The Rise of Experiential Yield

Why the most resilient investments are those people feel

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The old symbols of success - the watch, the bag, the car - no longer tell the whole story. Increasingly, what people want to collect are experiences. Travel, hospitality and wellness have become the new hallmarks of modern luxury, shaping what many now call the experience economy.

The appetite for luxury travel that surged after the pandemic was widely expected to plateau over time. Instead, it has matured into something more meaningful. As people live longer, healthier lives, connection, comfort, and experience have become the defining measures of luxury. Market trends indicate that the most valuable possessions today are not what people own, but the memories they create.

As a result, the market for luxury is expanding. What was once a small circle of ultra-wealthy consumers has become a layered and diverse audience. And as the addressable market grows, new tiers of luxury are emerging. This evolution is creating new opportunities for capital and challenging long-held ideas of what luxury means. It will only accelerate with the largest generational wealth transfer in history, as UBS's 2025 Global Wealth Report estimates that over $80 trillion will pass to younger generations.

While location, product, and brand are still critical factors, experiences play an increasingly important role in overall performance. Recognition, impeccable service, and authentic programming have become important value drivers, reflecting the growing connection between brand affinity and performance outcomes. Together, these elements help position assets as enduring brands rather than solely physical destinations, supporting sustained performance over time. A property that creates a sense of belonging - a community, a culture, a lifestyle - may demonstrate stronger engagement than those defined solely by design as emotional connection increasingly influences consumer behavior and grows into an economic driver in its own right.

This concept, often referred to as experiential yield, reflects the value that comes from creating destinations people care about, not just spaces they use. The hospitality sector has long shown how powerful that can be, and the same principle is now shaping residential, retail, and even workplace environments.

From opulence to belonging

Luxury has never been about what something costs; it has always been about how it makes you feel. The most successful brands now build loyalty through belonging rather than ownership. Brands such as Bulgari Hotels, Aman, Raffles, Rosewood and Six Senses, along with newer membership-led models such as Soho House, Casa Cipriani and Core Club, all show how intimacy and access can create stronger, longer-lasting bonds than traditional symbols of status in the hospitality sector.

Nowhere is this shift clearer than hospitality. The goal for leading hotels today is to be the destination, not just the stay. Fitness and spa offerings that were once secondary are now central to the brand, while F&B and entertainment are redefining how guests engage. World-class chefs, wellness innovation and curated cultural programming not only keep wallet share onsite but attract non-guests, contributing to brand strength and long-term loyalty.

Residential and mixed-use commercial projects that draw on the service and community-led ethos of great hotel operators may achieve enhanced marketing position and pricing premiums. Branded residences often take that experience further, offering the convenience of thoughtful, day-to-day support from tailored greetings to grocery deliveries and dinner reservations, and a sense of ease that extends beyond the front door. Increasingly, these environments are integrating smart technologies that anticipate residents' preferences, streamline daily routines, and connect every aspect of living through a single, seamless system. The result is a level of comfort and efficiency that turns service into a defining part of the home itself.

Still, not all luxury performs equally. The expansion of high-end brands into secondary markets has raised questions about depth of demand and long-term sustainability. For capital allocators, this is where discipline matters most. The supply of high-quality assets remains limited, particularly in gateway cities such as New York, Los Angeles, London and Miami. Zoning restrictions, high construction costs and the scarcity of prime land create natural barriers to entry, supporting long-term pricing power and reinforcing the value of quality.

Scale no longer guarantees results. The most successful strategies focus on select, high-conviction opportunities that combine strong fundamentals with design, experience and operational sophistication. The goal is to identify assets that perform both emotionally and financially - places that people value, trust and return to.

Retail therapy, redefined

People still enjoy a bit of retail therapy, but now they expect an experience to go with it. Louis Vuitton's new Shanghai flagship captures the trend perfectly. The nearly 100-foot-tall, ship-shaped space is part café, part gallery, and part boutique, designed to attract visitors as much for its atmosphere and amenities as its merchandise.

LVMH's and Kering's strong performance in their Q3 2025 earnings suggest that investors continue to see potential in retail, provided it adapts to this new reality.

In Los Angeles, LVMH is taking the idea one step further, steadily buying up prime space along Rodeo Drive. It is a reminder that while experience drives growth, location remains its foundation.

For real estate investors, the message is clear. The assets best positioned for long-term success will be those that bring hospitality, culture, and commerce together: places that offer both substance and feeling. The new luxury is not defined by what people own, but by how and where they experience it.