ADVERTISEMENT

Discover unlocked rapid issue resolution

elastic

100x faster data retrieval

EDITORS' PICK | BUSINESS > RETAIL

# Why Luxury Retail Is Shifting To Smaller Stores, Bigger Flagships

By Naveen Jaggi, Contributor. I write about consumer trends shaping the fu... Follow Author

Published Sep 29, 2026, 12:20pm EDT, Updated Sep 29, 2026, 01:07pm EDT

Add Us On Google

Luxury Retail Rethinks Real Estate: Smaller Stores, Bigger Flagships 0:00 / 6:42

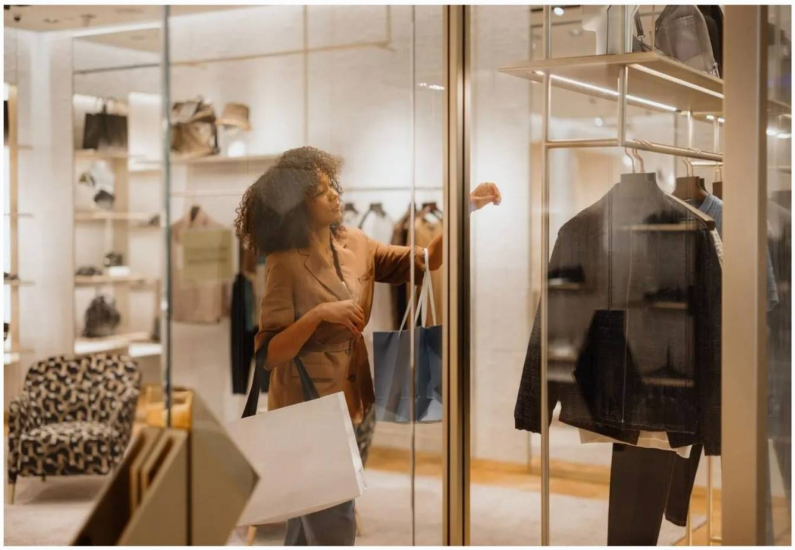
1x Full Article

This voice experience is generated by AI. Learn more.

Summary SPONSORED BY servicenow

Luxury retail strategy is shifting, with brands now prioritizing how store space is utilized over just location. A JLL report reveals a 46% drop in U.S. luxury store openings in H1 2026, signaling a focus on quality over quantity. While many

Show More



Customer shopping in a luxury retail boutique.
GETTY

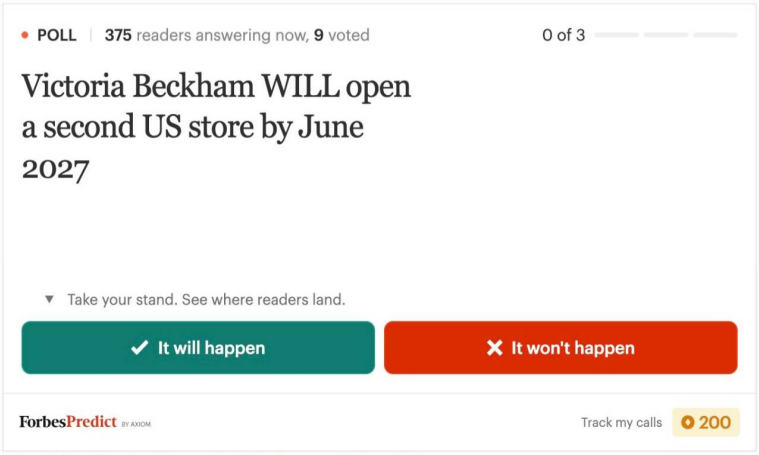
If where a store was located helped define luxury retail strategy at the start of 2026, how brands use that space may define what comes next. Luxury brands are increasingly getting pickier about where they open, how much space they take and what each store is supposed to accomplish, according to the latest data from JLL's Luxury Retail 2026 report.

ADVERTISEMENT



prime shopping corridors in markets like New York, Los Angeles and Miami. While location remains important, the latest research reveals that many brands are becoming more selective beyond their address, and what those higher-quality locations look like can vary considerably.

U.S. luxury store openings totaled approximately 123,000 square feet in the first half of 2026, down 46% from the same time period in 2025, while global monobrand openings remain 15% to 20% below 2022 levels. That might sound like a straightforward pullback, but the downturn in leasing doesn't necessarily mean smaller stores.

Use of this widget is subject to the Axiom Terms and Privacy Notice


Nearly half of the luxury openings JLL tracked were smaller than 2,500 square feet, with jewelry and watch brands accounting for the largest share of those compact stores. The category has also been one of the most active overall, accounting for 33.7% of new U.S. luxury openings. At the same time, important flagships are getting bigger. A jewelry boutique can provide access to the right customer without requiring significant space, while a flagship may need extra space for hospitality, events and private clients.

In either case, luxury retailers are prioritizing quality over quantity, with the format shaped by two pragmatic questions: what does each space need to accomplish and do the location, footprint and investment make sense together?


MORE FOR YOU

Trump Approval Rating: Net -19 A Week Before Election Day

Elon Musk Ordered Slowdown On Military Starlink Assets In Ukraine, Report Says

Mukesh Ambani's Reliance Responds To Elon Musk's Claims Over Starlink India Launch


## How Luxury Retailers Are Doing More With Less

The type of investment that brands are making varies considerably by market. Miami's Design District recorded eight openings, the most of any prime U.S. corridor tracked by JLL, including brands such as Rolex, Bvlgari and Vacheron Constantin. Madison Avenue led in total square footage, driven largely by Dior's 52,000-square-foot flagship, while Beverly Hills saw just three recent openings with considerably larger footprints, averaging close to 20,000 square feet.

For brands weighing their next move, store count only tells part of the story. A market that supports several compact jewelry and watch boutiques may offer something different from one where brands are willing to commit tens of thousands of square feet to a flagship.


**Forbes Daily: Join over 1 million Forbes Daily subscribers and get our best stories, exclusive reporting and essential analysis of the day's news in your inbox every weekday.**

Sign Up

By signing up, you agree to receive this newsletter, other updates about Forbes and its affiliates' offerings, our Terms of Service (including resolving disputes on an individual basis via arbitration), and you acknowledge our Privacy Statement.

The shift in store strategy comes as the luxury customer base itself is changing. According to Bain data cited in JLL's report, the number of luxury consumers globally declined from roughly 400 million in 2022 to 330 million in 2025, bringing the customer base back to roughly 2013 levels. Spending has also become more concentrated: customers who spend at least €20,000 annually now account for 46% of luxury sales, up from 30% in 2019. With fewer customers and a greater share of sales coming from the highest spenders, maintaining a large store network simply for reach makes less sense than concentrating investment in the markets and locations where those customers are already shopping.

That also helps explain why some brands are devoting so much space to experiences. Luxury experiences grew 3% in 2025 while luxury products declined 1%, and experiences have been the only segment adding to overall luxury spending since 2023. Restaurants and cafés, galleries, exhibitions and pop-ups are becoming part of some flagship concepts, while jewelry and watch brands are using private ateliers, masterclasses and previews.

Those uses can make the real estate considerably more complicated. Restaurants require ventilation. Events and private client areas take additional space. Depending on the concept, brands may need separate entrances or different floor-loading capacity.

For brands trying to land a flagship, those details can become as important as having the right frontage or address. Established luxury corridors have a natural advantage in this environment, but the report also shows how new developments can compete for luxury demand.

## Creating The Next Luxury Destination

Vancouver recorded 30 luxury openings, more than any other North American market tracked in the report, although nearly all were concentrated at Oakridge Park. The multi-billion-dollar mixed-use redevelopment features residences, Class A office space, a nine-acre park, community amenities and direct access to the SkyTrain. Luxury and luxury-lite brands have signed leases there, including several entering Canada, Western Canada or North America for the first time.

What makes the project so interesting is the concentration itself. Rather than waiting for a luxury district to emerge over time, the development brought together the brands, transit, residences, offices, public space and amenities needed to establish a destination at once.

As luxury retailers become choosier about their store networks, high-end space alone is unlikely to be enough. The surrounding environment has to give both the retailer and its customers a reason to be there. Oakridge demonstrates that there are opportunities to create new destinations when the real estate, surrounding uses and tenant mix come together.

## Luxury Retailers Prioritize Quality Over Quantity

Don't mistake the 46% decline in first-half opening volume as a full-year forecast. Luxury openings have historically picked up during the second half of the year as brands execute capital plans and prepare for the holiday season, and softer first halves have preceded stronger finishes.

The broader direction is useful for anyone making real estate decisions now. Quality over quantity requires brands to be more deliberate about where they put their capital and which kinds of investment their properties can realistically support. A 2,000-square-foot jewelry boutique and a 20,000-square-foot flagship can both fit in that strategy, but they place very different demands on the real estate.

At the start of 2026, much of the luxury retail conversation centered on getting the location right. That hasn't changed, but once a brand has the right address, the space itself has to earn the investment.

Editorial Standards | Reprints & Permissions

ADVERTISEMENT

## More From Forbes



ADVERTISEMENT