

Global Wellness  
Economy Monitor:

# North America

OCTOBER 2018



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# Global Wellness Economy Monitor: North America

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Information included in the Global Wellness Tourism Economy: Europe report originally appeared in the  
Global Wellness Economy Monitor (October 2018) report available at

[GLOBALWELLNESSINSTITUTE.ORG](http://GLOBALWELLNESSINSTITUTE.ORG)

# ABOUT THE AUTHORS

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## 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](http://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.<sup>1</sup> By comparison, global health expenditures were estimated at \$7.3 trillion in 2015.<sup>2</sup> 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%).<sup>3</sup>

## 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.

<sup>1</sup> See Appendix A for definitions of the ten wellness economy sectors.

<sup>2</sup> 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.

<sup>3</sup> 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%
<b>Wellness Economy</b>	<b>*\$3,724.4</b>	<b>*\$4,220.2</b>	<b>6.4%</b>

\* 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”<sup>4</sup> 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.<sup>5</sup> 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.

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

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

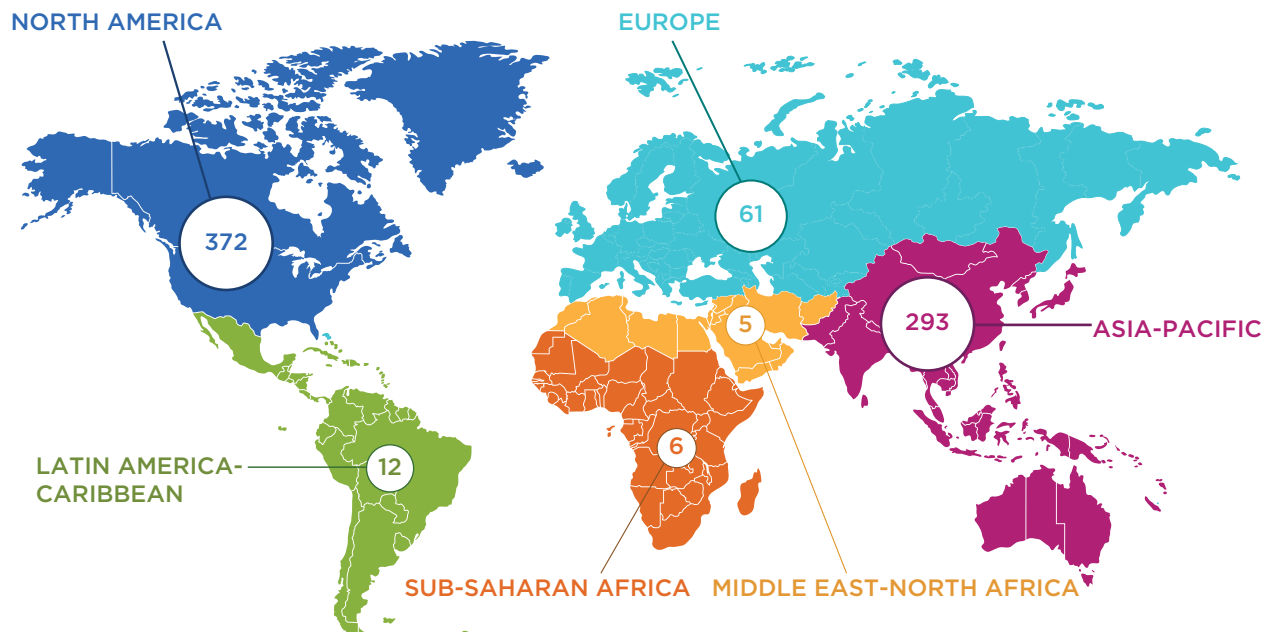
Wellness real estate is a fast-growing \$134 billion industry, buoyed by rising health consciousness and a desire to bring wellness into the places where we spend the majority of our time.

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.<sup>6</sup> Note that wellness real estate is broader than (but encompasses) wellness lifestyle real estate, which focuses on the residential component.<sup>7</sup>

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.

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

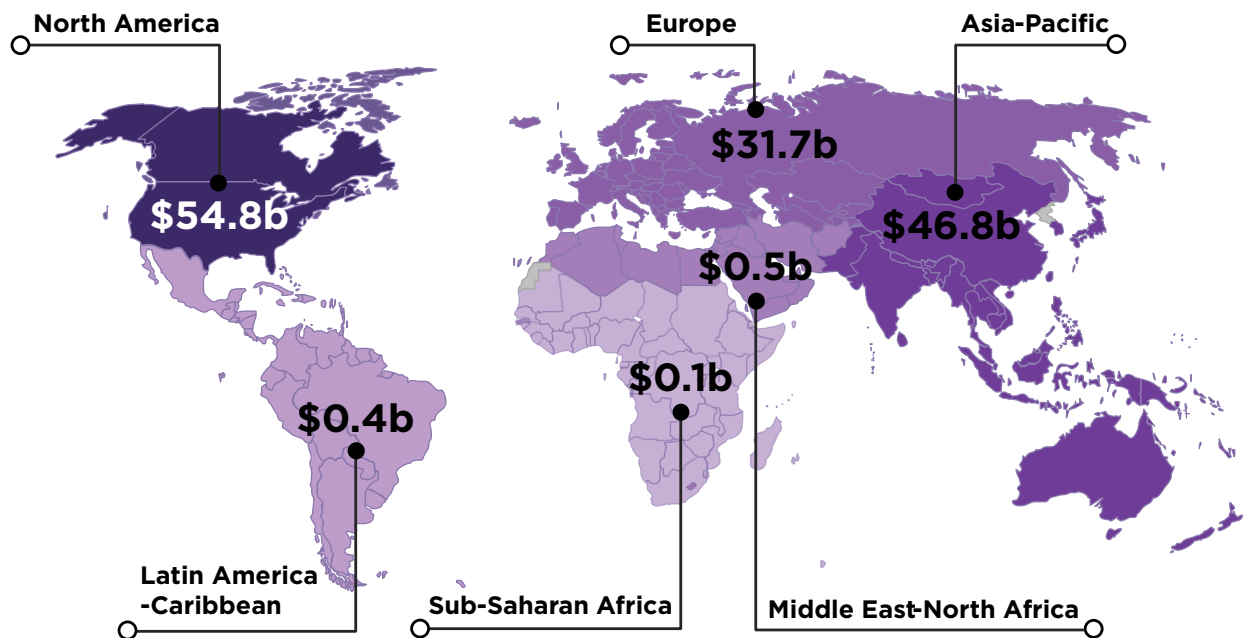
<sup>7</sup> Because it is impossible to separate out the residential and non-residential components in commercial/institutional projects (e.g., mixed-use, hospitality, etc.), GWI estimates *wellness real estate* in aggregate, although the focus in this report is on the residential component or *wellness 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 2017<sup>8</sup>), 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

<sup>8</sup> Global Wellness Institute analysis of global consumer expenditures data from Euromonitor International.

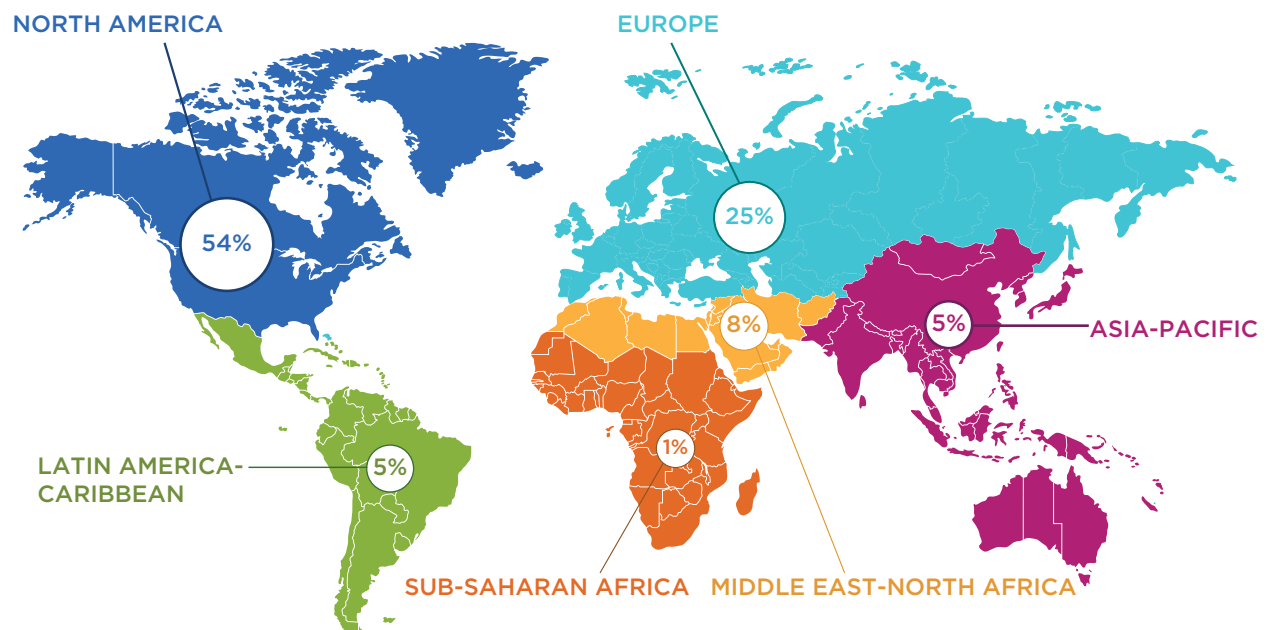
Valued at \$48 billion, the workplace wellness market is small in comparison to the massive economic burden and productivity losses associated with an unwell workforce and widespread worker disengagement.

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).<sup>9</sup> 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



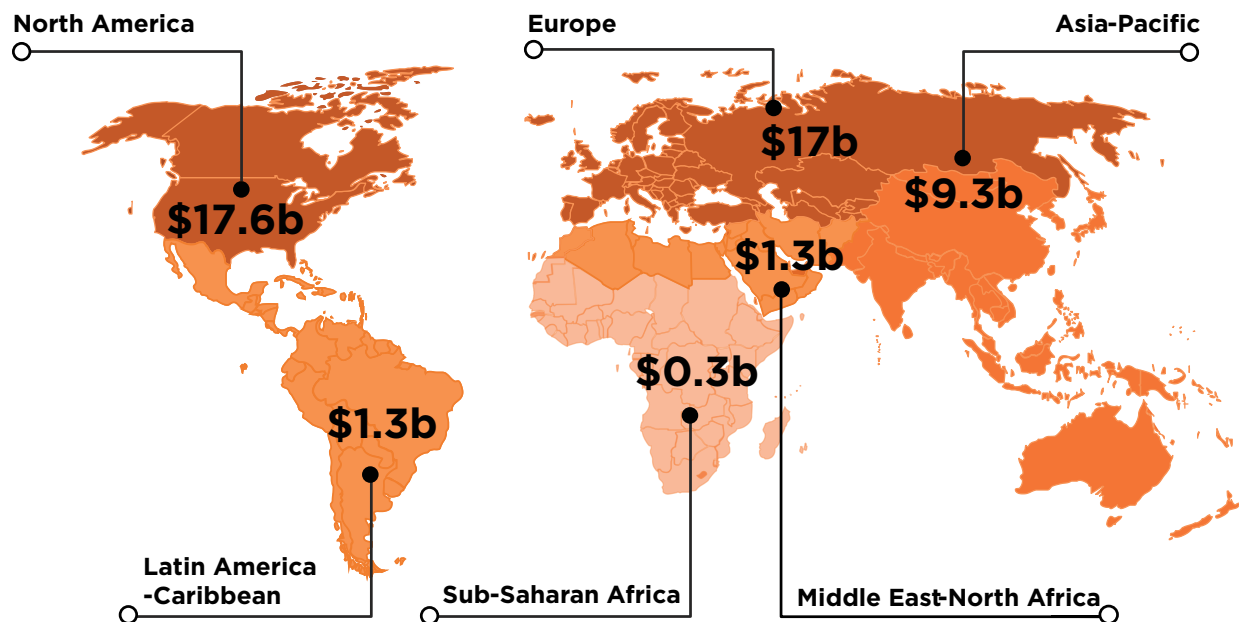
Percent of employed workers in each region who have access to workplace wellness programs/services.

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.

<sup>9</sup> 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.*

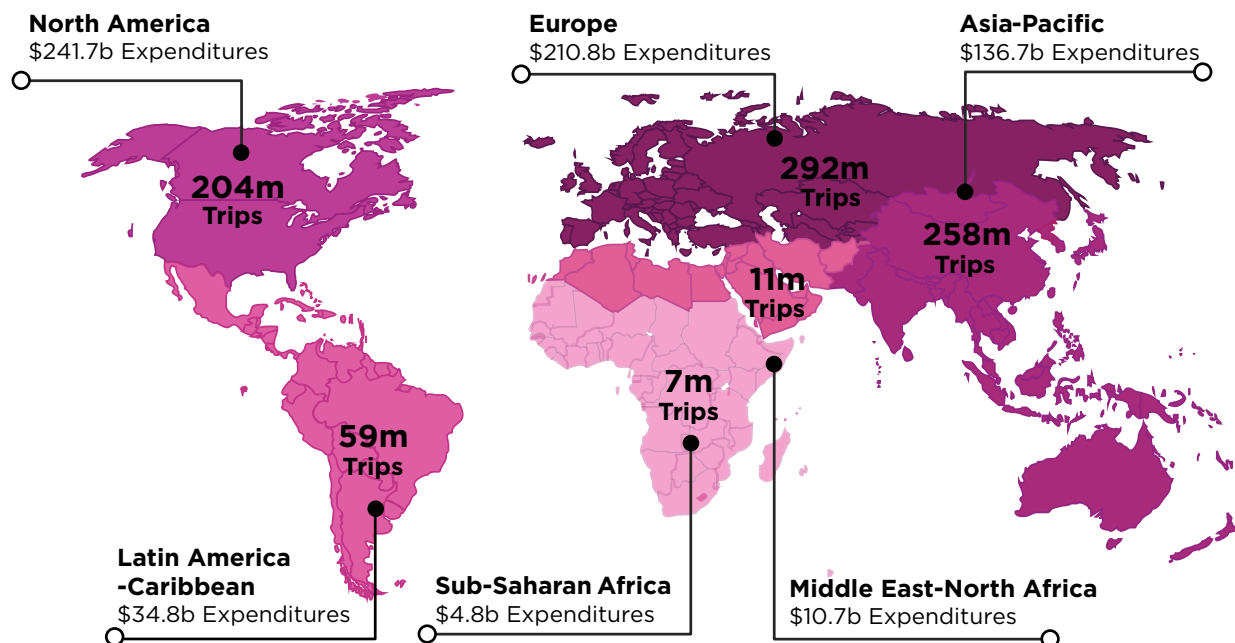
*Source: Estimates by the Global Wellness Institute, based on tourism industry data from Euromonitor International.*

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)



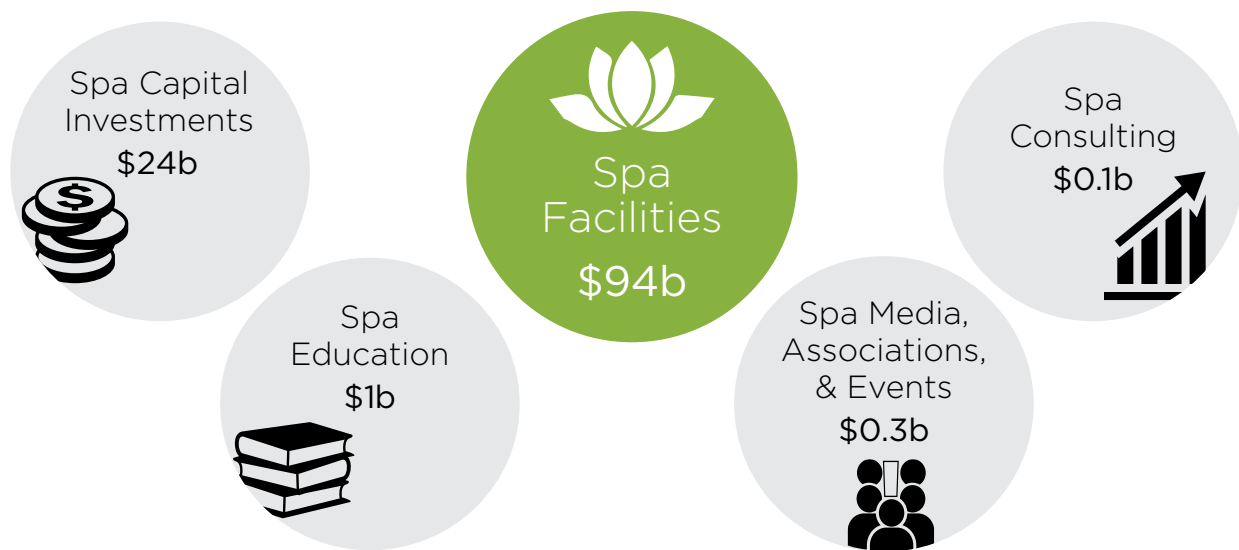
Source: Global Wellness Institute.

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

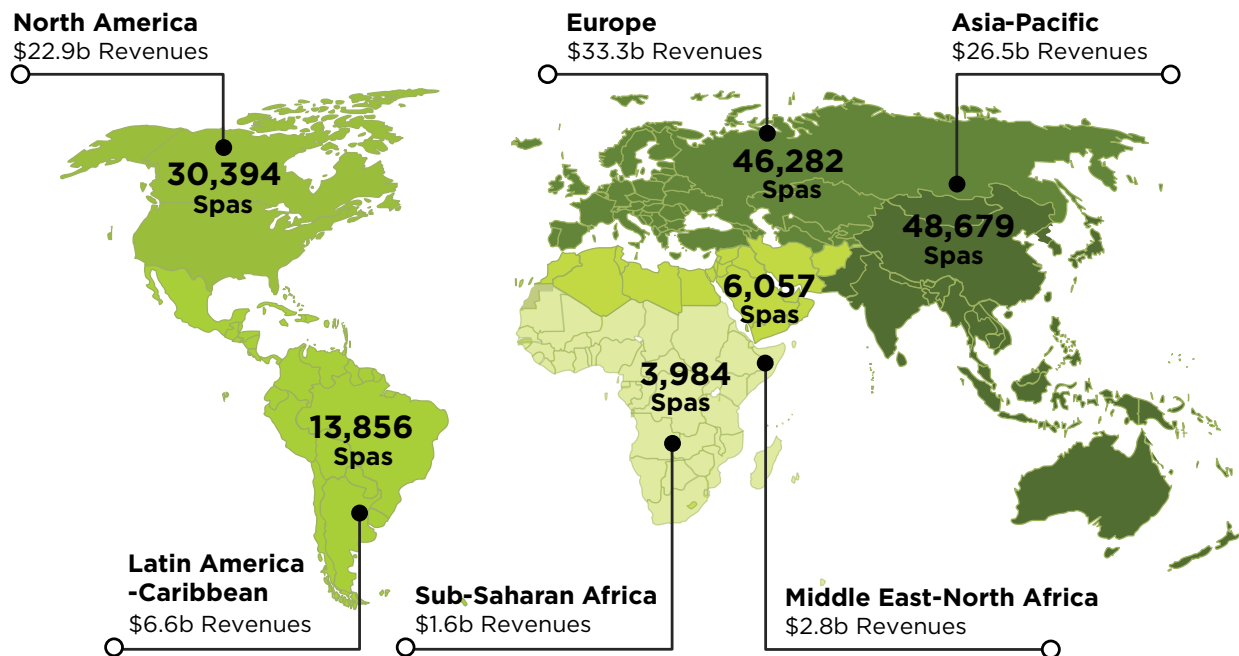


*Note: Figures may not sum to total due to rounding.  
Source: Global Wellness Institute*

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

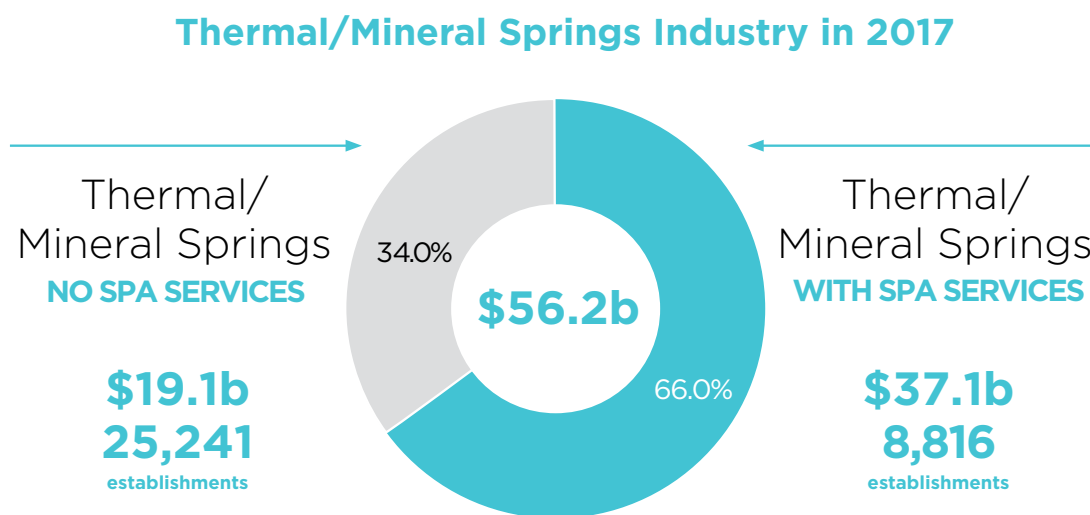


Source: Global Wellness Institute.

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*

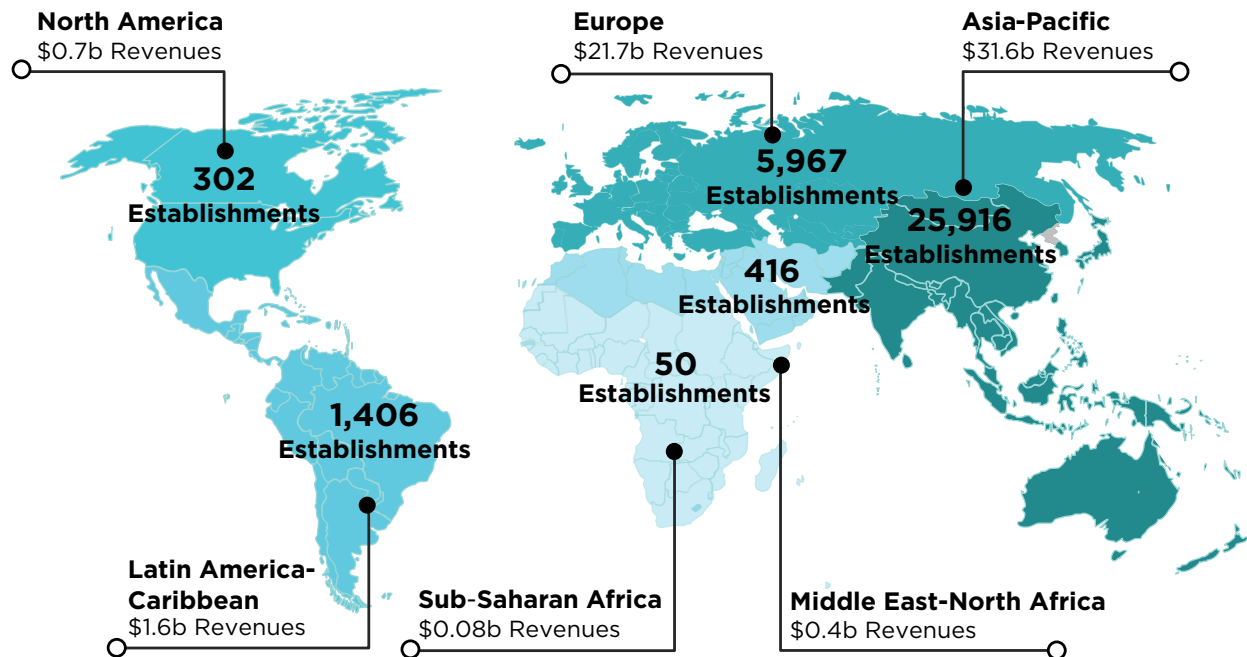


The thermal/mineral springs industry is heavily concentrated in Asia-Pacific and Europe, reflecting the centuries-old history of water-based healing and relaxation in these two regions. Together, Asia-Pacific and Europe account for 95% of industry revenues and 94% of establishments.

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)

# North America Highlights (2017)



## Wellness Real Estate

### Wellness Real Estate Market:

\$54.8 billion (7.9% CAGR from 2015-2017)

### Wellness Lifestyle Real Estate (Residential) Project Pipeline:

372 projects



## Workplace Wellness

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

93.9 million (53.8% of employed workers)

### Expenditures on Workplace Wellness:

\$17.6 billion (4.2% CAGR from 2015-2017)



## Wellness Tourism

### Number of Wellness Trips:

204.1 million (4.6% CAGR from 2015-2017)

### Wellness Tourism Expenditures:

\$241.7 billion (5.8% CAGR from 2015-2017)

### Average Expenditure per Trip:

\$3,285 for intl./inbound (44% premium);

\$1,058 for domestic (57% premium)



## Spas

### Number of Spas:

30,394 (3.6% CAGR from 2015-2017)

### Spa Revenues:

\$22.9 billion (5.5% CAGR from 2015-2017)

### Spa Employment:

443,419 (2.2% CAGR from 2015-2017)



## Thermal/Mineral Springs

### Number of Thermal/Mineral Springs Establishments:

302 (12.9% CAGR from 2015-2017)

### Thermal/Mineral Springs Establishment Revenues:

\$0.7 billion (12.6% CAGR from 2015-2017)

### Thermal/Mineral Springs Establishment Employment:

10,660 (12.3% CAGR from 2015-2017)

## Wellness Real Estate Markets in North America, 2017

	Market Size (US\$ millions)
United States	\$52,481.2
Canada	\$2,355.1

Source: Global Wellness Institute

## Workplace Wellness in North America, 2017

	# of Workers Covered (millions)	Expenditures (US\$ millions)
United States	83.8	\$15,678.8
Canada	10.0	\$1,876.6

Source: Global Wellness Institute

## Wellness Tourism Markets in North America, 2017

	Number of Trips (millions)	Receipts/Expenditures (US\$ millions)
United States	176.5	\$226,017.7
Canada	27.5	\$15,652.6

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

## Spa Markets in North America, 2017

	Number of Spas	Spa Revenues (US\$ millions)	Spa Employment
United States	26,317	\$20,830.2	395,707
Canada	4,077	\$2,054.9	47,712

Source: Global Wellness Institute

## Thermal/Mineral Springs Markets in North America, 2017

	Number of Establishments	Revenues (US\$ millions)
United States	280	\$631.0
Canada	22	\$97.1

Source: Global Wellness Institute

# North America Developments

## Wellness Lifestyle Real Estate

- The United States leads the world in wellness lifestyle real estate development, accounting for almost half the projects in the global pipeline. Since the 1990s, experimental and innovative wellness community projects have been pioneered across different parts of the country. In the last decade, projects have rapidly proliferated in the Sun Belt states (Arizona, Texas, Florida, South Carolina, Georgia, etc.), where wellness-focused design, facilities, and amenities have become a differentiating selling point for large-scale master-planned communities and urban/suburban mixed-use projects.
- The United States originated the concept of “agrihoods,” i.e., planned communities built around farms. It has also been a leader in experimenting with new urban design and planning concepts (New Urbanism); launching wellness-related residential/community certification schemes (WELL™, Fitwel™, Living Communities, etc.); innovating new senior living concepts; and bringing healthy/active design into affordable housing (through the Center for Active Design, Fannie Mae Healthy Housing Rewards™ program, and a variety of municipal housing authorities).

## Workplace Wellness

- The United States is the largest workplace wellness market in the world because employers are conscious of both productivity and healthcare costs. But, the conventional preventive measures and focus on physical health are becoming a thing of the past. A recently released book by Stanford Business School professor Jeffrey Pfeffer claims that workplace-related stress – a combination of long or unpredictable hours, high job demands, low autonomy, and a lack of health insurance – is responsible for more than 120,000 deaths a year and roughly 5-8% of annual healthcare costs in the United States.<sup>41</sup>
- In recent years, workplace wellness conversations have been shifting from health checkups, ergonomic furniture, free gym memberships, and other preventive health offerings toward broader issues of stress management and maximizing engagement, joy, and flow at work. More employers are now focused on creating a culture of health and wellbeing, incorporating features such as a healthy workplace design, less hierarchical organization and management, flexible and remote work, expanded vacation time and personal leave, minimum pay increases, and company-sponsored community service, with the aim of improving employees' engagement, work-life balance, and overall satisfaction and happiness at work. Successful programs focus on tailoring wellness offerings to meet employees' specific workplace challenges and needs. The most vocal proponent of this shift is the Millennial generation, which has embraced an array of health and fitness apps and wearable technologies. Some of the key shifts identified by the Global Wellness Institute's Wellness At Work Initiative include: purpose-driven organizations, women-friendly workplaces, deep inclusivity, the power of teams, mental wellbeing, and biophilic design.<sup>42</sup>

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<sup>41</sup> Pfeffer, J. (2018). *Dying for a Paycheck*. New York, NY: Harper Collins.

<sup>42</sup> Moorefield, R. (2018). *Ten Shifts Driving a New 'Thrive' Revolution at Work*. Miami, FL: Global Wellness Institute. [https://globalwellnessinstitute.org/wp-content/uploads/2018/06/WorkplaceWellnessTrends\\_April2018.pdf](https://globalwellnessinstitute.org/wp-content/uploads/2018/06/WorkplaceWellnessTrends_April2018.pdf).

## Wellness Tourism

- The rise of wellness travel is driving new positioning and promotion strategies in North America's hospitality industry. Industry leaders recognize the growing demand for wellness, not just at destination getaways but also in urban locations. Companies such as Canyon Ranch and Six Senses are expanding from their base of destination resorts into major U.S. metropolitan areas (e.g., Six Senses announced that their first North American property will be a luxury urban hotel adjacent to Manhattan's popular High Line). Luxury brands such as Four Seasons, Ritz-Carlton, and Mandarin Oriental have created wellness programs and health and fitness offerings that rival the top destination spa resorts. Mandarin Oriental hotels, for example, have on-site wellness professionals who offer customized Pilates, yoga, meditation, and tai chi classes. Meanwhile, numerous brands are rolling out new wellness initiatives to appeal to the growing number of business and leisure travelers who value healthy food, fitness, and mind-body balance. Leisure hotels aggressively market wellness weekends and rejuvenation retreats, and they promote their wellness offerings and environments as distinguishing characteristics. Business hotels address the time constraints of their guests by providing options such as shorter massages or in-room fitness equipment. Hilton, for example, launched "Five Feet to Fitness," which provides more than 11 different equipment and accessory options to guests in premium fitness rooms (which cost \$45 more than a standard room).
- Many hotel chains have developed partnerships with recognized wellness industry leaders to increase flexibility and offer expanded services/programming to guests. These partnerships can range from streaming content (e.g., Pilates, yoga, meditation) to providing interactive fitness equipment (e.g., Peloton). Examples of partnerships between major brands include: Shangri-La and Lululemon; Mandarin Oriental Hotels and the Mayo Clinic; Park Hyatt Hotels and MNDFL Meditation; Fairmont Hotels and Technogym; and Wyndham Hotels and Resorts with Stay Well<sup>®</sup>/Delos. For urban hotels where space is more challenging, some brands have formed partnerships with local boutique exercise studios, massage therapists, and spas to package offerings close to their properties.
- Airports and airlines continue to step up their wellness amenities to target secondary wellness travelers (i.e., those who want to maintain wellness during travel). Airport spas – in small kiosks and stores within terminals, as well as in airline first-class lounges – have proliferated in North American airports. Offerings can range from saunas, massages, manicures, pedicures, and haircuts to oxygen therapy, cryotherapy, guided meditation, and VR-assisted relaxation. While airline lounges are generally reserved for first- and business-class passengers or club members, many airlines sell spa access for a daily or half-day fee. Wellness services are also extended in other ways. American Express partners with Exhale to offer spa services at airport lounges. Delta has employee-only spas at several airports. Canyon Ranch is partnering with Singapore Airlines to step-up wellness amenities for passengers on ultra-long-haul flights. Additional airport wellness offerings on the rise include: "silent airports," yoga rooms, in-transit fitness clubs, therapy dogs, napping pods and suites, treadmill desks, and designated terminal walking circuits.



## Spas

- The spa industry has enjoyed steady growth in North America, driven by a steady economy and rising consumer spending on all things related to wellness. Growth has been led by hotel/resort spas as well as medical spas. A 2017 ISPA survey reported that 42% of hotel/resort sector respondents cite “wellness, health and fitness” as the top trend affecting the spa industry.<sup>43</sup> Luxury branded hotels (e.g., Four Seasons, Fairmont, Ritz-Carlton, etc.) increasingly use their spas and wellness programs as a marketing tool for hotel guests and to generate revenue from non-guest customers. Some hotels have begun charging a general “resort fee” whether guests use the wellness amenities or not.
- Medical spas are enjoying rising demand, reflecting increased consumer interest in self-care, maintenance, anti-aging, and beauty. While the majority of customers are women between the ages of 35-54, there is also rising interest from men and under-35 customers. According to the American Med Spa Association, in recent years there is a pronounced increase in demand for less invasive treatments such as injectables, chemical peels, and non-surgical skin tightening, in addition to body sculpting and tattoo removal. Many medical spas are investing in a more spa-like and less clinical/medical environments and atmospheres for their customers. Capitalizing on rising demand and the success of single service models such as Drybar (for blowouts), Alchemy 43 has attracted seed funding to launch a series of locations that focus on Botox and fillers in a spa/salon-like setting in major cities.
- Franchises such as Massage Envy, Elements Massage, Massage Heights, and Hand & Stone continued to grow from 2015-2017, particularly in the suburbs and secondary city markets, but at a slower rate as compared to the previous two years. This leveling of growth is probably attributed to a maturing market, cost pressures, and aggressive discounting and competition from small, single-service establishments (e.g., reflexology centers, Thai massage clinics, etc.). GWI estimates that there were about 2,500 franchised spas in the United States in 2017, up from about 1,500 locations just five years earlier in 2012.<sup>44</sup>
- Zeel, a pioneer in the model of massage-on-demand, has expanded to more than 75 U.S. cities, and has launched a new platform that places licensed massage therapists on-demand at hundreds of spas, salons, and hotel partners, to help manage staffing and demand surges. Meanwhile, Soothe – a newcomer to massage-on-demand – recently raised \$31 million in new capital to fund expansion in the U.S. market and to launch new services in the UK and Australia. Similar on-demand and app-based services are also proliferating in the salon and beauty sector, with the growth of companies such as Glamsquad, BeGlammed, TheGlamApp, and BeautyLynk.

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<sup>43</sup> International SPA Association (2017). *2017 U.S. Spa Industry Study*. Lexington, KY: International SPA Association.

<sup>44</sup> Global Wellness Institute analysis of data from Entrepreneur.com.

## Thermal/Mineral Springs

- The majority of thermal/mineral springs are located in the Western and Southwestern United States and Western Canada, and these establishments tend to be fairly rustic bathing- and swimming-focused facilities. The thermal/mineral springs sector is quite underdeveloped in North America as compared to other wellness sectors, mainly because North Americans have not developed the type of bathing culture prevalent in much of Europe and East Asia. But that is changing, with a rising interest in and visitation to springs due to a confluence of consumer values and lifestyle preferences. Overall, more people are looking to nature and its power to calm and rejuvenate. Across North America and especially in Canada, consumers are discovering the healing powers of water, from Nordic spa circuits to hydrotherapy. Finally, the rise of loneliness has created awareness of the value of “third places” – social environments outside of home and work, where people can find community with one another. These trends, and the accessibility and affordability of visiting hot springs, are expected to drive the growth of the springs sector over the next decade.
- Business owners and investors are taking note of these trends and are renovating, expanding, and reopening historic hot springs facilities in many locations across the United States. Multi-million dollar expansions continue at California’s iconic Two Bunch Palms and Glen Ivy Hot Springs. Several new facilities and reopenings of shuttered properties are slated over the next few years in Arizona, Wyoming, Montana, and California, while longer-term thermal spring redevelopment projects are in the works from California to Texas to South Dakota.



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