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A woman with her hair in a bun is shown from the side, lifting a black dumbbell. The background is a blurred gym setting. The text is overlaid on the lower half of the image.

Facilities
PUMPING UP
for on-site fitness centers

BY ALEX GREENBERG AND RAVITA PERSAUD-MCGUIGAN



Employers are increasingly embracing on-site fitness as part of a larger focus on workplace wellness and a culture of health. In turn, fitness centers are getting the attention of facility managers and corporate real estate directors who typically oversee these centers.

Seventy-two percent of companies surveyed by the National Business Group on Health and Fidelity Investments said on-site fitness classes would be offered by year-end 2018 — compared with 66 percent the previous year — and another 8 percent are considering offering such classes this year.¹

There are two primary drivers behind the uptick in on-site fitness services:

One, employers are keenly aware that they need to offer amenities to recruit and retain talent in today's highly competitive labor market. Corporate fitness facilities help employees achieve better work-life balance — one of their top priorities. Recent graduates are accustomed to easy access to state-of-the-art facilities at their universities and expect the same experience at work.

Two, there is a link between exercise and lower blood pressure, healthier hearts, cognitive benefits and increased productivity. One study found employees who exercised in their companies' gyms during

the work day managed their time more effectively, were more productive and had smoother interactions with colleagues.² Researchers have also found individuals who exercise enjoy better mental health than those who do not.³

Developers, looking to attract potential tenants with cutting-edge facilities in their local markets, also view fitness centers as a valuable sales tool. Having on-site amenities gives developers a competitive advantage when marketing their property and enables them to lease spaces at a higher rate per square foot.

Flexing the space

A common misperception is only very large companies have the space and budget for a fitness center. However, many mid-sized and smaller companies also provide their employees with on-site fitness services.

The size of fitness centers varies greatly by company size, eligible population and geography. While the average space is roughly 6,000-8,000 square feet, some

large companies' sites exceed 20,000 square feet.

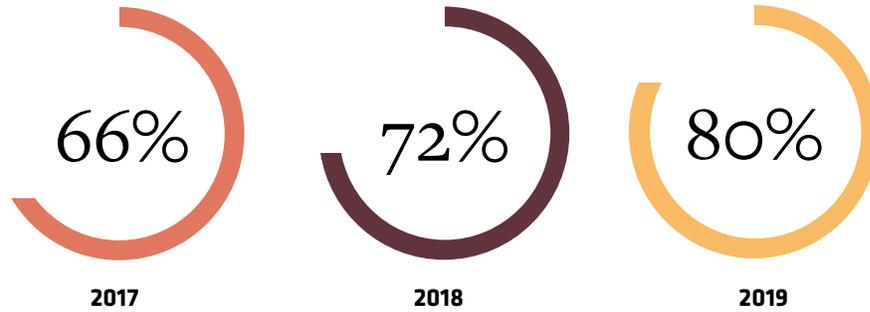
Much smaller areas can also be leveraged. For example, a tech firm transformed a 400 square-foot conference room into a group fitness studio by installing storage racks and a few pieces of small equipment. It then brought in an instructor to lead yoga and fitness boot camp classes for its employees.

Designing and developing a customized fitness center to meet the needs of an employee population is essential to supporting both the employee experience and employer investment. Prior to the design phase, a needs analysis, feasibility study, employee input (what type of facility and programming do employees want) and a determination of whether the employer will subsidize use of the facility should be performed. These elements lay the groundwork for the design and development phase, which includes equipment layout, audio visual, technology, HVAC, flooring and other crucial aspects of a well-designed fitness center.

To create an attractive and highly functional facility, close collaboration among the design and project teams throughout this phase is critical. This is especially true for companies that envision the fitness center as part of a more holistic approach to promoting employee wellness, rather than simply a stand-alone, one-off space.

A key design component is space allo-

COMPANIES OFFERING ON-SITE FITNESS CLASSES



cation — both where to locate the fitness center within the building, and how to allocate space within the center. Wherever possible a well-lit, easily accessible area with welcoming, highly visible signage is preferable.

Fitness centers create a liveliness and buzz that make them a social environment. But the pulsing music that pumps up the energy in a cycling class may be unwelcome in adjacent office space. Acoustical and sound-reducing measures can help alleviate the sound transfer.

In newly constructed buildings, fitness activity simulations can identify ways to mitigate sound and vibration transfer, such as designing for a spring lift isolated slab system for a fitness center on an elevated floor.

In both new and existing buildings, installing layered rubber flooring can help. Other solutions — if noise or vibration is still an issue — include choosing low-impact equipment to minimize vibrations, providing platforms in free-weight areas to absorb weight impact, and controlling or capping audio levels.

Setting the bar

Filling every square inch of the fitness center with exercise equipment should be avoided. There should be space for functional movement, mobility work and layout flexibility. Fitness center consultants, working with the design team and employer, can help determine how many square feet to allocate within the overall space to equipment, studios, locker rooms, storage and amenities such as towels. Well-programmed locker rooms with the appropriate shower, storage and vanity space help maximize efficiency and employee experience during peak times. Flooring should be appropriate for the area it is support-

ing. Rubber flooring is essential in a free-weight area (to provide impact resistance from weight drops and shock absorption) but would not be appropriate in a yoga studio.

To charge or not to charge for using the center is a key question. Employers do not want to see 5,000 square feet going unused. Thus, their inclination might be to fully subsidize in order to incentivize participation. But that is not always the case.

Common fee models include fully subsidized (employees pay nothing), subsidized (employees pay a nominal fee) and partially subsidized (employees pay higher amounts). Interestingly, the highest level of engagement is typically with the subsidized model. When fitness center membership is free, the enrollment rate is typically high, but utilization is low because employees do not have the proverbial skin in the game. On the other hand, charging a nominal fee (US\$15 per month, for instance) often results in fewer signups — but higher utilization — than the fully subsidized model because employees feel they have bought something of value.

Peak use of fitness centers is typically early morning before the work day begins, lunch time and after work. However, during non-peak times, they may be vacant for long stretches of the day. One firm creatively filled that void. It noticed that except for the three daily group fitness classes it held in its 1,500 square-foot studio, the space was normally empty. So, together with its consultant, the company created an aesthetically pleasing experience where, surrounded by dim lights, electric candles, soft music and yoga mats, employees were able to enjoy some quiet time when classes were not being held.

Using an on-demand streaming group fitness service is another way to minimize

underutilization, particularly at facilities operating around the clock but providing group fitness classes only during prime times. Employees walk up to a kiosk in the center, select a yoga, stretching, aerobic or other type of class and then follow along with the virtual trainer on the television screen.

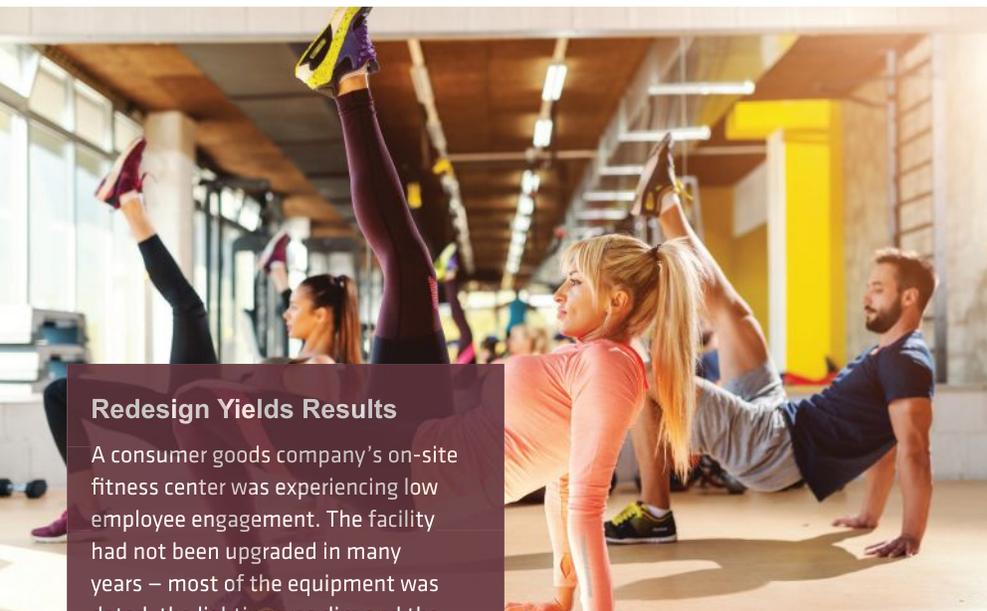
Let's get physical

A common mistake is dedicating space to specific functions that are programmed only a few hours daily. If a mid-sized or small company has a dedicated cycling studio that only hosts three classes per week, it becomes largely unoccupied real estate that could be used for other purposes.

A solution: create a multipurpose studio with a flexible layout utilizing the four walls, ceiling and storage area to maximize open floor space. A multipurpose room with storage space enables the room to be converted for different class types — spin bikes can be rolled out for the cycling classes, then returned to storage for set up of a high-intensity or suspension training class.

Providing a clean, safe, functional and engaging space in a cost-effective way requires a significant time commitment and attention to detail. Some facility managers take on operational responsibility, assuming the task cannot be difficult. But sooner or later, they find themselves mired down in details such as overseeing the towel service, hiring group fitness instructors, maintaining clean showers, fixing broken treadmills, repairing a leak in the ceiling and wiping down the equipment. Of course, managing staff to handle those tasks is itself, another responsibility.

One of the most significant capital investments involved with developing a fitness center is the exercise equipment.



Redesign Yields Results

A consumer goods company's on-site fitness center was experiencing low employee engagement. The facility had not been upgraded in many years – most of the equipment was dated, the lighting was dim and the on-site staff had not kept up with current fitness training trends. With the goal of increasing employee enrollment, Optum redesigned the center, modernized the locker rooms, expanded to an adjacent underutilized space on the floor above, bought new equipment, implemented new programming tailored to the employees and brought in highly trained staffers. The results a year later: new members increased by 23 percent, active members increased by 70 percent.

Equipment can easily cost hundreds of thousands of dollars; for large spaces — more than 25,000 square feet — the expense may exceed US\$1 million. Consultants with industry knowledge of equipment performance and warranties may be better able to help maximize the lifespan of the investment and leverage preferred pricing terms than equipment dealers can.

A common maxim in the fitness industry is: if you build it, they will not necessarily come. Developing, designing and building a fitness center will not be worth the time and expense without robust employee participation. That is why it is important to have a wide array of classes and programs tailored to employees' interests, regardless of their fitness level. These may include small group training, group fitness and other classes ranging from spin and abdominals to Pilates. Fitness assessments, personal training, and even walking and running clubs may also be part of the program.

As with deciding who should operate the facility, choosing the appropriate staffing model to run programs and classes is another key decision. Having credentialed, well-trained professionals who are personable and highly energetic to staff the center and run the classes can make a big impact on employee engagement.

Fitness centers can help employees achieve their health-related goals. Other complementary services can also help them down that path. For example, an ergonomist, wellness coach or registered dietician nutritionist can ensure that the progress being made in the fitness center is not being undone when the employee returns to his or her desk or heads to the cafeteria or home. Ergonomists can help employees address their musculoskeletal issues in a more holistic way by suggesting that an employee participate in corrective exercise programming offered at the company's fitness center.

Being physically active can help employees enjoy better health, feel less stress and be more productive. Boutique, single-tenant corporate and multitenant property fitness centers enable employees to attain their fitness goals. Modern fitness centers are an attractive amenity for commercial real estate developers and, if properly designed, staffed and operated, enable facility managers to help contribute to employees' well-being, while freeing them up to spend more time on their core business. **FMJ**

Checklist for success

- ✓ Create a survey to understand what potential tenants are looking for in a fitness center, where employees currently work out and what equipment they desire
- ✓ Find the right location in your building for the fitness center
- ✓ Determine the right type and number of classes to offer

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