

Global Wellness Economy Monitor:

Europe

OCTOBER 2018



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Global Wellness Economy Monitor: Europe

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ABOUT THE AUTHORS

ABOUT THE GLOBAL WELLNESS INSTITUTE

The Global Wellness Institute (GWI), a 501(c)(3) non-profit organization, is considered the leading global research and educational resource for the global wellness industry and is known for introducing major industry initiatives and regional events that bring together leaders and visionaries to chart the future. GWI positively impacts global health and wellness by advocating for both public institutions and businesses that are working to help prevent disease, reduce stress, and enhance overall quality of life. Its mission is to empower wellness worldwide.

www.globalwellnessinstitute.org

ABOUT THE AUTHORS

The *Global Wellness Economy Monitor* was prepared by Ophelia Yeung and Katherine Johnston, Senior Research Fellows at the Global Wellness Institute. Together, they have four decades of experience leading research and strategy development for businesses, universities, research institutions, and multilateral and government organizations under the auspices of SRI International, a Silicon Valley-based technology and innovation company. Since 2008, Ms. Yeung and Ms. Johnston have worked with the team at what has become the Global Wellness Institute to pioneer groundbreaking research on the global wellness economy and its subsectors. They were assisted in this research by Tonia Callender, GWI Research Fellow.

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EXECUTIVE SUMMARY

Valued at \$4.2 trillion in 2017, the wellness economy continues to expand faster than global economic growth.

The Global Wellness Institute (GWI) defines wellness as ***the active pursuit of activities, choices, and lifestyles that lead to a state of holistic health***. In 2014, GWI published the first Global Spa & Wellness Economy Monitor, measuring the size of the global wellness economy for the first time. ***The wellness economy encompasses industries that enable consumers to incorporate wellness activities and lifestyles into their daily lives.*** We include ten sectors in the global wellness economy (see figure below), which together are worth \$4.2 trillion in 2017, representing 5.3% of global economic output.¹ By comparison, global health expenditures were estimated at \$7.3 trillion in 2015.² From 2015-2017, the wellness economy grew from \$3.7 trillion to \$4.2 trillion, or by 6.4% annually, a growth rate nearly twice as fast as global economic growth (3.6%).³

GLOBAL WELLNESS ECONOMY: \$4.2 trillion in 2017



Note: Numbers do not add due to overlap in segments. Dark colored bubbles are the sectors for which GWI conducts in-depth, country-level primary research. Light colored bubbles are sectors for which GWI aggregates global estimates only, drawing from secondary sources. Source: Global Wellness Institute.

¹ See Appendix A for definitions of the ten wellness economy sectors.

² Global health expenditures data from: WHO, *Global Health Expenditures Database*, <http://apps.who.int/nha/database/Home/Index/en>. 2015 is the most recent year available.

³ Global GDP data from: IMF, *World Economic Outlook Database*, April 2018 Edition, <https://www.imf.org/external/pubs/ft/weo/2018/01/weodata/index.aspx>.

Since 2014, GWI has extended its detailed market estimates to include five wellness economy sectors: *Wellness Real Estate*, *Workplace Wellness*, *Wellness Tourism*, *Spa*, and *Thermal/Mineral Springs*. For the other five sectors, we aggregate secondary global industry data from multiple sources to arrive at the estimated market size. This report provides original data and discusses the development and prospects of the five wellness sectors that GWI tracks in detail.

Wellness Economy Sectors, 2015 and 2017

	Market Size (US\$ billions)		Average Annual Growth Rate
	2015	2017	2015-2017
Personal Care, Beauty, & Anti-Aging	\$999.0	\$1,082.9	4.1%
Healthy Eating, Nutrition, & Weight Loss	\$647.8	\$702.1	4.1%
Wellness Tourism	\$563.2	\$639.4	6.5%
Fitness & Mind-Body	\$542.0	\$595.4	4.8%
Preventive & Personalized Medicine and Public Health	\$534.3	\$574.8	3.7%
Traditional & Complementary Medicine**	**\$199.0	**\$359.7	**
Wellness Real Estate***	\$118.6	\$134.3	6.4%
Spa Economy (<i>Spa Facilities</i>)	\$98.6 (\$77.6)	\$118.8 (\$93.6)	****9.8% ****(9.9%)
Thermal/Mineral Springs	\$51.0	\$56.2	4.9%
Workplace Wellness	\$43.3	\$47.5	4.8%
Wellness Economy	*\$3,724.4	*\$4,220.2	6.4%

* Figures do not sum to total due to overlap in segments.

** The definition and measurement of this sector has changed from 2015 to 2017, and so the two numbers should not be directly compared as a time series. In 2017 we have incorporated an expanded measurement of traditional medicine into this sector (e.g., Traditional Chinese Medicine, Ayurveda, etc.) due to improved global data availability on those segments. The nomenclature for this sector is evolving alongside growing consumer adoption of traditional/indigenous, complementary, alternative, and integrative medical practices outside of the conventional/Western medical system.

*** The name for this sector has changed from 2015 to 2017, based on the methodology elaborated in GWI's recent "Build Well to Live Well" report. It is now labelled "wellness real estate" to emphasize that the measurement includes residential AND commercial/institutional building, as opposed to "wellness lifestyle real estate" (which focuses on the residential component).

**** The high growth rate for spa revenues is not entirely due to new builds, but also due to a dramatic increase in the number of hotels/resorts listing themselves and their spa facilities/services on global online booking sites, especially in emerging market countries.

Source: Global Wellness Institute, based upon extensive primary research and secondary data sources

The environments in which we live, work, and travel are critical yet largely underappreciated determinants of our wellness.

Our health is a result of complex interactions among genetic factors and numerous interrelated external determinants (e.g., socio-economic factors, our physical environment, access to healthcare). These external factors form a complex “wellness ecosystem”⁴ that can augment or reduce the impacts of our genes. What may be surprising from recent research findings is that genetics may account for as little as 10-15% of our health outcomes, while external and environmental factors play a much more important role.⁵ There is ample and growing evidence that our health and longevity are greatly affected by the physical environments in which we live, work, and travel, and yet these environments continue to receive scant attention from the medical community. This lopsided investment calculus needs to change. To combat the growing epidemic and escalating costs of chronic disease, we must address the many aspects of our daily environments that drive our individual and collective health and wellbeing.

Wellness sectors are no longer siloed industries. They will increasingly converge as we integrate wellness into our homes and communities, our work, and our travel.

All ten wellness sectors are dynamic and interconnected, intrinsically linked to the wellness economy as a whole. In the face of longer lifespans, rising chronic disease, stress, and unhappiness, we are reexamining our lives and refocusing our attention on what makes us well – particularly the places and manner in which we live, work, and travel. The wellness economy mirrors those shifting priorities, alongside a growing recognition of the critical impact of external environments on our health and wellbeing. Among the ten wellness economy sectors, three of them represent those critical, interrelated environments in which we live our daily lives – *wellness lifestyle real estate and communities* (live), *workplace wellness* (work), and *wellness tourism* (travel). However, the other seven wellness sectors do not operate independently from, or outside of, these spheres. They are all essential components of a “**wellness ecosystem**” that nurtures a lifestyle of wellbeing and longevity, because we consume wellness goods and services in the homes and communities where we live, where we work, or when we travel. As we integrate wellness into all aspects of our daily lives, we can expect increasing convergence of all wellness sectors into these three core spheres, through acquisitions, partnerships, horizontal/cross-category expansions and innovations, and emergence of new business models.

⁴ See: Institute of Medicine (2006). *Genes, Behavior, and the Social Environment: Moving Beyond the Nature/Nurture Debate*. Washington, DC: The National Academies Press.

⁵ See: Global Wellness Institute (2018). *Build Well to Live Well: Wellness Lifestyle Real Estate and Communities*.

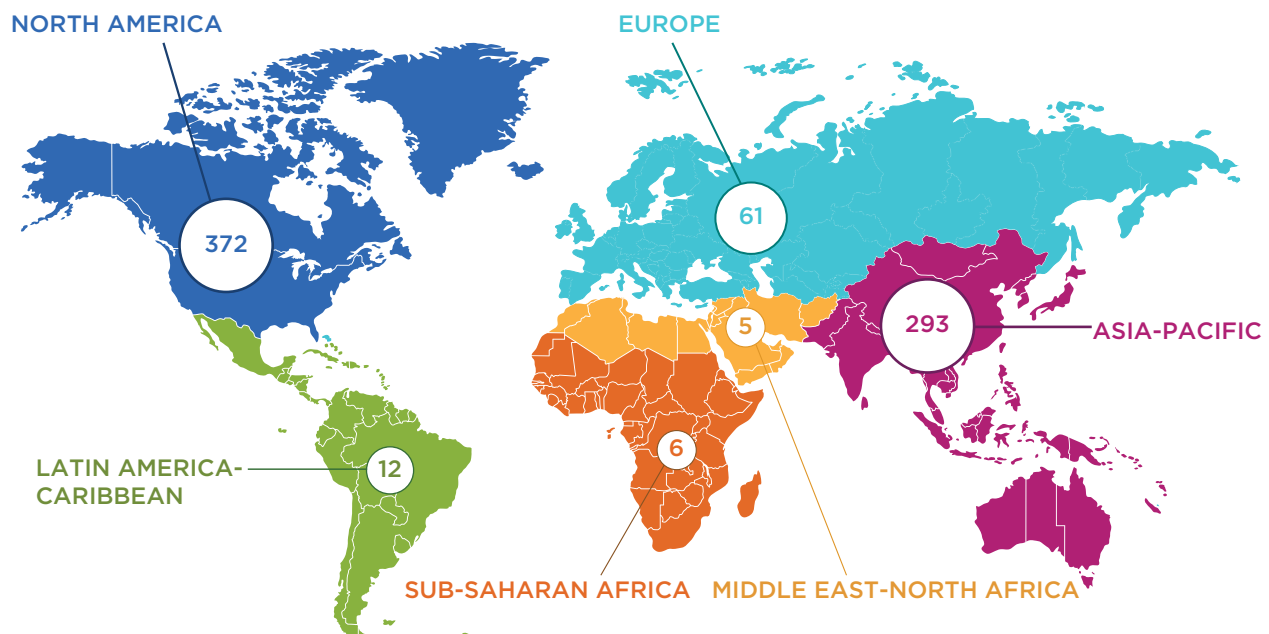
Wellness real estate is a fast-growing \$134 billion industry, buoyed by rising health consciousness and a desire to bring wellness into the places where we spend the majority of our time.

Earlier in 2018, GWI unveiled the research report *Build Well to Live Well*, where we defined wellness real estate as **the construction of residential and commercial/institutional properties that incorporate intentional wellness elements into their design, materials, and building as well as their amenities, services, and/or programming**. GWI estimates that the global wellness real estate sector is worth \$134 billion in 2017, growing at 6.4% annually since 2015. For comparison, this is about 1.5% of the total annual global construction market and about half the size of the global green building industry.⁶ Note that wellness real estate is broader than (but encompasses) wellness lifestyle real estate, which focuses on the residential component.⁷

GWI's research found more than 740 wellness lifestyle real estate and community developments built, partially built, or in development, across 34 countries as of November 2017, and this number is growing every day. These include master-planned communities, multi-family housing, urban districts and mixed-use projects, resort- and spa-based real estate, and other types of projects around the world.

Wellness Lifestyle Real Estate Pipeline in 2017:

Over **740** projects across **34** countries



Note: Estimates as of November 2017. Source: Global Wellness Institute.

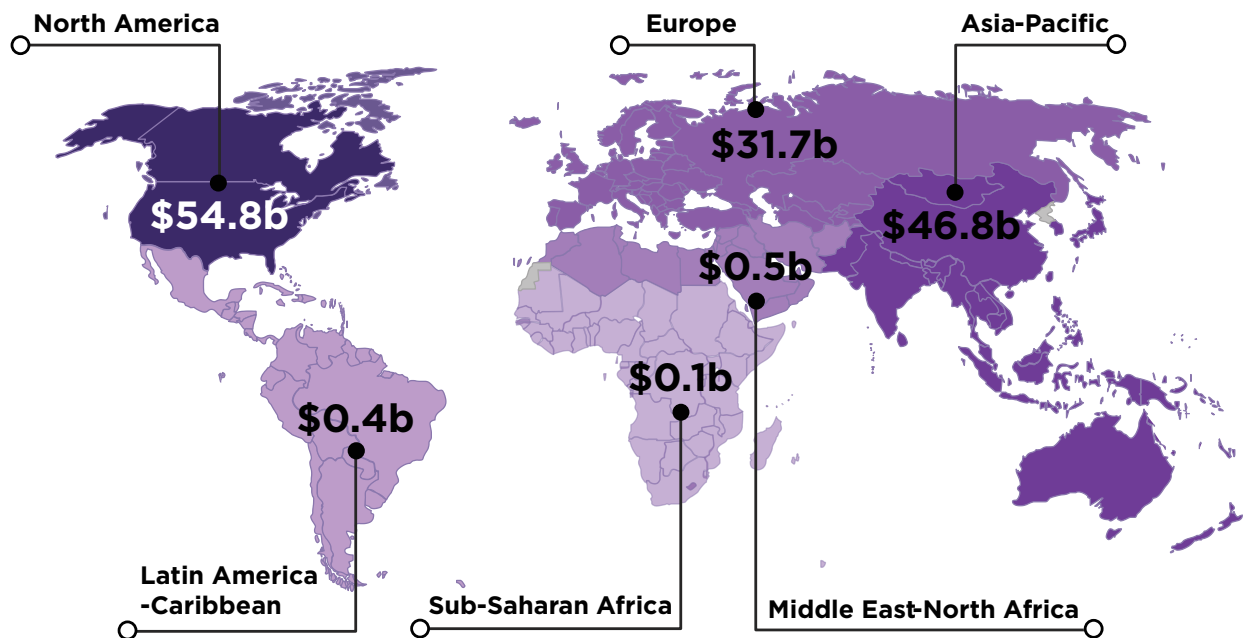
⁶ U.S. Green Building Council (2015). *The Business Case for Green Building*. <https://www.usgbc.org/articles/business-case-green-building>.

⁷ Because it is impossible to separate out the residential and non-residential components in commercial/institutional projects (e.g., mixed-use, hospitality, etc.), GWI estimates *wellness real estate* in aggregate, although the focus in this report is on the residential component or *wellness lifestyle real estate*.

Around the world, there is rising consumer interest in extending our wellness experiences from our vacation destinations and leisure activities to our homes and everyday lives. For most of us, our home represents our most important personal investment and one of our largest expenditures (about 20% of all consumer spending, or more than \$9 trillion in 2017⁸), so it is only logical that our home should also be an investment in our health and wellbeing. Based on strong demand, GWI estimates that wellness lifestyle real estate and community projects positioned at the middle and upper ends of the market are currently achieving price premiums of 10-25%. The United States, along with a few key countries in Asia (China, Australia, India) and Europe (UK, Germany), account for three-quarters of the global wellness real estate market.

Wellness Real Estate Market by Region, 2017

Size of wellness real estate market



Source: Global Wellness Institute

⁸ Global Wellness Institute analysis of global consumer expenditures data from Euromonitor International.

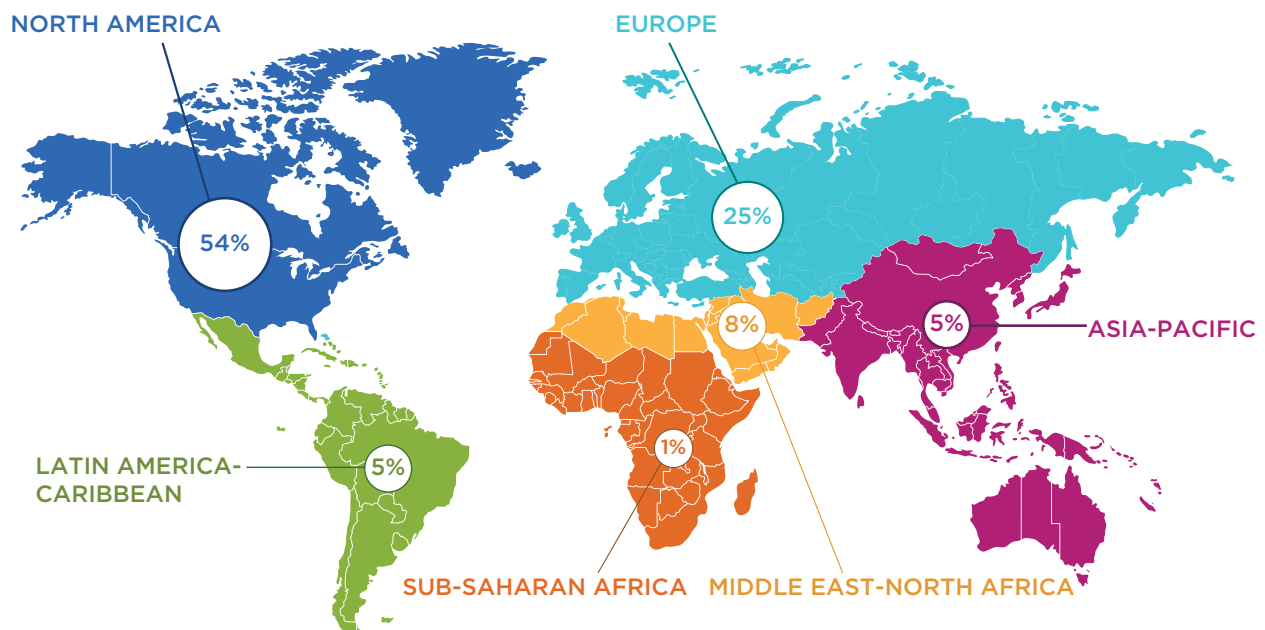
Valued at \$48 billion, the workplace wellness market is small in comparison to the massive economic burden and productivity losses associated with an unwell workforce and widespread worker disengagement.

GWI measures the size of the global workplace wellness industry by estimating the **expenditures made by employers to improve employee wellness**. These include a wide variety of services, products, and platforms, such as health screening assessments, diagnostic tests, incentive programs, wearable devices, counseling services, etc., and they serve a wide range of needs, from exercise, healthy eating, and sleep, to chronic illness, obesity, addiction, depression, and stress. GWI estimates that this market grew by 4.8% annually over the past two years to reach \$47.5 billion in 2017 (as compared to \$43.3 billion in 2015).

However, this market is very small when compared to the economic burden of an unwell workforce – a cost estimated by GWI at 10-15% of global economic output (factoring in the medical costs and productivity losses caused by chronic diseases, work-related stress, injuries and illnesses, and disengagement).⁹ Globally, less than 10% of the workforce benefits from workplace wellness initiatives, primarily those who live in the world's wealthiest economies or work for large or multinational companies. The majority of workers around the world are more concerned with meeting basic needs, such as earning a living wage, job stability, workplace safety, and access to basic healthcare.

Access to Workplace Wellness in 2017

Only **10%** of the world's workers have access to workplace wellness programs & services



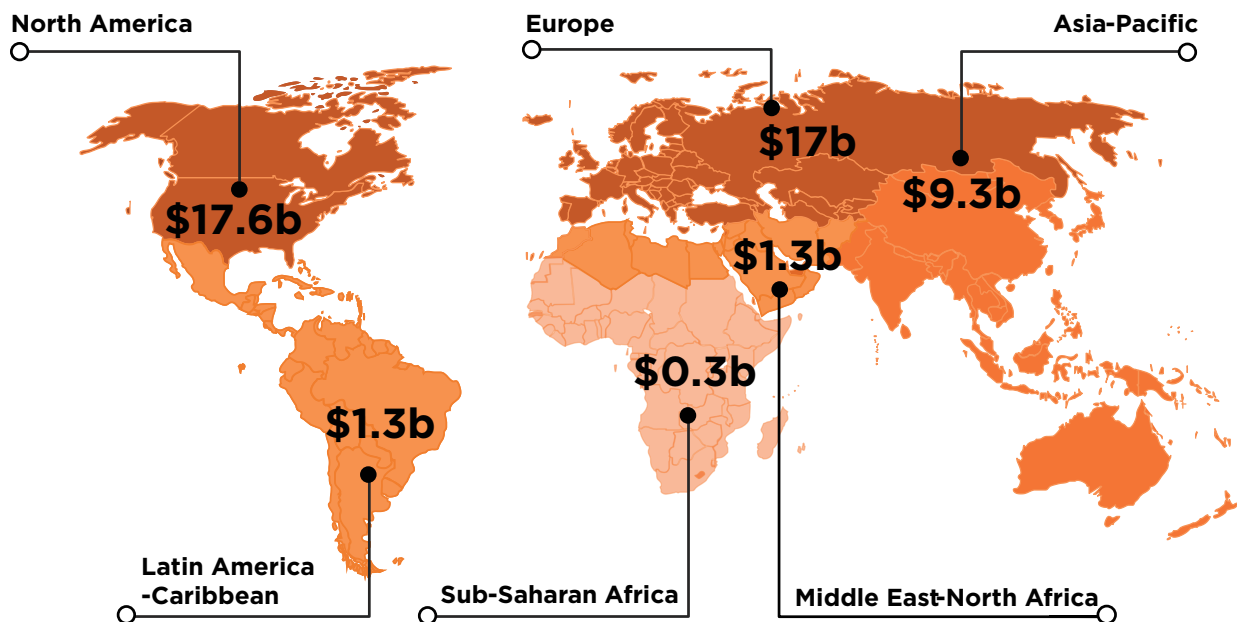
Percent of employed workers in each region who have access to workplace wellness programs/services.

Source: Estimates by the Global Wellness Institute, based upon data from the International Labour Organization, World Bank, and Conduent/Buck Consultants.

Overall, the global market for workplace wellness is concentrated in the high-income countries in North America, Western Europe, and Asia. Together, the top twenty markets in workplace wellness account for nearly 84% of global spending. Much of this spending is motivated by employers' desire to lower healthcare costs; improve morale, retention, and recruitment; and increase productivity and competitiveness. The United States remains by far the world's largest market for workplace wellness expenditures, estimated at more than \$15 billion in 2017. Since the healthcare burden is mostly borne by employers in the United States, U.S. companies have the strongest incentives to control escalating medical costs while also improving productivity.

Workplace Wellness Market by Region, 2017

Employer expenditures on workplace wellness programs/services



Source: Global Wellness Institute.

⁹ Global Wellness Institute (2016). *The Future of Wellness at Work*.

At \$639 billion, wellness tourism is a significant and fast-growing segment of global tourism.

In the 2013 *Wellness Tourism Economy* inaugural study, GWI defined wellness tourism as **travel associated with the pursuit of maintaining or enhancing one's personal wellbeing** and measured its global size for the first time. Fast-forward five years, wellness tourism is now recognized as a significant and fast-growing tourism segment. Globally, wellness tourism has expanded from \$563.2 billion in 2015 to \$639.4 billion in 2017. The sector's 6.5% annual growth rate from 2015-2017 is more than double the 3.2% growth rate for general tourism. Travelers made 830 million wellness trips in 2017, which is 139 million more than in 2015.

Wellness tourism creates opportunities for wellness businesses and other businesses. The expenditures of wellness travelers benefit all travel industry segments (see figure below). While some expenditures are made on wellness-focused activities (such as visiting a hot spring, getting a massage, or taking a meditation or fitness class), others are “generic” travel expenditures (such as transportation, food and lodging, shopping, etc.). As more consumers incorporate wellness into their lifestyles, there are many opportunities for all businesses to infuse wellness into their offerings and capture spending by wellness travelers.

Wellness Tourism Industry in 2017



Data combine both inbound/international and domestic wellness tourism spending, and also include both primary and secondary wellness trips.

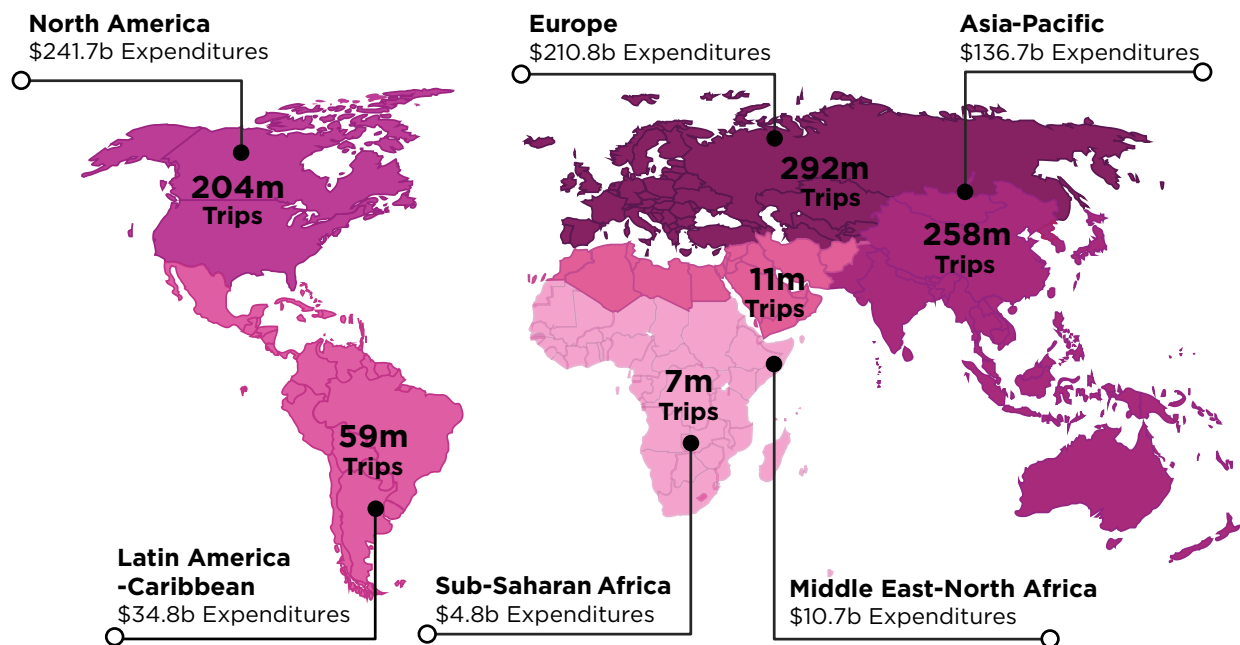
Source: Estimates by the Global Wellness Institute, based on tourism industry data from Euromonitor International.

The wellness tourism market includes two types of travelers: those who are motivated by wellness to take the trip or choose the destination (**primary wellness travelers**) and those who seek to maintain wellness or engage in wellness activities during travel (**secondary wellness travelers**). The bulk of wellness travel is done by secondary wellness travelers, who account for 89% of wellness tourism trips and 86% of expenditures in 2017. Wellness tourism is also high-yield tourism. GWI estimates that international wellness travelers spend at a 53% premium (over the average international tourist), while domestic wellness travelers spend at a 178% premium (over the average domestic tourist).

The rapid growth of wellness tourism around the world has been stimulated by a rising global middle class, increasing consumer desire to adopt a wellness lifestyle, and a growing interest in experiential travel. Across the world, Europe remains the destination for the largest number of wellness trips. North America continues to lead in wellness tourism expenditures because average spending per trip is higher. In the past five years, Asia has made the most gains in the number of wellness trips and wellness tourism expenditures, with demand stimulated by strong economies and an expanding middle class.

Wellness Tourism by Region, 2017

Number of wellness tourism trips and expenditures
(inbound and domestic)



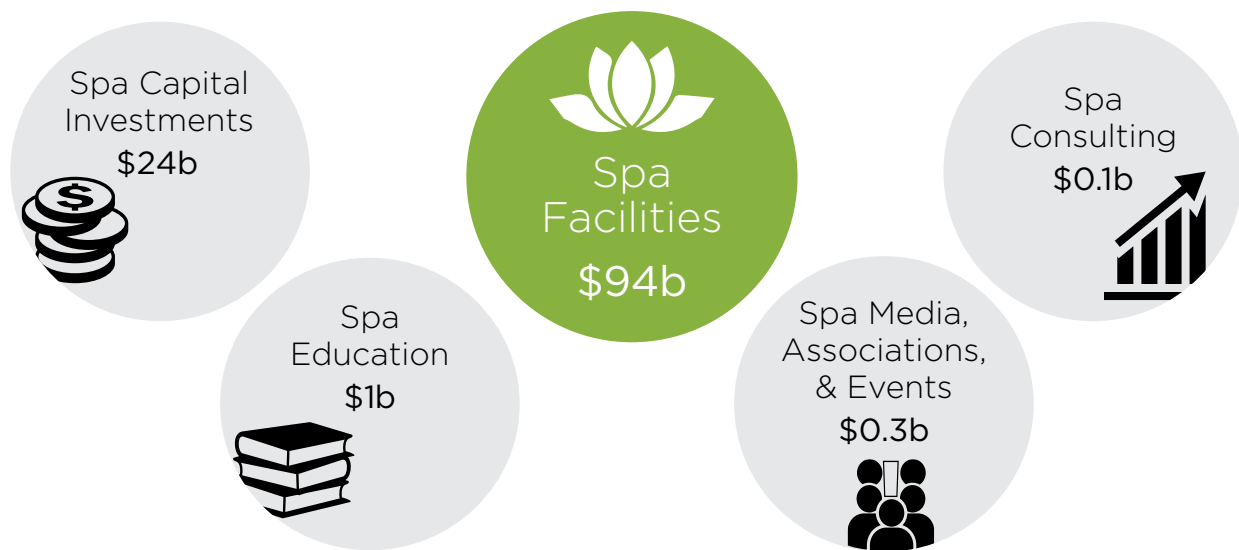
Source: Global Wellness Institute.

The \$119 billion spa economy has grown in number of facilities, revenues, and employment, driven by strong economic growth and rising consumer interest in wellness.

Ten years ago, GWI unveiled The Global Spa Economy 2007 study, where we defined spas as **establishments that promote wellness through the provision of therapeutic and other professional services aimed at renewing the body, mind, and spirit.** In 2017, GWI estimates that the number of spas has grown to over 149,000, earning \$93.6 billion in revenues and employing nearly 2.6 million workers. This represents 9.9% annual revenue growth, which is much higher than the pace observed in the previous two-year period. The main drivers of the spa industry are rising incomes, rapid growth of wellness tourism, and an increasing consumer propensity to spend on all things related to wellness.

The broader spa economy encompasses not only spa facility revenues, but also sectors that support and enable spa businesses, including capital investment; consulting; training of spa therapists and education of managers; and associations, media, and events businesses that promote spas. In 2017, these related sectors added \$25.2 billion to the spa facility revenues of \$93.6 billion, to create a \$118.8 billion global spa economy.

Spa Economy: \$119 billion in 2017

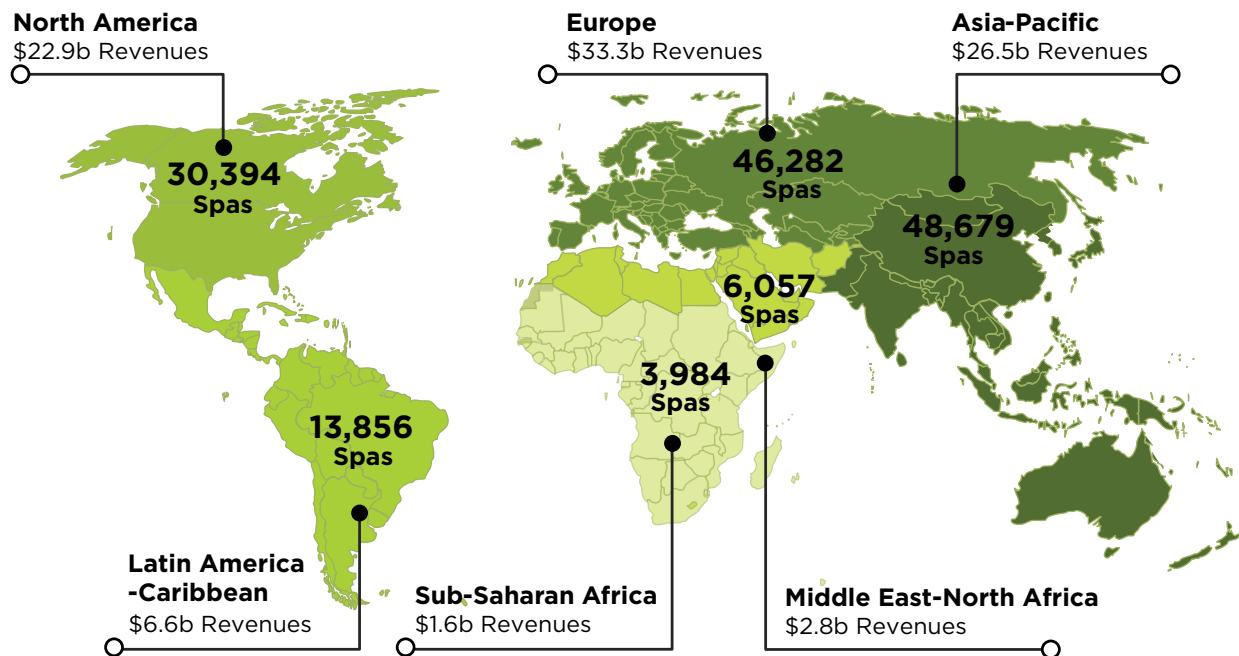


*Note: Figures may not sum to total due to rounding.
Source: Global Wellness Institute*

Asia-Pacific is home to the largest number of spas and also added the greatest number of new spas from 2015-2017. Europe led in total spa revenues in 2017. Across the world, the spa industry remains quite concentrated in the top markets. The top five countries (United States, China, Germany, Japan, and France) account for 48% of global revenues, while the top twenty countries represent 77% of the global market. However, the industry is becoming slightly more dispersed over time. In 2017, 18 countries had annual spa revenues exceeding \$1 billion, and Indonesia and Australia each surpassed the \$1b threshold for the first time.

Spa Facilities by Region, 2017

Number of spas and spa facility revenues

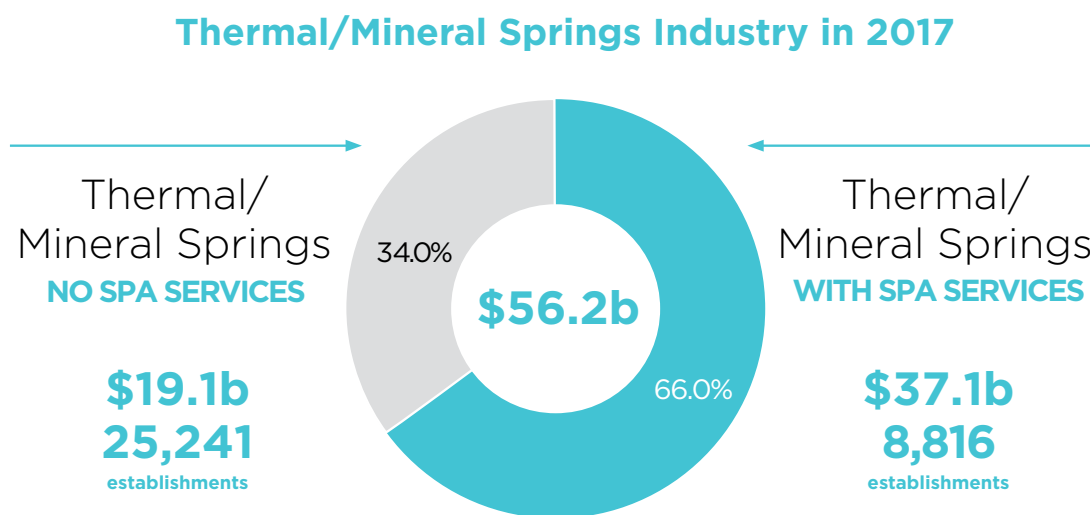


Source: Global Wellness Institute.

The \$56 billion thermal/mineral springs industry has continued its strong growth as consumers turn to water for relaxation, community, and healing.

GWII defines the thermal/mineral springs industry as encompassing **revenue-earning business establishments associated with the wellness, recreational, and therapeutic uses of waters with special properties**. Consistent with that definition and previous methodologies, we estimate that there are 34,057 thermal/mineral springs establishments operating in 127 countries. These businesses earned \$56.2 billion in revenues in 2017, and they employed an estimated 1.8 million workers.

The majority of thermal/mineral establishments around the world are rustic and traditional bathing and swimming facilities. They target their local markets and charge relatively low admission fees. About a quarter of the establishments are higher-end, targeting tourists and offering value-added spa services. Those that offer spa services account for a much greater share of industry revenues (66%), and also experienced higher revenue growth (7.4% average annual growth versus 0.5% for those without spa services, over 2015-2017).



Note: The thermal/mineral springs revenue estimates include all revenues earned by these establishments, from bathing/swimming offerings, spa/wellness services and other treatments, other recreational activities, food & beverage, lodging, and other services. See Appendix A for additional definitions and descriptions of categories.

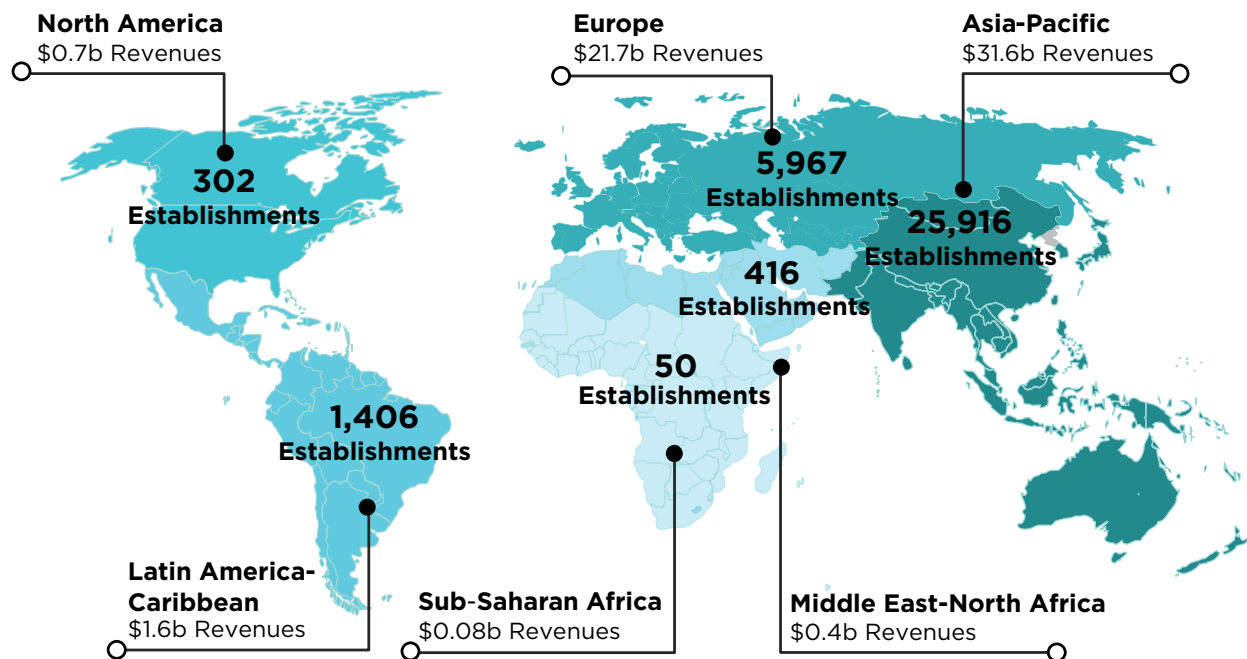
Source: Global Wellness Institute

The thermal/mineral springs industry is heavily concentrated in Asia-Pacific and Europe, reflecting the centuries-old history of water-based healing and relaxation in these two regions. Together, Asia-Pacific and Europe account for 95% of industry revenues and 94% of establishments.

Thermal/mineral springs bathing experiences appeal to a growing segment of consumers who are seeking to connect with nature, experience cultural traditions, and pursue alternative modalities for healing, rehabilitation, and prevention. Responding to these trends, both private investors and governments across many countries are investing in the sector. In countries with long-established thermal bathing traditions, governments are increasingly promoting these as a key wellness tourism offering. They are investing in renovation and reopening of primitive, outdated, and closed-down facilities, as well as upgrading service standards and training to meet the expectations of international tourists.

Thermal/Mineral Springs by Region, 2017

Number of thermal/mineral springs establishments and revenues



Source: Global Wellness Institute.

GWII predicts that the wellness economy will continue to grow at a healthy pace over the next five years and will expand its share of the global economy.

Within a relatively short span of time, wellness as a holistic concept has become more broadly understood and adopted all around the world. And there is no sign that this movement is slowing down. For the next five years, GWII projects robust growth in the five wellness sectors we track in detail (see table below), based on our own data sources and estimation models. We also believe the three sectors that represent the three core spheres of life will have the strongest growth – *wellness real estate*, *workplace wellness*, and *wellness tourism* – while the other wellness sectors will continue to grow as they support the integration of a wellness lifestyle into all aspects of our daily lives.

Wellness Sector Growth Projections, 2017-2022

	Projected Market Size (US\$ billions)		Projected Average Annual Growth Rate
	2017	2022	2017-2022
Wellness Real Estate	\$134.3	\$197.4	8.0%
Workplace Wellness	\$47.5	\$65.6	6.7%
Wellness Tourism	\$639.4	\$919.4	7.5%
Spa Facilities	\$93.6	\$127.6	6.4%
Thermal/Mineral Springs	\$56.2	\$77.1	6.5%

Source: Global Wellness Institute estimates, based upon economic and industry sector projections from the IMF, ILO, Euromonitor, and GWII's data and projection model

However, an industry that focuses primarily on the wealthiest customers is addressing a limited market and may face a backlash.

As the wellness economy grows, there is simultaneously a growing perception that most of the latest products, services, technologies, and innovations are catering to the wealthiest consumers. For the wealthy, there are now a plethora of options – superfoods, boutique studios, wellness resorts, alternative healing modalities, DNA testing, sleep aids, micro-procedures, injectable/edible substances, gadgets, and more – to aid in their quest to feel good and be “forever young,” or better yet, immortal. Meanwhile, income inequality is rising across the world, and poor people are growing sicker and more depressed, and are dying younger than those who are more well off.

So, it is not surprising that global conversations about wellness mirror this bifurcation of wealth and wellbeing. On one end, there is an intense race to promote the latest, most exclusive, and sophisticated offerings to the wealthy, such as housing, vacations, technologies, experiences, lifestyles, and even life transformations. On the other end, there is a media ready to ridicule and vilify the latest wellness businesses, modalities, and innovations as yet another sign that the privileged “one-percenters” are narcissistic and out of touch with the rest of humanity. In a free market, it is a business’s prerogative to pursue whichever consumer markets and segments they consider promising and profitable. Collectively, however, the wellness market will not be healthy and sustainable if this polarization continues or worsens, possibly leading to a stagnant or shrinking customer base.

Focusing on the “we” of wellness can be a winning value proposition for customers, employees, investors, and other stakeholders.

One consistent finding from our ten years of wellness economy research – from wellness tourism and workplace wellness to wellness communities and lifestyle real estate – is the evolution of wellness from a personal aspiration to an emerging value system that recognizes our connection to the collective. Our individual health and wellbeing are inextricably linked to the wellbeing of other people, our communities, and the planet. We cannot be truly well if we confine our existence to a personal wellness bubble. For wellness economy businesses, this means more than philanthropy or corporate social responsibility. In the marketplace, customers increasingly make decisions based on emotions and their value systems: Does the brand story resonate with what I care about? What are the environmental and social consequences of my purchase? A company whose true compass is wellbeing for all delivers a much more powerful emotional story that will appeal to this growing segment of consumers.

At the same time, widespread disengagement has left a vast majority of the global workforce feeling disaffected, unmotivated, and unhappy at work – threatening business competitiveness and success. Research has shown that our discretionary efforts are tied to our intrinsic motivations, which, in turn, are driven by a sense of purpose, autonomy, personal growth, and teamwork. This is reinforced by findings from an expanding field of happiness research: We are much more likely to feel happy and fulfilled when we give, help others, contribute to something larger than ourselves, and feel that the world is fair. Companies whose mission is to bring wellness to the people who need it the most – rather than targeting the privileged few – will offer a more compelling case for their teams to infuse their daily work with meaning and purpose. Ultimately, it is the creativity, passion, energy, and commitment of motivated people that will deliver for customers, business owners, and investors.

Global Wellness Economy Highlights (2017)



Wellness Real Estate

Wellness Real Estate Market:

\$134.3 billion (6.4% CAGR from 2015-2017)

Wellness Lifestyle Real Estate (Residential) Project Pipeline:

over 740 projects in 34 countries



Workplace Wellness

Number of Workers with Access to Workplace Wellness Programs & Services:

321.7 million (9.8% of employed workers)

Expenditures on Workplace Wellness:

\$47.5 billion (4.8% CAGR from 2015-2017)



Wellness Tourism

Number of Wellness Trips:

830.0 million (9.6% CAGR from 2015-2017)

Wellness Tourism Expenditures:

\$639.4 billion (6.5% CAGR from 2015-2017)

Average Expenditure per Trip:

\$1,528 for intl./inbound (53% premium);
\$609 for domestic (178% premium)



Spas

Number of Spas:

149,252 (10.8% CAGR from 2015-2017)

Spa Revenues:

\$93.6 billion (9.9% CAGR from 2015-2017)

Spa Employment:

2,594,507 (9.8% CAGR from 2015-2017)



Thermal/Mineral Springs

Number of Thermal/Mineral Springs Establishments:

34,057 (11.3% CAGR from 2015-2017)

Thermal/Mineral Springs Establishment Revenues:

\$56.2 billion (4.9% CAGR from 2015-2017)

Thermal/Mineral Springs Establishment Employment:

1,772,775 (13.1% CAGR from 2015-2017)

Europe Highlights (2017)



Wellness Real Estate

Wellness Real Estate Market:

\$31.7 billion (4.5% CAGR from 2015-2017)

Wellness Lifestyle Real Estate (Residential) Project Pipeline:

61 projects



Workplace Wellness

Number of Workers with Access to Workplace Wellness Programs & Services:

101.3 million (25.0% of employed workers)

Expenditures on Workplace Wellness:

\$17.7 billion (5.0% CAGR from 2015-2017)



Wellness Tourism

Number of Wellness Trips:

291.8 million (8.1% CAGR from 2015-2017)

Wellness Tourism Expenditures:

\$210.8 billion (4.4% CAGR from 2015-2017)

Average Expenditure per Trip:

\$1,209 for intl./inbound (65% premium);

\$594 for domestic (105% premium)



Spas

Number of Spas:

46,282 (11.2% CAGR from 2015-2017)

Spa Revenues:

\$33.3 billion (10.1% CAGR from 2015-2017)

Spa Employment:

883,352 (8.8% CAGR from 2015-2017)



Thermal/Mineral Springs

Number of Thermal/Mineral Springs Establishments:

5,967 (3.1% CAGR from 2015-2017)

Thermal/Mineral Springs Establishment Revenues:

\$21.7 billion (4.9% CAGR from 2015-2017)

Thermal/Mineral Springs Establishment Employment:

438,424 (2.6% CAGR from 2015-2017)

Top Ten Wellness Real Estate Markets in Europe, 2017

	Market Size (US\$ millions)
United Kingdom	\$9,016.4
Germany	\$6,439.9
France	\$5,814.5
Netherlands	\$1,850.5
Switzerland	\$1,607.0
Norway	\$1,216.7
Sweden	\$1,139.9
Austria	\$1,099.1
Italy	\$1,001.0
Finland	\$650.5

Source: Global Wellness Institute

Top Ten Workplace Wellness Markets in Europe, 2017

	# of Workers Covered (millions)	Expenditures (US\$ millions)
Germany	18.6	\$3,537.7
United Kingdom	14.5	\$2,546.1
France	12.0	\$2,275.3
Italy	9.3	\$1,671.6
Spain	7.1	\$1,357.9
Netherlands	3.8	\$716.7
Sweden	2.6	\$669.5
Switzerland	2.2	\$429.4
Austria	2.1	\$415.0
Belgium	2.1	\$407.0

Source: Global Wellness Institute

Top Ten Wellness Tourism Markets in Europe, 2017

	Number of Trips (millions)	Receipts/Expenditures (US\$ millions)
Germany	66.1	\$65,746.3
France	32.4	\$30,714.6
Austria	16.8	\$16,509.8
United Kingdom	23.2	\$13,478.1
Italy	13.1	\$13,428.4
Switzerland	9.7	\$12,571.3
Spain	18.8	\$9,885.6
Turkey	9.1	\$4,387.7
Russia	15.8	\$3,997.4
Portugal	4.6	\$3,405.2

Note: These figures combine both international/inbound and domestic wellness tourism spending, and also include both primary and secondary wellness trips. Source: Global Wellness Institute

Top Ten Spa Markets in Europe, 2017

	Number of Spas	Spa Revenues (US\$ millions)	Spa Employment
Germany	7,060	\$6,659.1	153,660
France	4,653	\$3,588.9	88,709
Italy	3,954	\$3,238.7	83,139
United Kingdom	3,547	\$2,696.8	62,849
Spain	3,304	\$2,459.2	58,532
Russia	3,446	\$2,291.8	114,261
Austria	2,229	\$2,054.4	48,674
Switzerland	978	\$1,405.0	23,798
Poland	1,517	\$752.0	23,689
Portugal	831	\$716.3	14,835

Source: Global Wellness Institute

Top Ten Thermal/Mineral Springs Markets in Europe, 2017

	Number of Establishments	Revenues (US\$ millions)
Germany	1,265	\$7,151.9
Russia	838	\$3,667.2
Italy	768	\$1,718.3
Austria	181	\$961.1
Hungary	546	\$793.2
Spain	293	\$683.1
Poland	203	\$674.5
Turkey	295	\$667.3
Czech Republic	131	\$627.8
France	175	\$627.7

Source: Global Wellness Institute

Europe Developments

Wellness Lifestyle Real Estate

- The United Kingdom has been a regional and global leader in this sector – less in terms of the number of projects, and more in terms of thoughtful and innovative planning and public policy approaches to improving built environments (the country's legacy in this space goes back the early/mid-20th century Garden Cities and New Towns movements). British developers and organizations have also been leading innovators in developing sustainable healthy communities (BioRegional and One Planet Living), integrating health services into community design (NHS England Healthy New Towns initiative; Llanelli Wellness Village in Wales), and in measuring the linkages between home/ community design and health/wellbeing/happiness.
- Outside the UK, the European project pipeline includes a variety of smaller-scale, experimental approaches focused on sustainable/regenerative living (e.g., ReGen Villages in Netherlands), healthy/sustainable urban development (e.g., Utrecht Healthy Urban Quarter/Wonderwoods in Netherlands, Muižas Nami in Latvia), and innovative human-centered architecture (e.g., Bjark Ingels' Mountain Dwellings and 8 House in Denmark, Bosco Verticale in Italy).
- Europe has long been a pioneer in innovative intentional living concepts that overlap with wellness lifestyle real estate, such as the cohousing communities that originated in Northern Europe in the 1960s. There is also opportunity for Europe's historic spa towns to redevelop and reposition themselves as healthy living communities (although to date the focus for these redevelopment projects has been on tourism and less on residents).
- There is a strong, longstanding focus in many European countries on supporting healthy/active and sustainable built environments in existing communities via public policy initiatives (such as the WHO European Healthy Cities network, launched in 1987) and infrastructure initiatives (such as efforts in Copenhagen and Amsterdam to build bicycle-friendly infrastructure since the 1970s).

Workplace Wellness

- Many European country governments, which fund and deliver the majority of healthcare to their citizens, have viewed workplace as an important sphere of public health where they can mitigate the rise of chronic disease. In recent years, a globalized 24/7 work culture, declining job and financial insecurity, and rise of loneliness have brought increased attention to issues of financial wellness, work-life balance, stress management, and mental health in the workplace. Since 1996, the European Commission has established a holistic framework to advance workplace health promotion. Governments are offering financial incentives to employers for workplace health promotion in many countries, including Germany, Austria, Ireland, Sweden, and Finland. In Scotland, a network of "healthy working lives" specialists makes free and confidential workplace visits to give advice on issues related to occupational

health safety and wellbeing. Recently, a new labor agreement between employers and IG Metall (a union representing 900,000 metal and electrical workers) will permit workers to work less (28 hours instead of 35 hours per week) for lower pay, with the discretion to return to full time employment later. This agreement is expected to reverberate across Germany and Europe, signaling a new recognition by employers that workers today value their time and work-life balance more than wages alone.

Wellness Tourism

- Wellness tourism has deep roots in Europe. For centuries, people have traveled within the region to take advantage of hot springs, alpine air, sea breezes, slow food, and idyllic landscapes, in order to escape from everyday life and pursue recreation and healing. Europeans are sophisticated wellness consumers, based on longstanding cultural and historical traditions across the region, and this influences their propensity for wellness travel. In a Eurobarometer survey of 30,000 Europeans across 33 countries, 13% indicated that wellness/spa/health treatments were their primary or secondary motivation for going on holiday in 2015 (and the share of trips for which wellness was a primary motivation has doubled, from 3% in 2010 to 6% in 2015). In several countries, the propensity for primary-motivation wellness trips is very high, including Iceland (19% of survey respondents), Sweden (17%), Hungary (16%), Portugal and Slovakia (15%), and Czech Republic (10%).⁴⁰
- Europe's wellness tourism industry continues to leverage its historic wellness assets, while upgrading its infrastructure (spas, wellness hotels, health resorts, etc.) and service offerings to attract the modern consumer. Throughout the region, governments and destinations are looking to wellness tourism to diversify their tourism sector, carve out a unique niche, reduce seasonality, combat over-tourism in some cases, and bring more benefits to their local communities and small businesses. For example, Russia's tourism plan for 2020 emphasizes the importance of enhancing spa and wellness sector quality and offerings to attract domestic and international wellness tourists. Italy recently launched Terme d'Italia, a project aimed at stimulating demand for spas and wellness resorts in eight regions. Azerbaijan, a relative newcomer that has received attention from the National Geographic Traveler Awards, is highlighting its thermal wealth and the unique quality of its mud to elevate its wellness tourism standing.
- In Central and Eastern Europe, wellness tourism is intrinsically linked to thermal resources and an extensive network of historic health resorts and sanatoria, where guests stay for doctor-supervised, water-based medical treatments, financed wholly or partially by national insurance systems. Many of these sanatoriums are now undergoing renovations, modernization, and wellness menu enhancements (mostly with private investment) in order to attract a younger clientele who are seeking wellness rather than medical treatments, and who are more likely to spend on room upgrades, add-on services, and a higher quality experience.

⁴⁰ 1) European Commission (2016). *Preferences of Europeans towards Tourism*. Flash Eurobarometer Report No. 432. 2) European Commission (2011). *Survey on the attitudes of Europeans towards tourism*. Flash Eurobarometer Report No. 328. Both available at: <https://ec.europa.eu/growth/tools-databases/vto/eurobarometer>.

- The quest for differentiation and authenticity has led many industry players to refocus on their own traditions and wellness modalities in designing destinations and crafting guest experiences. Some look to their bathing traditions; for example, Finnish saunas, Austrian sauna aufguss, and Russia banya all offer distinctive experiences that combine wellness with rituals, community, fun, and entertainment, within a specific cultural context. With Scandinavians consistently ranking as the happiest people in the world, there is also surging interest in Nordic lifestyle concepts such as *hygge* (“cozy” for the Danish and Norwegians) and *lagom* (“balanced” or “just right” for the Swedish), which can be incorporated into facility design, guest experiences, wellness offerings, and marketing/promotion.
- Wellness trips and retreats that are built around a specific wellness activity are on the rise, from boot camps to meditation and silence retreats. There is more demand to combine activities in nature with wellness modalities, such as hiking to a scenic location for meditation, or yoga and tai chi in an outdoor setting. Short-haul, weekend getaways continue to grow – not only for couples and girlfriends, but increasingly for families (including multi-generations) – and destinations are modifying their amenities and programming to accommodate this trend.

Spas

- Across the region, the spa market has been growing at a steady pace alongside stable economic growth and rising consumer interest in services and activities that align with their wellness lifestyle. Spa offerings are proliferating to provide novelty, diversity, and choices to customers. Some spas are expanding along a full range of holistic health and preventive services that extend to nutritional advice, sleep therapy, sound therapy, gut microbe analysis, energy healing, and so forth. Others are adopting wellness and healing modalities from different traditions and cultures: Finnish saunas, Japanese onsens, Turkish hammams, Traditional Chinese Medicine, and Ayurveda are no longer confined to their country or region of origin, or to niche spas. At the same time, establishments that provide a single, specialized wellness service/treatment also continue to grow, from beauty treatments, massage, and reflexology, to reiki, flotation tanks, cryotherapy, salt caves, etc., competing with similar offerings at conventional full-service day spas and hotel/resort spas.
- Spas are also responding to a rising need for mental wellness and stress reduction, along with growing interest in igniting and supporting behavioral change that will lead to a more healthful, balanced, and fulfilled life for guests outside of the spa. To complement body/energy work, many spas are beginning to offer more personalized and tailored services, such as nutritional assessments, individual counseling/advice, holistic personal wellness plans, coaching, etc. Overall, there is a gradual shift and expansion in offerings, as more spas recognize that they are no longer operating within the confines of the spa sector but competing in a much broader and quickly evolving landscape of the wellness industry.
- Consumer adoption and understanding of wellness is quickly evolving, and many spas are undergoing redesign/refurbishments of their facilities and offerings, reflecting emerging needs and preferences, such as: the desire for community (e.g., creating club-like settings and atmospheres, or group programs and classes that facilitate connections among guests); intergenerational wellness experiences (e.g., “better-aging” modalities; kids/teen spa

treatments, classes, and activities); water for healing (e.g., hydrotherapy, watsu, therapeutic thermal/mineral spring bathing and treatments); and using nature to enhance our sense of wellbeing (e.g., forest bathing; use of natural, organic, and local ingredients; biophilic design of facilities).

Thermal/Mineral Springs

- Thermal and mineral springs have been a part of wellness rituals in many European countries for centuries, and they are intrinsically linked to the strong bathing culture and tradition across the continent. Natural therapies related to water are as extensive as they are varied: balneotherapy, thalassotherapy, mud, salts, algae, etc.
- European countries that have a large sector of sanatoria-style health resorts catering to government-funded patients are looking to upgrade, privatize, and diversify many of these establishments. Investments are being made in thermal resorts and spas all over Europe, some in major expansions of well-established assets – for example, the addition of a subterranean spa, a Retreat Lagoon, hotel, and restaurant at the renowned Blue Lagoon in Iceland. Some investments aim to introduce cross-cultural bathing experience, such as introducing Japanese-style onsens or Turkish baths to European bathers at existing or new thermal resorts. Many facilities receive new investments to add spa and complementary wellness services, facilities, and programming that will appear to a broader range of guests, such as health food restaurants, beauty treatments, fitness studios, and mind-body classes.
- With the rise of wellness and wellness tourism, thermal/mineral springs across Europe are viewed as a vital resource for tourism and economic development. Many new investments and marketing initiatives have been launched in recent years, from “the Year of Healthy Waters” promotion in Slovenia, to a Spain-Portugal partnership to jointly promote thermal establishments along their border. “Roman Thermal Spas of Europe” is a multi-country (Greece, Germany, Hungary, Portugal, France, and Bulgaria) partnership to develop and promote thermal tourism packages involving spas and health resorts with a Roman origin. Greece and Turkey, among other countries, have placed hot springs at the center of their tourism promotion themes, seeking investments to modernize and upgrade thermal offerings.



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333 S.E. 2nd Avenue, Suite 2048
Miami, FL 33131, USA

www.globalwellnessinstitute.org