

LongRange sees bright future for 24 Hour Fitness chain after covid challenges

Managing partner Bob Berlin: 'There really is a light, there is a future. Now we can focus on the growth element.'

Iris Dorbian

The first time Bob Berlin, founder and managing partner of [LongRange Capital](#), considered [acquiring 24 Hour Fitness](#) was over a decade ago. Berlin was then managing director at The Baupost Group, and the Carlsbad, California-based gym chain was at a unique point in its history, having changed private equity ownership twice – first in 2005 to the now-defunct Forstmann Little & Co and then in 2014 to an investor group led by [AEA Investors](#) and Ontario Teachers' Pension Plan.

“It was at a valuation and in a process that wasn't interesting for us,” Berlin recalled.



Bob Berlin, LongRange Capital

Fast forward to the summer of 2025, and Berlin was now firmly aboard the 24 Hour Fitness train. Things had shifted in the interim. The target had successfully emerged from the Chapter 11 restructuring process at the end of 2020, following covid shutdowns, resulting in the closure of several

locations. This time, though, the vetting and due diligence passed muster. What changed?

“We had the opportunity to partner with [founder] Mark Mastrov, and to assist [company CEO] Karl Sanft and the 24 Hour team on building upon the turnaround they initiated post-pandemic through further investment in the stores,” explained Berlin, summing up the company’s rebound.

It helped that 24 Hour Fitness checked all the boxes that made it an appealing investment.

“We’re value-oriented investors. We look for companies that when they deliver value to customers, both existing and new customers will increase their purchases. In addition, 24 Hour works perfectly for us as a value investment. We think our basis in the company is at an attractive level relative to the returns on investments within the existing stores and new locations; and because of that, there’s an opportunity to invest behind the business in delivering more value to the customers.”

Further, the acquisition, which closed on December 31, adds value to the LongRange portfolio because, according to Berlin, the firm currently doesn’t have any other multi-unit businesses. “We think 24 is an attractive addition to the portfolio because if we can achieve compelling, repeatable store-level economics, the team can drive substantial growth.”

Despite the dearth of franchise businesses in the Stamford, Connecticut-based mid-market PE firm’s portfolio, Berlin has extensive experience investing in this space. In an earlier role as managing director at JH Whitney Capital Partners, Berlin led the 2006 investments in Encanto Restaurants, a Puerto Rico-based franchisee for brands like KFC and Pizza Hut, and Joe’s Crab Shack, a seafood restaurant chain headquartered in Houston. And, at Baupost, he spearheaded the 2011 investment in fast-food chain Arby’s from Wendy’s.

However, the 24 Hour Fitness acquisition has not been devoid of snags. Challenges did abound, many of which had to do with intricate real estate complications involving an enterprise spanning different states and

numerous landlords. Currently, 24 Hour Fitness has 240 stores across nine states, with most located on the West Coast.

“Understanding the life cycle of [the real estate leases and trade areas] is fundamental with a multi-unit acquisition,” said Berlin.

Another challenge has been dealing with the mindset of a business and team that has recently faced bankruptcy. To help guide 24 Hour Fitness through this transition, ex-CEO Mastrov, who founded the company in 1983, is returning as owner and executive chair. For both LongRange and 24 Hour Fitness, this is an exciting chapter, but it might be unsettling for employees who have grappled with financial downturns and covid shutdowns.

Defining the nuances of this delicate situation, Berlin compared it to a carveout. “What we invariably find is that often these businesses are underinvested. One of the first things we must do is correct that. When you make those investments, it changes team members’ and customers’ perception. There really is a light, there is a future. Now we can focus on the growth element.”

Asked about LongRange’s goals for 24 Hour Fitness, Berlin said the firm plans on making additional investments in existing locations while enhancing the operating procedures for members.

“Hopefully, that will be attractive to both existing and new members. 24 Hour pulled out of some markets because of covid and their bankruptcy, but there are a number of places where we think it will be attractive.”

There are no plans for add-ons.

“We think 24 has a very good concept so putting another gym format wouldn’t really work,” said Berlin.

Unlike most PE firms, LongRange tends to have a longer investment hold for its portfolio companies, ranging from eight to 10 years. That may – or may not – be the case for 24 Hour Fitness.

“Our philosophy is to build a great business by delivering value to the customers over the medium term — eight to 10 years,” said Berlin. “If you

can do that, you end up developing a very good, if not great long-term business. We may not hold that long, but from an operating philosophy, when we look at the demand profile for our companies, we want to make sure there is a reasonable demand and that it will continue at today's levels for at least for another 10 years.”