lifespans or in need of refurbishment.



Burnham could embed fitness into preventative public healthcare.

[1]Source: Total Fitness white paper - Women & the Gym: unmet needs and the role of women-only spaces

The same letter also warned that private sector growth is hamstrung by operating conditions, with successive Autumn Budgets raising employment costs and business taxation, forcing higher prices, limited expansion plans, reduced services, and closures. With the Autumn Budget scheduled for 28 October, the sector will be watching closely for meaningful policy support - whether through business rates relief, NHS referral pathways, or capital investment in public leisure infrastructure. For well-capitalised private operators, a more supportive political environment could accelerate both new site development and NHS-adjacent partnership opportunities.

Policy could unlock private growth and NHS partnerships.

## The 'second new year' and the test of retention

September to November has become the fitness industry's 'second new year' - the period when post-summer routines reset and consumers re-engage with health goals. With UK gym membership now at record levels, the question for operators over the coming months will not simply be acquisition, but retention: whether members gained through January resolutions, GLP-1-fuelled confidence, and the ongoing social gym trend, will stay.

Autumn's fitness reset will test whether record membership gains endure.

## Labour law changes: a cost and culture reckoning

The Employment Rights Act 2025, now being phased in through the remainder of this year and into 2027, presents one of the most tangible operational challenges for health and fitness operators over the coming months. The Act makes significant changes to laws governing pay, flexible working, rights to sick pay and protection against unfair dismissal - and the changes, implemented on a phased basis, require employers to update their employment contracts, policies and practices. For a sector that relies heavily on frontline, part-time and flexible staff - personal trainers, class instructors, reception, and cleaning teams - the implications are significant. Those operators who use this moment to genuinely invest in staff engagement, career pathways, and working conditions, rather than merely comply at minimum cost, are likely to find themselves with a meaningful competitive advantage in talent retention - a persistent challenge the sector has grappled with since the pandemic.

Labour reforms reward operators investing in staff retention and culture.

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