

THE WALL STREET JOURNAL.

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LIFE

The New Place to Open a Gym: Inside a Gym

Health clubs put boutique fitness studios inside as exercise gets more specialized; people seek expert instruction



The Forum Athletic Club in Atlanta houses a few fitness studios that cost extra and are open to nonmembers. This class, Complete Chaos, is taught by former kickboxer Jeff Baird. *PHOTO: KEVIN D. LILES FOR THE WALL STREET JOURNAL*

By **RACHEL BACHMAN**

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The competition among gyms to attract members has become so fierce that gyms are trying a new tactic: opening a gym inside another gym.

More health clubs are inviting specialty studios—even competitors—to set up shop inside their walls. Typically, members receive a discount to these studios and nonmembers are drawn into gyms they might otherwise ignore. The idea is to blend a boutique's allure and expert instruction with the foot traffic and existing infrastructure of a larger facility.

Roman Fortin, co-owner of the Forum Athletic Club in Atlanta's Buckhead neighborhood, says a few years ago he started seeing his members paying \$27 a class to cycle at a nearby studio. Meanwhile attendance at the gym's spinning classes was dwindling.

He struck an agreement with Cyc Fitness, a small national cycling-studio chain, which now operates a self-contained studio inside his 22,000-square-foot gym.



Reanna Ursin (center, in pink) works out with heavy ropes at the Complete Chaos class inside the Forum Athletic Club in Atlanta. She isn't a Forum member but frequents three classes at studios inside the gym. *PHOTO: KEVIN D. LILES FOR THE WALL STREET JOURNAL*

The connections that class members form with instructors drive the fitness industry, Mr. Fortin says. "If you love this teacher that teaches Pilates, that's where you're going to go."

In addition to Cyc classes, the Forum hosts an interval-training class taught by an instructor who used to run his own studio, plus a circuit-training course that Mr. Fortin and gym co-owner Dan Owens, former pro football players, teach themselves.

Each of the three classes costs extra—\$20 or \$25 for non-gym members, about 20% less for members—and the gym keeps a share of the revenue that comes from studio classes. Mr. Fortin can concentrate more on running the gym, he says, while the studios run and promote themselves.

"The typical gym may offer two to three spinning classes a day," says Stephen Nitkin, founder and CEO of Cyc. "We're going to offer six to 10."

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Jeff Baird used to run his own studio but now runs his interval training classes inside the Forum Athletic Club. He shares revenue with the gym but has lower overhead and more clients. *PHOTO: KEVIN D. LILES FOR THE WALL STREET JOURNAL*

In recent years Cyc also has opened studios inside DavidBartonGym locations in New York and Boston. In the coming months, it plans to open locations in connection with Town Sports International Holdings Inc., a chain with about 150 gyms and studio spaces in the Northeast such as New York Sports Clubs. Some locations will include Tone House, a sports-conditioning studio in New York City where a class costs \$34.

“It’s a great way to expand our brand, and also offer this type of programming to a much larger market,” says Elvira Yambot, Tone House chief operating officer.



Boston’s turducken of fitness: a Cyc Fitness cycling studio inside a DavidBartonGym, inside the Park Plaza Hotel. *PHOTO: DAVIDBARTONGYM BOSTON*

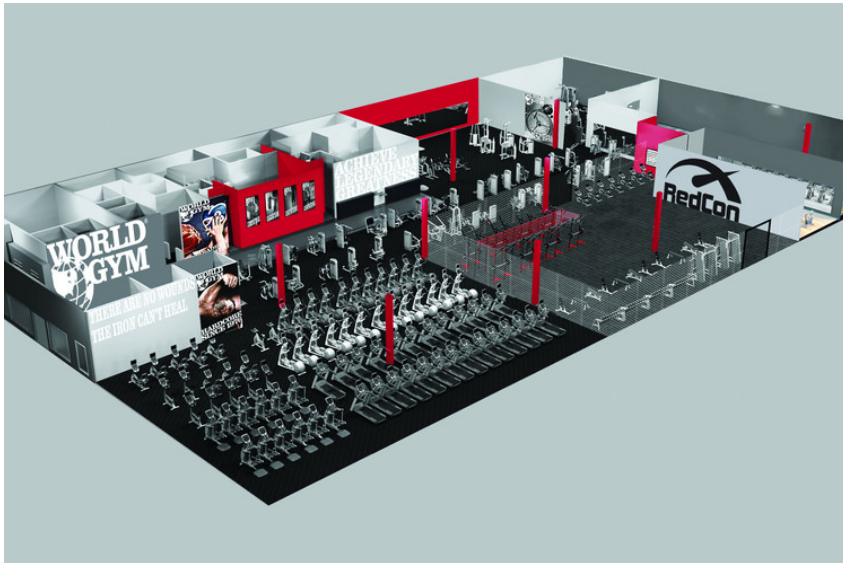
Prices for in-gym Cyc and Tone House classes are still being determined, says Greg

Bartoli, Town Sports chief operating officer.

It is “a Bloomingdale’s model, where you may have a Tory Burch location outside, but also when you go to Bloomingdale’s, they sell Tory Burch [clothing],” Mr. Bartoli says.

About 42% of members of health and fitness facilities in the U.S. frequent fitness studios or boutiques, according to the International Health, Racquet & Sportsclub Association. Studios for everything from yoga to cross-training and stationary cycling have proliferated in recent years as people invest in more personalized and specialized fitness instruction.

Customers like Reanna Ursin are helping drive the changes at gyms. The 39-year-old high school English teacher in Atlanta works out five or six days a week, mostly attending classes.



World Gym, a Los Angeles-based chain with more than 200 locations world-wide, soon will roll out RedCon studios (upper-right corner in this rendering) inside some of its gyms. The interval-training classes will cost extra and allow non-gym members to visit. *PHOTO: KURT BROADHAG/23D GYM DESIGN*

After giving up her gym membership, Ms. Ursin now uses ClassPass. The service, available in 31 U.S. cities, lets users take classes at participating studios for about \$80 to nearly \$200 a month depending on the area. The studios get a portion of ClassPass revenues based on how many users attend their classes.

ClassPass limits users to three visits a month to any one studio. Since the Forum Athletic Club has three studios inside it that she likes, Ms. Ursin can visit it up to nine times a month.

She enjoys the social aspect and nightclub-style lighting of the Complete Chaos interval

training class. Her favorite Cyc instructor—they are called cycologists—calls out regulars' names when they walk in.

And at Mr. Fortin's circuit-training class, called Fast Twitch, "Roman will come around and joke or tell you how to improve your form," she says. "And he plays really good music. He loves older rap and R&B, songs you haven't heard in a while, and he'll just start belting them out."

Ms. Ursin is weary of ClassPass's rising prices, however—the monthly fee in Atlanta just went up to \$160 a month for new users, though she was grandfathered in at \$120 a month. She says she would consider joining the Forum gym to access its studio classes at a discount if ClassPass got too expensive.

The gym within a gym strategy has some risks. The boutique must cultivate its own following and identity, says Stephen Tharrett, co-founder of fitness consulting firm ClubIntel. Big-box gyms sometimes struggle to make internal studios work because they become just another program at the club, he says.

Mr. Fortin of the Forum Athletic Club says he lost some regular gym members after replacing the gym's cycling classes with the Cyc studio. Other members have stayed on and pay extra to visit Cyc's studio, which also has drawn outsiders. "There's a lot of people that come in here for different things," he says.

Los Angeles-based World Gym is preparing to launch a studio-in-the-gym concept targeted at millennials. Called RedCon, short for "redline conditioning," it will offer high-intensity interval training, says Jim Teatum, World Gym's head of international development and franchising.

When they exercise, people in their 20s and 30s seek community, specialization and transparency, and that "the studios, in fairness, have done a better job of providing for those needs than many mainstream clubs," he says.

The plan is for RedCon studios eventually to open in about half of the gym's more than 200 locations world-wide, Mr. Teatum says. There will also be some stand-alone locations.

"We're either losing our members to studios, or many of our members have studio memberships as well," Mr. Teatum says. "We would like them to spend their money at our club instead of going somewhere else."

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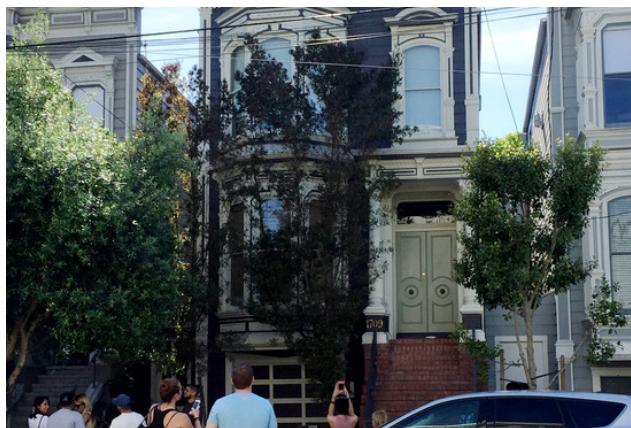
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