

Snap Fitness to open seven new Ottawa locations



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Peter Kovessy
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Ottawa resident Fawad Amjad saw the demand for 24-hour fitness clubs firsthand while completing a master's degree in electrical engineering several years ago at the University of Minnesota.

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Balancing an engineering job at Mercedes Benz, Mr. Amjad often wouldn't arrive home until late in the evening.

"I wanted to stay fit, but most of the gyms would close at 9 p.m. My options were limited," says Mr. Amjad.

Now back home in Ottawa, 31-year-old Mr. Amjad and his wife, Gia, are preparing to open a Snap Fitness franchise in Nepean later this month.

The chain contrasts itself to the big-box competitors that dominate the industry. Its locations are small – typically 2,500 to 3,000 square feet – and it tries to appeal to customers living within a few kilometres by offering month-to-month memberships, rather than annual contracts.

Snap Fitness currently has five Ottawa locations and has franchise agreements in place to open seven new locations over the next 18 months.

The company charges its franchisees a \$17,000 fee for a single location and offers discounts for multiunit owners, says Darko Vasic, Snap Fitness's director of international franchise development.

Mr. Amjad estimates he's invested about \$400,000 into his location, including purchasing televisions, treadmills, elliptical machines, free weights and other exercise equipment.

He's targeting to have 300 to 340 members and says he's already signed up more than 30 members prior to opening his doors.

Across Ottawa, Snap Fitness has between 2,000 and 2,500 members, estimates Mr. Vasic.

He says the Snap Fitness model doesn't require owners to have employees. Personal trainers are on site, but they are essentially independent subcontractors who send a portion of their sales to the owner, providing a "significant" secondary revenue stream.

While Snap Fitness is expanding in urban markets across Canada such as Ottawa, the company also sees an opportunity in smaller towns and rural areas where there is often no competition, says Mr. Vasic.

“Because of our reduced overhead and reduced footprint size, we can go into a town of 8,000 or 10,000 people and be profitable,” he says.

Snap Fitness is not the only fitness club in expansion mode. The Athletic Club is constructing facilities in Orleans and the Train Yards retail power centre.

Previously estimated to be between 65,000 and 70,000 square feet – more than 25 times the size of a typical Snap Fitness location – the Athletic Club is positioning itself at the opposite end of the spectrum by offering a wide scope of amenities, such as a sauna, pool and members’ lounge.

Separately, GoodLife Fitness is renovating the old Florida Fitness facility in the St. Laurent Centre and plans to open its latest Ottawa location next month.

Despite the cloud of economic uncertainty hanging over the continent, Mr. Vasic says he’s not surprised at his industry’s expansion. For many people, fitness is no longer a discretionary expense, he says.

“There has never been a time in history when people have been so aware of the need to exercise and eat right.”