

From the San Francisco Business Times:

<https://www.bizjournals.com/sanfrancisco/news/2023/11/01/flynn-group-planet-fitness-franchisee-atl-boston.html>

SUBSCRIBER CONTENT:

**Retailing**

## **Flynn Restaurant Group LP acquires dozens of Planet Fitness franchises and rebrands itself**

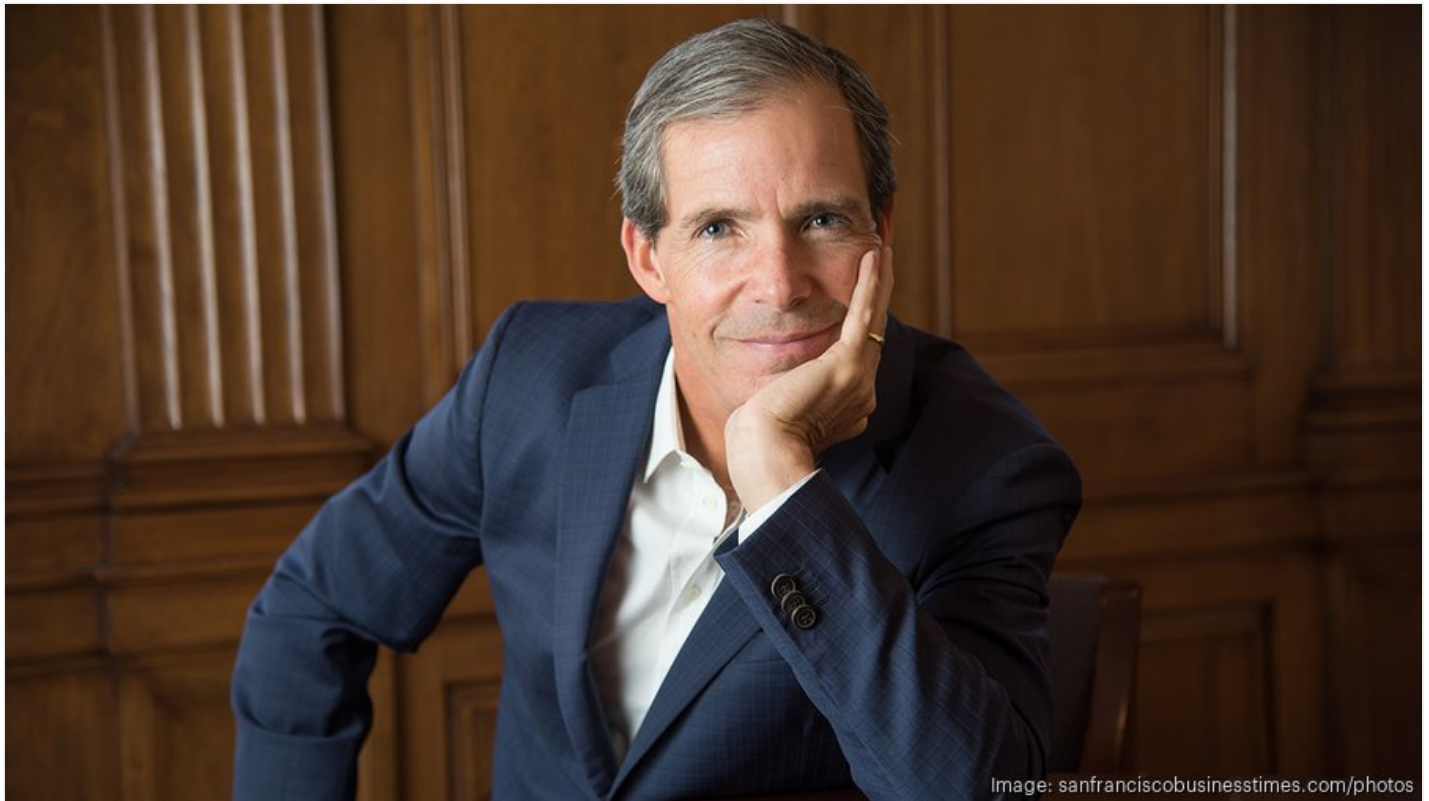


Image: [sanfranciscobusinesstimes.com/photos](https://www.sanfranciscobusinesstimes.com/photos)

Greg Flynn is founder, chairman and CEO of Flynn Restaurant Group LP, which has rebranded to Flynn Group LP after a "several hundred million dollar" acquisition of a Planet Fitness franchisee in Atlanta and Boston, the group's first expansion into other franchising categories beyond restaurants since its founding in 1999.

TODD JOHNSON | SAN FRANCISCO BUSINESS TIMES



By **Alex Barreira** – Staff Reporter, San Francisco Business Times

Nov 1, 2023 **Updated** Nov 1, 2023 2:52pm PDT



Listen to this article 5 min



Multibillion-dollar San Francisco-based food franchise empire Flynn Restaurant Group LP is expanding into its first new category since 1999 with a major acquisition.

In a deal closed Wednesday morning, the world's largest operator of quick-service food franchises – with thousands of Wendy's, Applebee's, Pizza Hut and Panera Bread locations across the U.S. and Canada – has acquired 37 Planet Fitness gym locations in Boston and Atlanta and rebranded itself to Flynn Group LP. The price was not disclosed, but the group's founder and chairman Greg Flynn told me the value of the deal was in the neighborhood of "hundreds of millions of dollars."

Fifth Third Securities facilitated both sides of the transaction, acting as advisor for the seller Alder Partners LLC and lead arranger and administrative agent for buyer Flynn Group.

The move tees up Flynn Group for further expansion across multiple industries and countries. It follows the group's first international deals earlier this year to **acquire Pizza Hut Australia** and separately **develop hundreds of Wendy's restaurants** down under.

"It's a wide world of consumer-facing franchise businesses out there," Flynn said, noting the potential of fitness, hospitality, health and beauty services, and home and automotive services.

In the short-term, Flynn plans to expand the Planet Fitness portfolio by adding three new clubs between the Atlanta and Boston markets within the next four months. Expect more moves in that direction and across other geographies coming soon.

Unlike some of Flynn's previous restaurant deals that pumped capital into renovations, he said the gym portfolio is "in very good condition" and so the focus will be on building new clubs.

In Planet Fitness – and specifically Alder Partners, one of the gym brand's first franchisees – Flynn found "the safest first step we can take out of the restaurant

industry." With more than 18.4 million members and nearly 2,500 locations (making it the "largest fitness company in America" and with locations in Canada, Panama, Mexico and Australia) Planet Fitness satisfies the criteria that's defined Flynn's restaurant investments: brands that have shown "legs" across all geographies and demographics, endurance through economic cycles and huge marketing budgets, Flynn said.

Alder's managing partner, Stan DeMartinis, Jr., said in the deal's press announcement that Flynn provides "a uniquely differentiated platform that does not exist in the Planet Fitness ecosystem today." DeMartinis, who founded the family-run franchise unit in 2007, will continue to run the business under Flynn Group as president of the Planet Fitness brand.

Flynn said he was in fact "one inch away" from closing on a similar Planet Fitness acquisition in mid-March 2020, but two days before a non-refundable contract was set to take effect public health mandates came down and "all the clubs closed."

The last few years of evaluating franchise opportunities across industries have given him that much more appreciation for the strength of the Planet Fitness brand and Alder as operator, he said.

It's "the exact right value package for everyday people," Flynn said, noting the motto ("Judgement Free Zone") and entry monthly subscription price as low as \$10.

Flynn Group's San Francisco-based affiliate, Flynn Properties Inc., generates about \$700 million in annual revenue and has assets collectively worth about \$2.2 billion. It's historically focused on large office buildings in San Francisco and Seattle but has in recent years leaned more heavily into opportunistic hospitality plays, and has a majority ownership stake in 121 hotels across the U.S. and Mexico, including the historic landmark Huntington Hotel in Nob Hill, **acquired out of foreclosure earlier this year**. The portfolio includes 109 franchised hotels under brands such as Marriott Courtyard, Hilton Garden Inn and Hampton Inn. The group contracts the properties to third-party managers.

"There's no reason we can't operate those businesses ourselves as the owner-operator of a consumer-facing franchise that just happens to be hospitality," Flynn said in describing the "long game." "So that's an easy example of what might be next."

The evolution is made easier having slowly built expertise across the more operationally complicated restaurant segment: about a decade exclusively with Applebee's, then

bringing those best practices and management structure laterally to brands like Taco Bell, Panera, Arby's, Wendy's and Pizza Hut. Read more in [this summer's cover story](#) charting the path of Flynn's dual-pronged hospitality empire and the billionaire himself – who hails from the town of Ross in Marin County.

The current so-called "third chapter" of growth for Flynn Group begun this year is in international restaurants and adjacent consumer-facing franchised businesses.

**T H E L I S T**

# Most Expensive Bay Area Restaurants

Cost of tasting/chef's menu

Rank	Prior Rank	Restaurant
1	1	Atelier Crenn
2	2	SingleThread Farm-Restaurant-Inn
3	3	The French Laundry
View This List		