

Tenant Description

Founded in 1984 in the Los Angeles suburb of Covina, LA Fitness has built itself up into one of the dominant fitness franchises in the country with clear aspirations for additional growth. Known for their amenities and high energy workouts, LA Fitness currently has 675 locations across North America, with additional locations in Canada. Currently based in Irvine, CA, LA Fitness is a privately controlled company.

Net Lease Overview

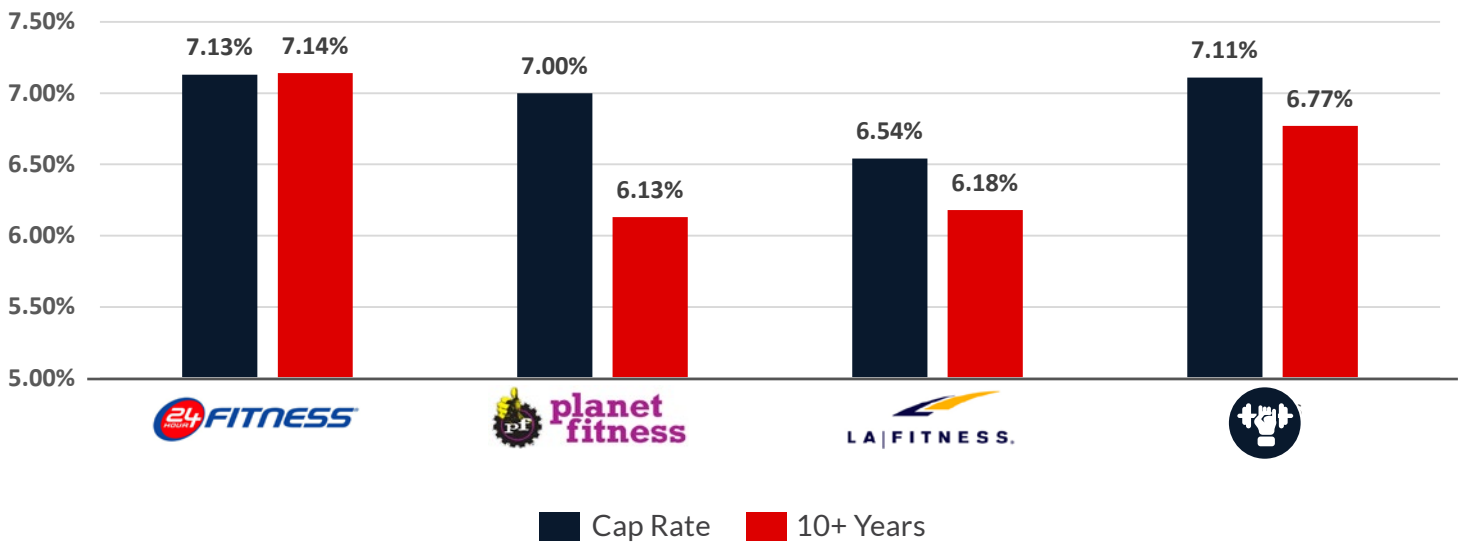
LA Fitness stands out on its own as a net lease investment for many different reasons. The fitness industry is one that is continuously changing and redefining itself, especially nowadays when everyone is prioritizing their self-care and making physical fitness part of their normal routine. LA Fitness has been able to incorporate the ever-evolving fitness classes and exercise trends into their locations, and have been able to stay a dominant player in the market. Their clients are familiar with the product, know what they will get, and can partake in the latest fitness fads.

LA Fitness locations tend to lease big-box retail in shopping centers or around strong retail corridors in order to maximize their exposure. Being in these locations can also make visiting the gym more convenient for their users' daily routines. Typically, LA Fitness locations tend to be under a triple-net lease, meaning the responsibilities for maintaining the building falls on the tenant, and the rental income with no expense outlay. These leases will also feature escalations, usually every 5 years, as a natural hedge against inflation.

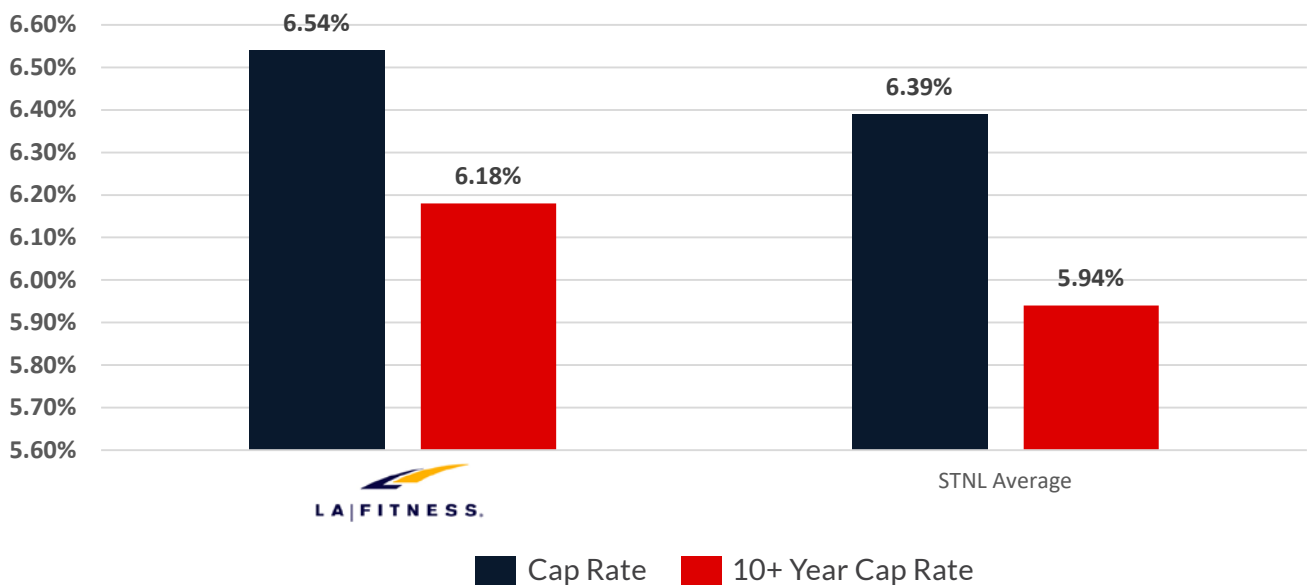
Look to LA Fitness to keep expanding as they try to increase their market share. The fitness industry is always evolving, and having a recognizable and respected name in the industry can go a long way in the eyes of prospective clients and investors.



Average Cap Rate From the Past 12 Months

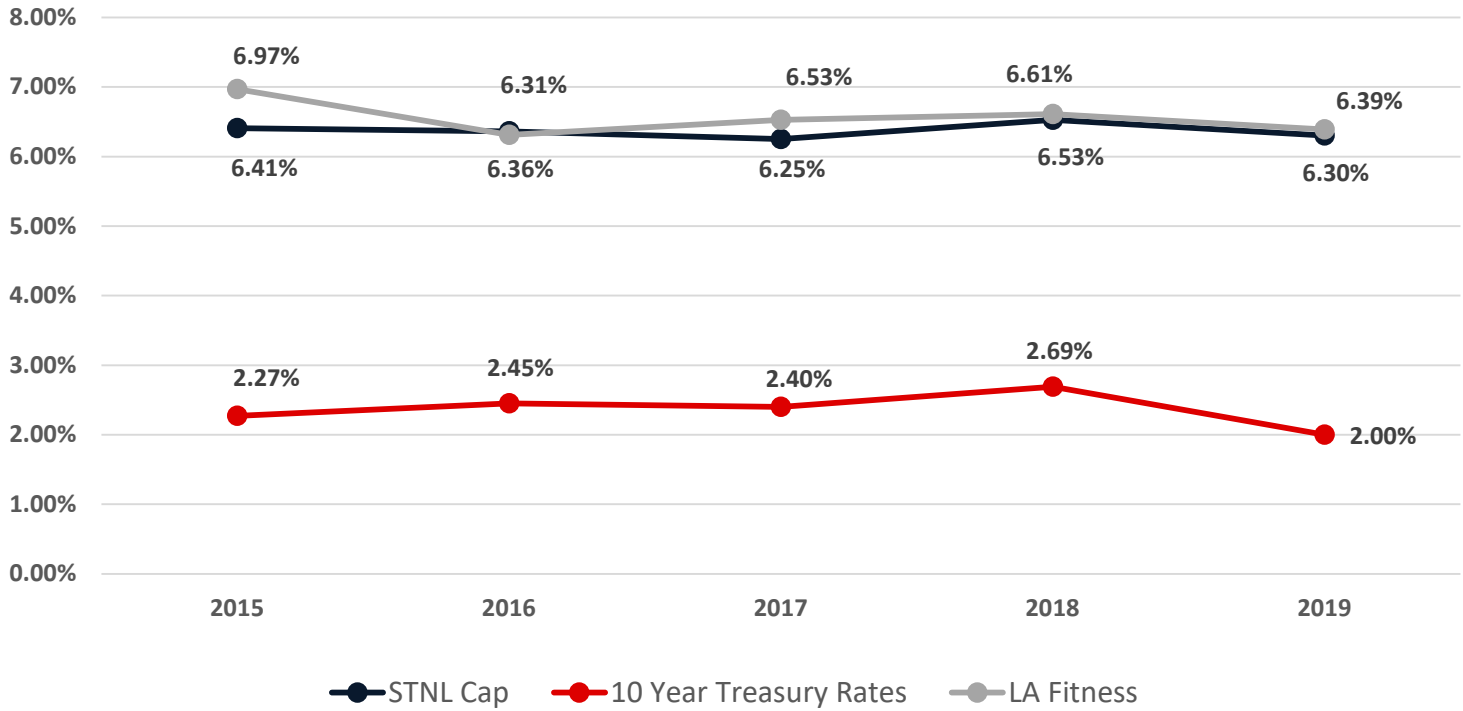


LA Fitness vs STNL Average of Past 12 Months



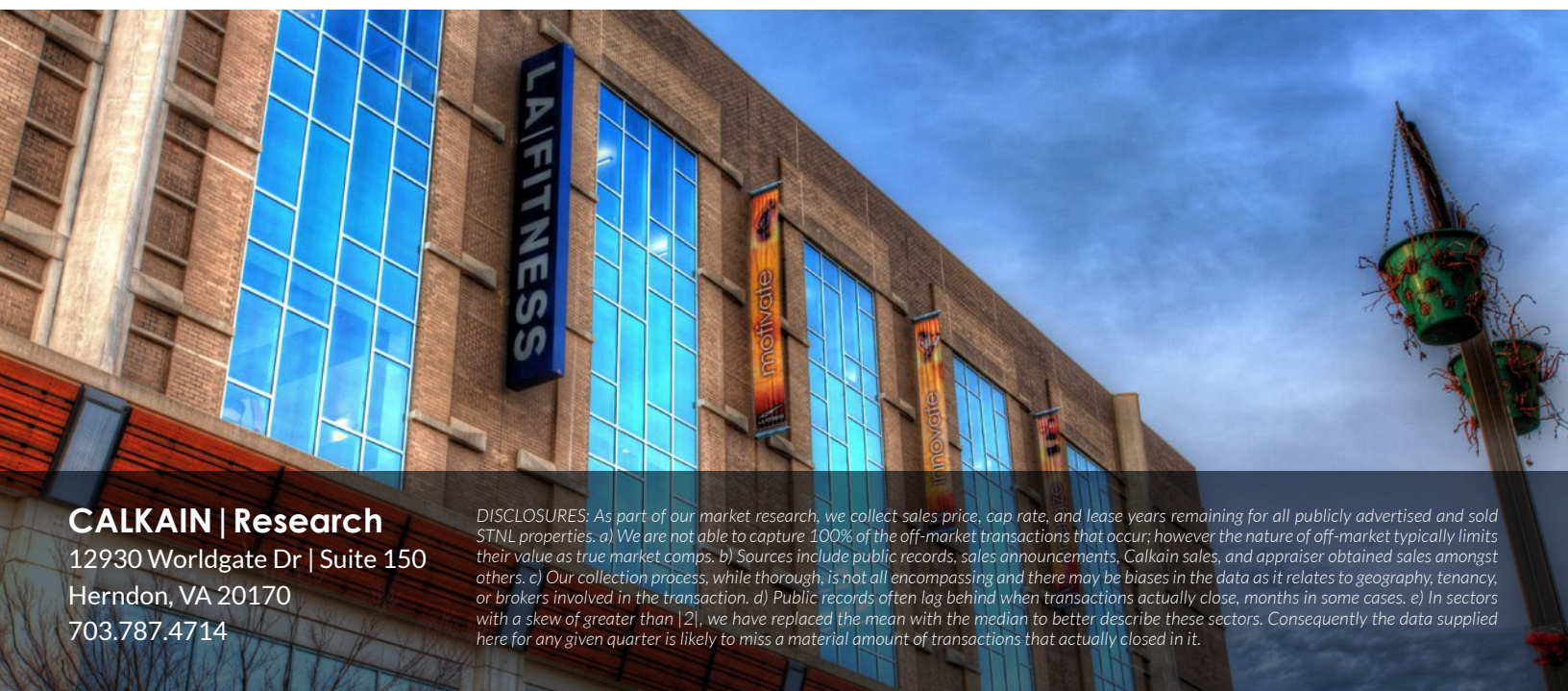
Judging from this graph, we can see that the cap rates for LA Fitness locations are very similarly aligned with the rates for the STNL market, including deals with 10+ years. LA Fitness cap rates seem to remain around the STNL cap average showing that these locations provide good return and are strong investments, nearly 4 points higher than a fully passive Treasury Bill.

STNL Cap Rates vs LA Fitness vs 10-Year Treasury Rates



Are You Interested in **BUYING** or **SELLING** an LA Fitness?

CONTACT OUR EXPERTS HERE



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DISCLOSURES: As part of our market research, we collect sales price, cap rate, and lease years remaining for all publicly advertised and sold STNL properties. a) We are not able to capture 100% of the off-market transactions that occur; however the nature of off-market typically limits their value as true market comps. b) Sources include public records, sales announcements, Calkain sales, and appraiser obtained sales amongst others. c) Our collection process, while thorough, is not all encompassing and there may be biases in the data as it relates to geography, tenancy, or brokers involved in the transaction. d) Public records often lag behind when transactions actually close, months in some cases. e) In sectors with a skew of greater than |2|, we have replaced the mean with the median to better describe these sectors. Consequently the data supplied here for any given quarter is likely to miss a material amount of transactions that actually closed in it.