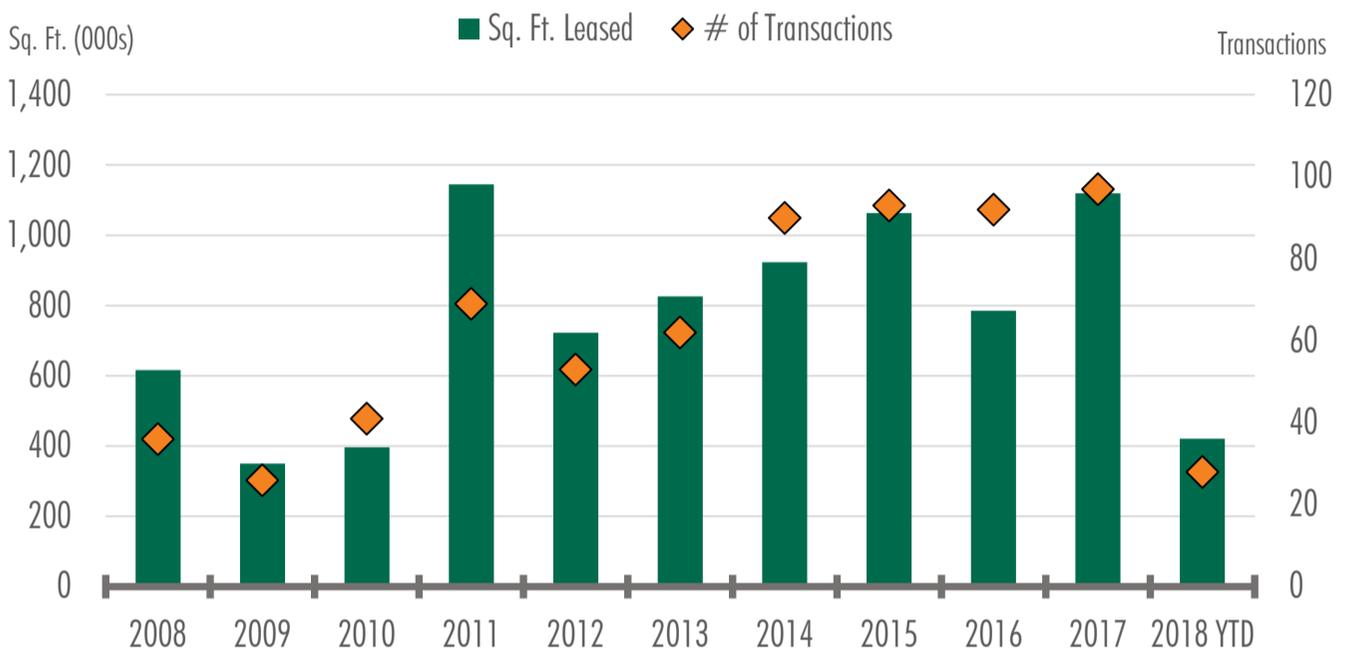


Fitness, one of Southern California retail's 'Fantastic Five' tenants

Fitness, along with four other retail tenant types, has become one of the most active occupiers in the Southern California (GLA/OC/IE) region in the last ten years, but it wasn't long ago when they were considered somewhat undesirable among property owners. Gym patrons were typically unlikely to stop by the other shops in the center after working out and such large swaths of retail space were better suited for big box tenants. Fast forward to today and the paradigm as shifted considerably.

Figure 1: GLA/OC/IE Fitness User Transactions



Source: CoStar, CBRE Research, June 2018.

Since 2008, fitness users have leased 8.5 million sq. ft. in the GLA/OC/IE region. Last year alone yielded the highest deal count in the last decade with 1.1 million sq. ft. leased by fitness tenants. Shifts in both landlord and consumer preferences drove demand. Fitness users want more of an experience and landlords recognize that working out cannot be easily usurped by ecommerce. Gym goers have become a captive audience and are now far more likely to visit adjacent retailers before or after working out.

Figure 2: GLA/OC/IE Adult Exercise Habits



Source: ESRI, CBRE Research, June 2018.

Modern fitness tenants offer a plethora of workout options, equipment, classes, and personalized experiences tailored to the consumer. Joining the ranks of other retailers, fitness tenants have carved out their own experiential retail niche. Contrary to the doom and gloom narrative on retail by the mass media, fitness and the rest of the "Fantastic Five" are thriving. Who among the "Fantastic Five" will be unmasked next? Stay tuned here to find out...