CIO Insights: Thematic Investing Series

Athleisure grows up

17 July 2026

Key Takeaways:

- Athleisure remains a durable consumer category, but major markets are more mature and consumers are more selective.
- Competition now comes from every direction. Private lifestyle labels, technical footwear specialists, local champions and established sportswear groups increasingly compete for the same consumer spending.
- Scale and past brand strength are no longer sufficient. Product relevance, full-price demand, inventory discipline and cultural relevance increasingly determine who gains market share.
- For investors, athleisure has become a more selective theme. Recent stock-price dispersion indicates that markets are rewarding execution rather than exposure to the category alone.

Will athleisure continue growing?

Athleisure's first phase was unusually forgiving.

Athleisure is the shift from buying sportswear primarily for exercise to buying performance-inspired clothing for everyday life. Casual dress codes, working from home, rising wellness spending and the wider acceptance of activewear as everyday clothing expanded the entire category. Strong demand created enough room for established sportswear companies, premium activewear labels and new entrants to grow together.

That phase appears to be ending.

Consumers have not abandoned comfortable clothing or active lifestyles. Athleisure remains a large, relevant consumer category. What has changed is how its growth is distributed. Major markets are more penetrated; consumers have more choice and switching between brands is easy.

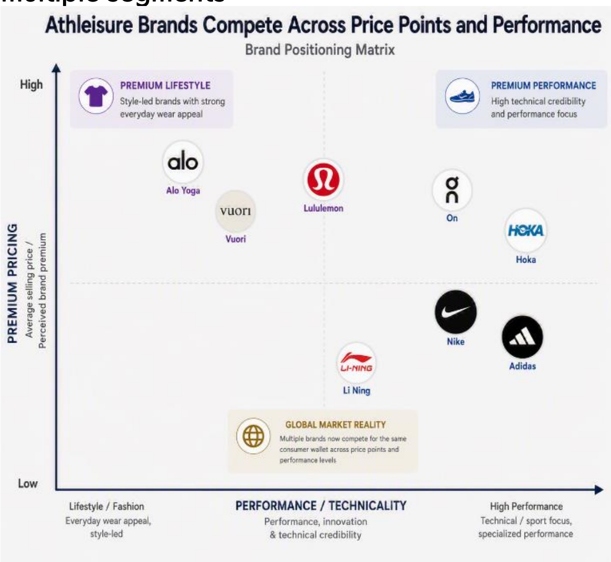
This shifts the investment question to: "Which brands can win the next purchase?"

The tide no longer lifts every brand

Category growth is normalising. McKinsey notes that healthy and active lifestyles remain supportive of sporting-goods demand, but economic pressure and high penetration in some markets are making consumers more cautious. Buyers increasingly prioritise durable and versatile products over impulse purchases.

This changes the economics of the industry. During the earlier growth phase, a brand could benefit simply from having credible exposure to activewear. Today, basic leggings, technical tops and lifestyle trainers are available across many brands and price points. Category participation is no longer a sufficient competitive advantage. Companies must now take market share from one another.

Figure 1: Competition is intensifying across multiple segments



Source: UOB Private Bank

Competition is coming from every direction

The competitive landscape has become considerably more fragmented. Private brands such as Vuori and Alo Yoga are targeting affluent consumers who previously concentrated more spending with established activewear leaders. Technical footwear specialists such as On and Hoka are expanding beyond their initial product niches. Outdoor labels are moving further into everyday wardrobes, while fast-fashion retailers offer lower-priced interpretations of premium styles. China has also developed large sportswear businesses with meaningful scale, providing strong competition onshore.

These brands remain much smaller than the global incumbents. Nevertheless, athleisure shoppers have low switching costs. Even relatively small challengers can gradually capture valuable customers, product categories and cultural attention.

Brand leadership is becoming more fragile

Athleisure does not have the technical lock-in seen in software or digital platforms. Consumers can easily buy footwear from one company, leggings from another and outerwear from a third. This makes leadership difficult to defend.

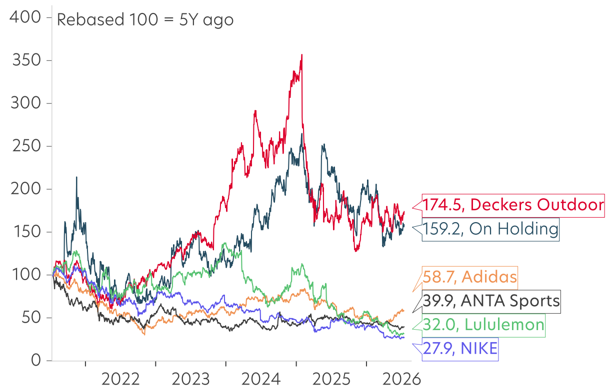
Brand momentum can weaken when a product range becomes too repetitive, a new design fails to resonate or when a challenger creates a more relevant identity. This helps explain why weaker product cycles are now having a larger impact on company performance. When the athleisure theme was hot and running, the strong categoric tailwinds could conceal individual mistakes. In a more mature market, competitors are ready to capture the spending that an incumbent loses.

That said, scale still matters. Large brands retain substantial advantages in marketing, distribution, athlete partnerships and product development. However, this scale is a double-edged sword, making it harder to change direction quickly.

Stock prices are enforcing greater selectivity

The stock performance (Fig. 2) provides visible evidence that investors no longer treat athleisure as one broad growth trade. There has been a wide dispersion between the winners and the losers over the past few years.

Figure 2: The tide is no longer lifting every brand



Source: Bloomberg, Macrobond, UOB Private Bank

Recent earning results also illustrate the divergence. Some former category leaders (Nike, Lululemon) have reported stagnant sales, weaker demand in key markets and substantial profit pressure. Yet other established and specialist brands continue to deliver double-digit growth. Adidas, for example, achieved 14% currency-neutral revenue growth in the first quarter of 2026, while newer competitors such as On and Hoka also maintained strong momentum.

This counterexample is important. The problem is not simply that newer brands are replacing older ones. The market is becoming more selective and rewarding companies that remain culturally and commercially relevant.

Figure 3: From broad growth to selective winners

Source: UOB Private Bank

CIO Insights: Thematic Investing Series

Athleisure grows up

17 July 2026

Bottom line

Athleisure has grown up.

The structural consumer trend remains relevant, but its investment economics have changed. Casualisation and wellness can continue supporting overall demand without benefiting every company equally.

More competitors, low switching costs and slower broad-based growth have raised the cost of weak execution. Historical scale and brand recognition still matter, but they no longer provide complete protection against stale products or changing consumer preferences.

The next phase will be defined by market-share gains, product relevance and portfolio discipline.
Athleisure is not disappearing. It is becoming a more selective and more cut-throat market. The tide may still be rising, but it is no longer lifting every brand.

This note builds on the athleisure theme introduced in our Thematic Investing Series, where we argued that the category had become more mature and that future outcomes would depend increasingly on brand execution. Recent operating results and stock-price dispersion reinforce that view.

For readers who would like the broader investment framework, the full publication also covers the athleisure value chain, theme maturity score, scenario analysis and key risks across the sector.

Disclaimer:

General

This document contains material based on publicly available information. Although every reasonable care has been taken to ensure the accuracy and objectivity of the information contained in this document, United Overseas Bank Limited ("**UOB**") makes no representation or warranty as to, neither has it independently verified, the accuracy or completeness of such information (including any valuations mentioned). UOB neither represents nor warrants that this document is sufficient, complete or appropriate for any particular purpose. Any opinions or predictions reflect the writer's views as at the date of this document and may be subject to change without notice.

The information contained in this document, including any data, projections and underlying assumptions, are based on certain assumptions, management forecasts and analysis of known information and reflects prevailing conditions as of the date of publication, all of which are subject to change at any time without notice. Past performance figures are not indicative of future results.

Not an offer or solicitation to any particular person

This document should not be regarded as an offer or solicitation to any particular person to transact in any product mentioned. Before deciding to invest in any product mentioned, please seek advice from your financial, legal, tax or other appropriate advisers on the suitability of the product for you, taking into account your specific investment objectives, financial situation or particular needs (to which this document has no regard). If you do not wish to seek such advice, please consider carefully whether any product mentioned is suitable for you.

Risks

An investment in any product mentioned in this document may carry different risks of varying degrees, including credit, market, liquidity, legal, cross-jurisdictional, foreign exchange and other risks (including the risks of electronic trading and trading in leveraged products). Nothing in this publication constitutes personalized accounting, legal, regulatory, tax, financial or other advice that regards the personal circumstances of a particular recipient. Please speak to your financial, legal or other appropriate adviser to understand the risks involved and whether it is appropriate for you to assume such risks before investing in any product.

Any description of investment products is qualified in its entirety by the terms and conditions of the investment product and if applicable, the prospectus or constituting document of the investment product.

Valuation

Product valuations in this document are only indicative and do not represent the terms on which new products may be entered into, or existing products may be liquidated or unwound, which could be less favourable than the valuations indicated herein. These valuations may vary significantly from those available from other sources as different parties may use different assumptions, risks and methods.

No liability

To the fullest extent permitted under applicable laws and regulations, UOB and its affiliates shall not be liable for any loss or damage howsoever arising as a result of any person acting or refraining from acting in reliance on any information, opinion, prediction or valuation contained herein.

UOB and its affiliates involved in the issuance of this document may have an interest in the products mentioned in this document including but not limited to, marketing, dealing, holding, acting as market-makers, performing financial or advisory services, acting as a manager or co-manager of a public offering, of persons mentioned in this document. UOB and its affiliates may also have alliances, contractual agreements, or broking, investment banking or any other relationships for the provision of financial services, with any product provider mentioned in this document. UOB and its affiliates may have issued other reports, publications or documents expressing views which are different from those stated in this document and all views expressed in all reports, publications and documents are subject to change without notice.

Others

Unless you are notified otherwise by UOB, UOB deals as a principal in any transaction which UOB has been instructed to effect, other than transactions relating to securities traded on an exchange, unit trusts and funds on your behalf where UOB acts as your agent.

Singapore. This document and its contents are intended for Accredited Investors (as defined in Section 4A of the Singapore Securities and Futures Act (Chapter 289)).

Hong Kong. This document and its contents are intended for "professional investors" (as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") and its subsidiarity legislation) ("**Professional Investors**"). Shares or debentures in a company may not be offered or sold in Hong Kong, by means of any document, other than (i) to Professional Investors; or (ii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)(the "**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO. Unless permitted to do so under the laws of Hong Kong, no person may issue or have in his/her possession for the purpose of issue, or will issue, or have in his/her possession for the purposes of issue, any advertisement, invitation or document relating to the securities, structured products or interests in collective investment schemes whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong, other than with respect to the securities, structured products or interests in collective investment schemes that are or are intended to be disposed of only to persons outside Hong Kong, or only to Professional Investors.

WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to this document. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

This document may only be distributed in countries where its distribution is legally permitted. This document is not directed to any person in any jurisdiction where (by reason of that person's nationality, residence or otherwise) such publications are prohibited This document may contain proprietary information of UOB (or its product providers) and may not be reproduced or disseminated in whole or in part without UOB's prior consent.

If there is any inconsistency, or any difference in meaning between the English version and any translation of this document, the English version shall apply and prevail.

United Overseas Bank Limited. Co. Reg. No. 193500026Z
United Overseas Bank Limited is a licensed bank in Hong Kong and is a registered institution in respect of Types 1 (Dealing in Securities) and 4 (Advising on Securities) regulated activities under the SFO.