NEWMARK

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Luxury Retail: Meet Gen Z.

How the next generation's spending power is reshaping the industry.

Generation Z, defined by the U.S. Census as those born between 1997 and 2012, carries a distinctive set of characteristics that continues to intrigue retailers and marketers alike. Raised in an era where smartphones were an extension of self even before their teenage years, this cohort is effortlessly fluent in technology—a trait that shapes nearly all their behaviors. Shaped by the financial headwinds faced by Millennials, they have grown into a group that prizes financial caution—opting to avoid debt when possible[1]—while simultaneously seeking authenticity and convenience at every turn. Their collective conscience is also marked by tangible concerns for the environment.

Yet, Gen Z is not only notable for how they think but also for their sheer size. In 2005, they comprised just 11% of the U.S. population, but that figure has since swelled to 21% as they've matured into adults and near-adults, today spanning roughly from ages 13 to 28. By 2030, virtually all of Gen Z will have reached adulthood, ranging from 18 to 33 years old—and will be poised to take on an even larger influence across society.

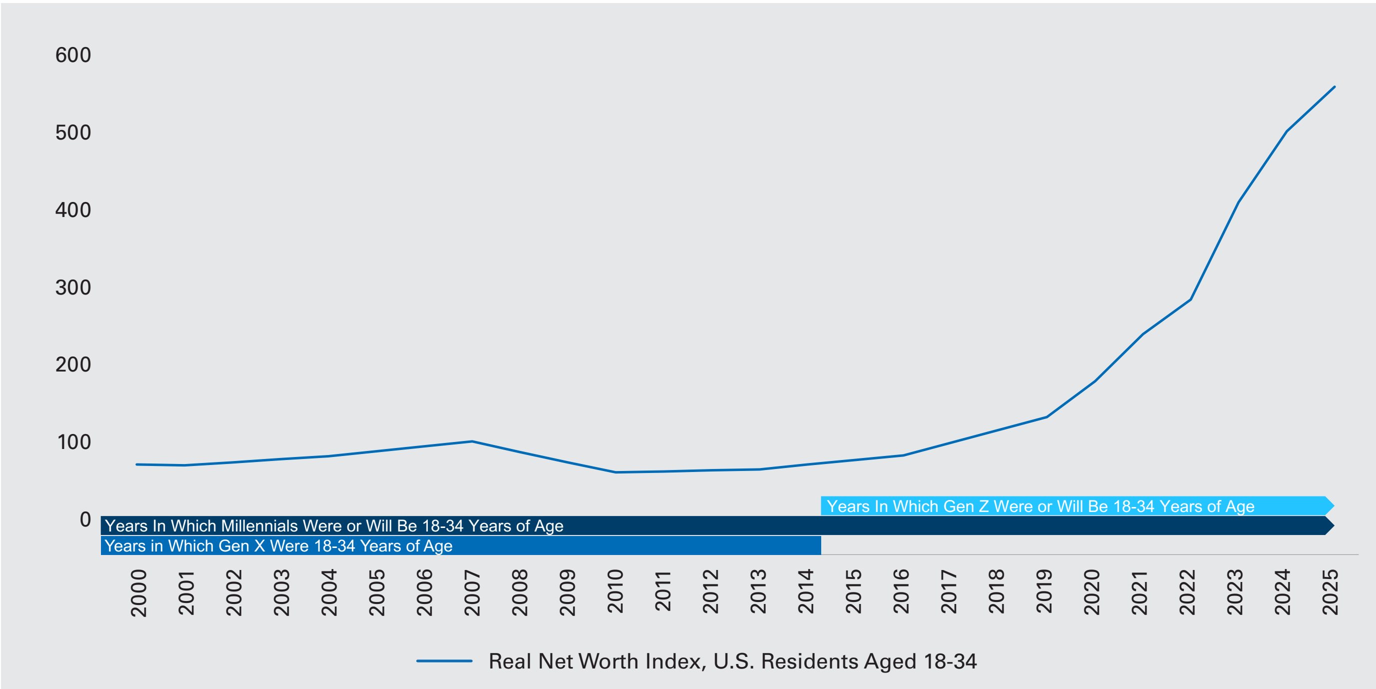
Globally, the numbers are just as striking. With nearly 1.9 billion individuals, Gen Z accounts for almost 23% of the world's population according to Visual Capitalist, ranking them as the second-largest generation after Gen Alpha, who are the children born between 2013 and 2025.[2] As Gen Z comes into its own, both in the U.S. and abroad, their demographic weight and unique perspectives and characteristics promise to reshape the marketplace and the world beyond.

What Does Gen Z Have?

Gen Z is becoming a major force in shaping the luxury retail industry's future. Despite misconceptions, this younger cohort in the United States boasts impressive economic momentum. As reported in a recent Financial Times article, Gen Z Americans are not only enjoying higher living standards than many of their peers in countries such as the UK, Canada, Italy, and Germany, but they're also climbing the economic ladder more swiftly than their Millennial predecessors. Remarkably, those born in 1995 have experienced greater upward mobility by age 30 than their parents did—a testament to a rapidly shifting landscape in wealth and aspirations.[3]

The data supports these claims. When mapping the real net worth of households aged 18-34 annually, Newmark found that households aged 18-34 in 2025 are estimated to have a real net worth over 170% higher than households aged 18-34 in 2019. If we go back even further, households aged 18-34 in 2025 have an aggregate real net worth of almost 420% higher than households aged 18-34 in 2000. While Gen Z doesn't fall directly into the age 18-34 cohort, they do represent an outsized share of the age bracket.

Figure 1: Estimated Real Net Worth Index of Households Aged 18-34 by Year



Index, 2000=100.
Note: Years used include 2001, 2004, 2007, 2010, 2013, 2016, 2019, and 2022 provide the 2000-2025 model for true median net worth values for households under the age of 35. Model considers inflation-era declines in real wealth and COVID-era wealth increases. 2000 = 100.
Source: Federal Reserve Survey of Consumer Finances, Federal Reserve Distributional Financial Accounts, Newmark

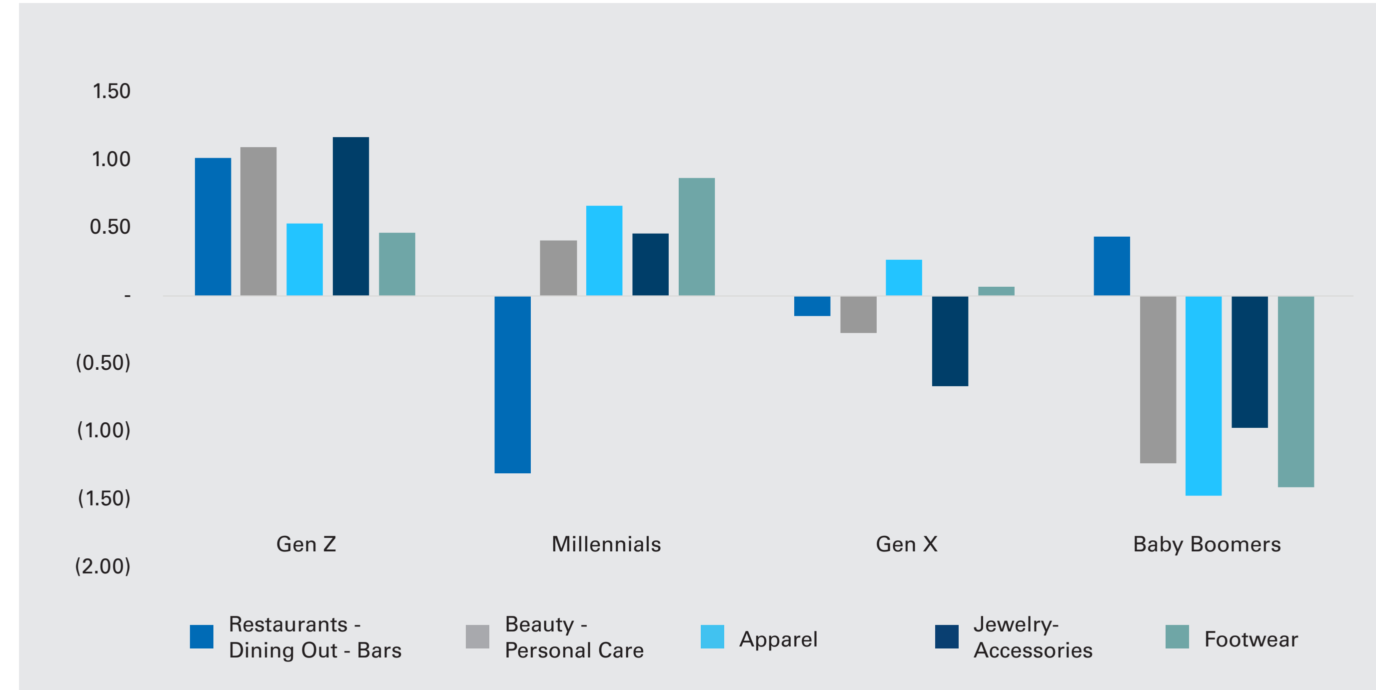
Supporting these observations, Bank of America's March 2025 report calls Gen Z "a new economic force." Their research anticipates that Gen Z's income will surpass $36 trillion globally within the next five years, ballooning to $74 trillion by 2040. Notably, wage growth for Gen Z in the U.S. has outpaced every other generation since October 2018, further fueling their spending power.

This spending potential connected to wage growth isn't just theoretical—it's already evident in the data. Bank of America's aggregated card data shows that Gen Z's average household spending growth has eclipsed that of the general population, both in essential and discretionary categories. Particularly in areas like entertainment and travel, Gen Z's spending grew at an annual rate of 25.5% and 13.8% respectively (based on a six-month moving average as of February). Even as their savings may lag their expenditures, the generation's economic ascent presents luxury retailers with a golden opportunity. By 2030, global Gen Z spending is projected to hit $12.6 trillion, an astronomical leap in just six years, from $2.7 trillion in 2024[4]—marking them as a group that retailers simply can't afford to ignore.

Even amid economic uncertainty, Gen Z shows a strong willingness to splurge. According to McKinsey & Company's 2025 consumer data, Gen Z trended above average on planned spending on restaurants and dining out, beauty and personal care, apparel, jewelry and accessories and footwear.

[1]Kasasa, September 2025, "Boomers, Gen X, Gen Y, Gen Z, Gen A, and Gen B explained. https://www.kasasa.com/exchange/articles/generations/gen-x-gen-y-gen-z
[2]https://www.visualcapitalist.com/ranked-the-worlds-population-by-generation/
[3]Financial Times, January 2025, "Gen Z Americans are leaving their European cousins in the dust."
[4]https://institute.bankofamerica.com/content/dam/economic-insights/genz-new-economic-force.pdf

Figure 2: Retail Categories Where Consumers Intend To Splurge, by Generation



Note: By Z-Score Based on % of Respondents
Source: McKinsey & Company, Newmark Research 3Q25

Some of these predictions are already playing out in real life. A survey conducted by the Boston Consulting Group, in partnership with Women's Wear Daily, shows consumers under age 29 outpacing older consumers in purchases of clothing, shoes and beauty-personal care products and services[5]. Dining out is an exception to the trend: under-29 consumers are trailing their older counterparts, a gap that may reflect the generation's lower interest in alcohol, which younger adults are purchasing less frequency than prior generations.

[5]How Gen Z + Gen Alpha are Rewiring the Fashion Industry, October 2025, Boston Consulting Group and WWD

What Does Gen Z Want?

For Generation Z, luxury and retail are undergoing an evolution—from status-driven purchases to authentic, expressive experiences. This cohort craves confidence and self-identity, seeking "expressive luxury" that lets them remain true to themselves in every moment. Shopping is often a social event, not merely a transaction, and channel preferences fade into the background, replaced by a holistic, almost brand-agnostic view. For Gen Z, quality and value matter just as much as the label—a mindset shaped by pandemic uncertainty and economic turbulence during their formative years. When Gen Z shares a purchase on social media, it functions as a statement of identity, and a signal of the values they choose to endorse.

Gen Z is also reshaping the sustainability narrative. Recent surveys underline Gen Z's willingness to hold brands accountable — "penalizing" those that fall short of ethical and environmental standards. Notably, 65% are prepared to pay a premium for products they deem environmentally sustainable[6], a new high-water mark for conscientious consumerism. On the other end of the seesaw, Gen Z views shopping for resale items as an empowered choice, rather than a compromise, reflecting financial savvy and a commitment to circular consumption. According to OfferUp's 2025 Recommerce Report, 54% of Gen Z choose secondhand over new most of the time, significantly above the 44% of Millennials who claimed the same[7] As sustainability becomes a baseline expectation, brands that demonstrate genuine environmental and social stewardship will earn Gen Z's loyalty—and remain relevant.

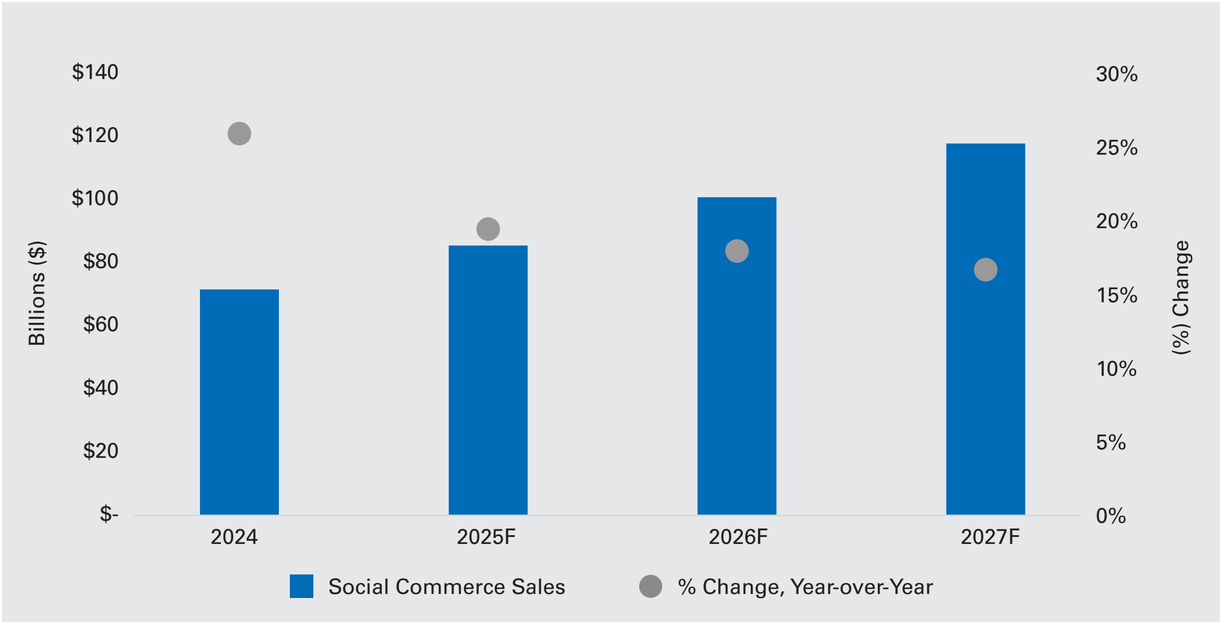
Yet, for all their activism and individuality, Gen Z places enormous value on convenience. As true digital natives, smartphones are their portals for learning, socializing, and every facet of shopping. Before visiting a store, they research products on their mobile devices. They then use them during the in-store shopping experience, to check reviews and compare alternatives across products and brands, creating instant, seamless engagement. Finally, they will promote their "found treasures" to their social network, often using the store's interior and exterior as backdrops. To meet these expectations, retailers must deliver fluid, omnichannel experiences: a strong social presence, intuitive discovery, and frictionless checkout. Gen Z has little patience for delays or clunky payments processes; they expect touchless transactions and flexible paths between online and instore experiences.
Still, physical retail matters and a well-designed brick-and-mortar store is something to be savored. Studies show 84% of young affluents define luxury as an "incredible in-store experience," and nearly three-quarters shop in-person weekly. But beware: 60% will abandon a purchase if lines are too long, and 28% consider access to their preferred payment method a must-have.[8]

Gen Z has demanded changes in retail and brand marketing. User-generated content, or UGC, is being embraced by Gen Z, transforming both how brands market and how trust is built. According to digital marketing agency Amra & Elma, over 60% of Gen Z indicate a preference for UGC over traditional advertising, as they find real customer and influencer voices far more authentic and relatable than polished brand messaging.[9] This generation doesn't just consume UGC—they want to create it, using platforms like TikTok and Instagram to share product experiences, take part in viral challenges, and actively shape brand narratives. Additionally, UGC-based campaigns see higher engagement and conversion rates among Gen Z consumers, with data from Camphouse, a media planning company, showing that almost 75% of Gen Z are swayed by this kind of content when making purchasing decisions.[10]

Gen Z is also utilizing AI to enhance their shopping experience, especially within higher-spend Gen Z shoppers. A study by Boston Consulting Group found that 41% of Gen Z and younger consumers use AI to shop for fashion items, vs. 34% of older consumers. What's more, 45% of higher-spend Gen Z use AI daily to assist them in their brand discovery, versus just 24% for mid-level spend Gen Z, and just 22% for lower-level spend Gen Z.[11]

Despite their fluency with tech, Gen Z also pursues balance, acting to curb screen time more than any other cohort. AI is a tool, but not a lifestyle, and physical experiences—whether shopping or socializing—are valued as much as digital ones. In short, retailers who blend personalization, sustainability and effortless convenience will not only capture Gen Z's attention but will define the next era of commerce.

Figure 3: U.S. Social Commerce Sales and Forecast



Source: eMarketer Forecast, October 2024

[6] https://www.deloitte.com/content/dam/assets-shared/docs/campaigns/2025/2025-genz-millennial-survey.pdf
[7]https://recommercereport.com/
[8]https://www.adyen.com/knowledge-hub/gen-z-retail
[9]https://www.amraandelma.com/gen-z-marketing-behavior-statistics/
[10]https://camphouse.io/blog/gen-z-trends
[11]High-level spend refers to Gen Z and Gen Alpha who spent over $1,000 on apparel in the last 12 months. Mid-level spenders spent between

What Are Luxury Retailers Doing To Meet Gen Z Where They Are?

The rapid rise of Generation Z has challenged luxury retailers to rethink both what they offer, and how they engage. Winning over this dynamic cohort requires more than showcasing products: brands must craft highly personal journeys, demonstrate authenticity at every touchpoint, and deliver immersive experiences that feel meaningful, not performative. Gen Z expects transparency, seamless omnichannel access, and frictionless interaction. They want innovation that feels intuitive, not intrusive, and they demand that brands reveal their true selves, in words, design, service, and operations.

Across the luxury landscape, brands are rising to the Gen Z challenge in creative new ways. They're building loyalty through tailored digital experiences, forging emotional connections through values-led storytelling and cultivating accessible yet refined environments—online and offline—that invite participation rather than passive consumption. What specifically are these brands doing to meet, and often exceed, such high expectations?

The case studies that follow illustrate how luxury retailers are evolving to win Gen Z's hearts and are establishing a blueprint for authenticity, transparency, and genuine connection.

Brands must be storytellers. Gen Z doesn't respond to traditional media marketing like previous generations did. They relate better to stories that resemble or at least connect to their lives, told by brands or influencers that share their values and ideals. Their desired source for brand discovery is social media, where they are 1.5x more likely to learn about brands than their older cohorts. This means that establishing and maintaining a social media platform is table stakes for a multichannel retailer in 2025. Over the next five years, where should luxury retailers be focusing their time? According to an eMarketer survey on social media use across generations, Gen Z is most attached to TikTok, with a user share of almost 44%, higher than any other generation. Gen Z also exhibits strong use of Instagram (35%) and X (Twitter) (34%). Although not mentioned in that survey, YouTube is also an increasingly popular platform, given their partnership with Shopify, which allows content creators to sync products to the video platform. Retailers and brands need to grow confidence in being content creators or working with content creators, to ensure that their story is being told in the most genuine way.

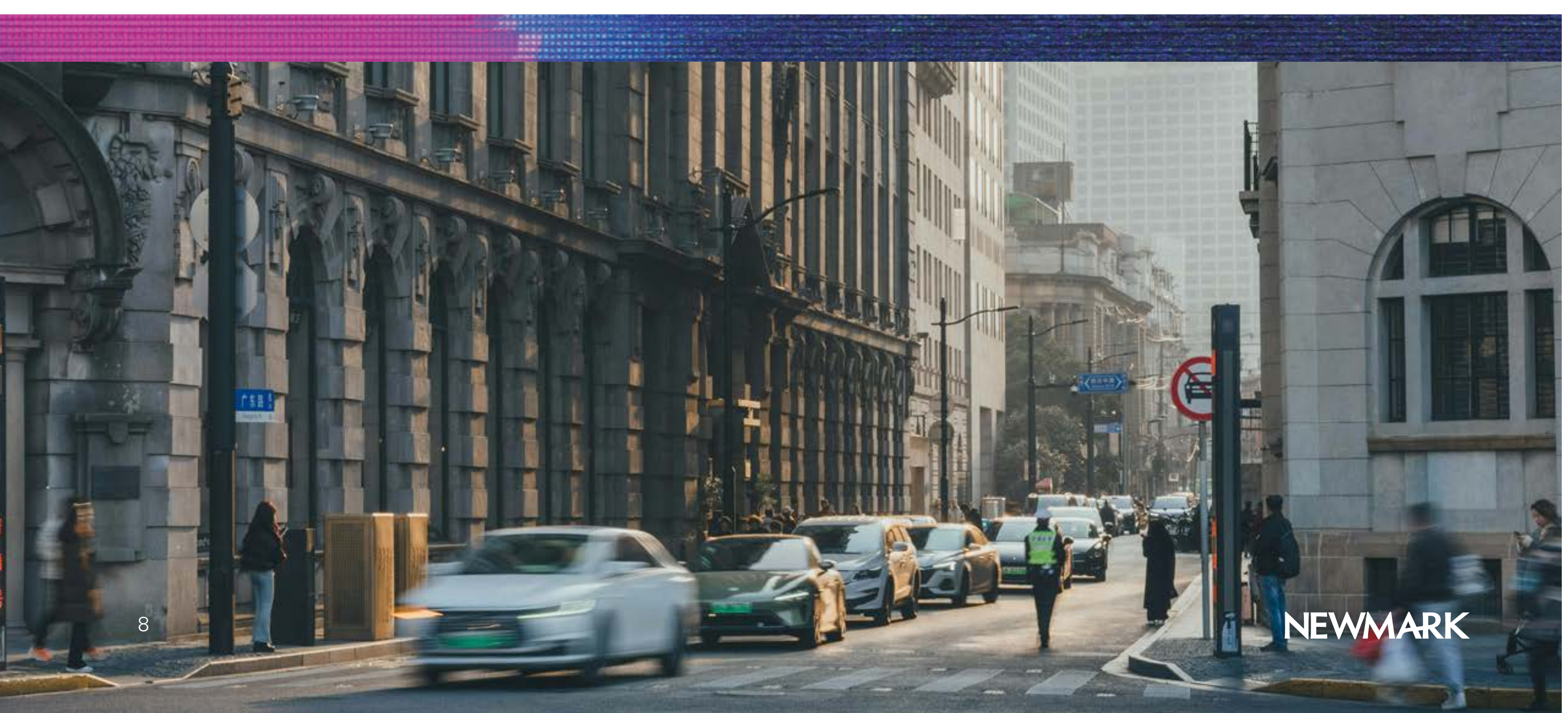
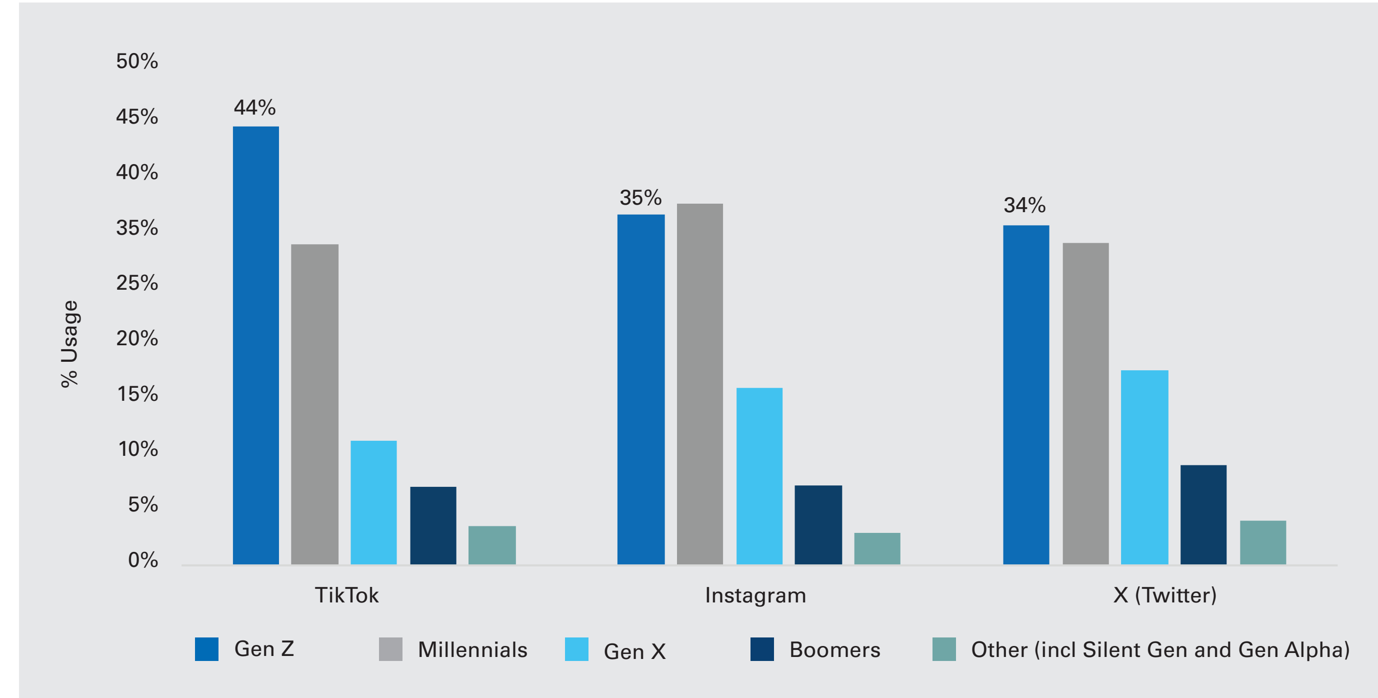


Figure 4: Social Media Platform Use by Generation



Note: Axis is % Share by Generation for all Users of Platform
Source: eMarketer, U.S. Digital Habits by Generation 2024

Retailers and brands must embrace a circular economy of their goods. Some are powering their own initiatives, while others are forming relationships with third-party partners to streamline the purchase, return, and back-to-the rack process.

LVMH runs Louis Vuitton's handbag repair programs and a broad network for recycling packaging, textiles, and materials. The group tackles waste head-on—giving customers avenues to extend the lives of their prized possessions and reflect their eco-values. They have also made major investments in sustainable sourcing, such as vegetable leathers, regenerative agriculture projects, and platforms for upcycled fabrics, move recycling from concept to reality.

Chanel has launched Nevold, their circular materials hub. This initiative is designed to scale up material reuse across luxury and everyday apparel, with Chanel and other leading brands and companies. The effort includes heavy investment in recycling, upcycling, and sourcing alternatives: from collecting deadstock and production offcuts to working with specialist mills and upcycled material providers. Chanel's goal is clear: make recycled components so cost-effective and scalable they become the preferred choice over conventional plastics, enticing the entire industry to follow suit.

Some brands are focusing on the art and culture elements that Gen Z seeks, partnering with key influencers, and hosting events which offer experience and excitement. Kering, the French luxury group and owner of several luxury brands, including Gucci, Saint Laurent, and Bottega Veneta, has been successful in partnering with culturally relevant artists like Hailey Bieber and Billie Eilish, who resonate with younger consumers, and collaborated on a film project with Spike Jonze as an alternative to a runway show at Milan Fashion Week. Additionally, Kering places a great importance on internal hiring, focusing on diversity, not just within their offices but also with designers they partner with, making it a genuine mission statement.

Other fashion houses are broadening their price architecture by adding more accessible entry points, such as restaurants and cafes inside flagship stores. These concepts lower the barrier to entry for new customers, build familiarity and deepen brand affinity. Others are branching into health and beauty, another lower-price category which often draws new customers to the brand, from which they can branch into services, such as makeovers and treatments.

What Are the Next Steps for Brands?

Having a multichannel platform only works with a solid physical store network. Establish a flagship store in a gateway market, with space to explore the brand, with associates well- versed in customer service, and where Gen Z consumers will discover an enjoyable, authentic, and personalized experience. Management and associates should be in sync with the latest in-store technology and be prepared to upgrade as the technologies improve. Experience and convenience are often synonymous in youth-focused retail.

Partner with established influencers to create UGC on social media platforms, keeping in mind that the influencers with the most followers aren't always in fact the most influential.

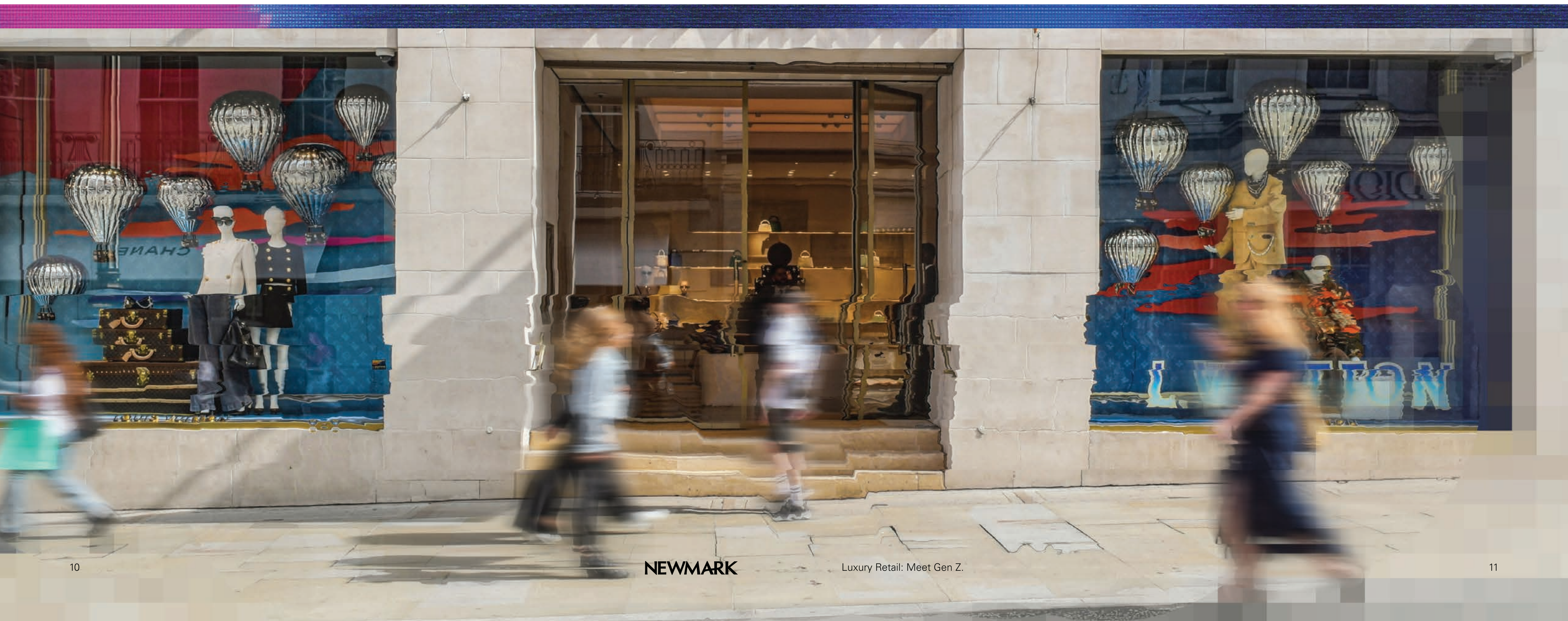
Host experiential events that invite both new and existing customers to engage more deeply with the brand. Events should be rooted in the arts or mission-driven causes your customers care about. Expand store networks in tandem with population trends and online sales demand

How Can Investors Take Advantage?

Invest in established, dynamic urban hubs anchored by historic high streets, districts where flagship retail already thrives and will expand. The locations blend goods, services and experience that attract Gen Z consumer clusters— acting as magnets for young shoppers seeking authentic, tech-forward retail environments, and providing a ready-made customer base to fuel long-term growth.

Target metropolitan areas where household income is rising alongside Gen Z population growth, trends especially evident in Southern and Western cities. Rising earnings and demographic momentum mean bigger baskets, greater brand engagement, and happier retail occupiers, both luxury and aspirational, who will be long-standing tenants of retail centers.

Prioritize mixed-use developments and lifestyle centers in high-growth corridors. These formats naturally foster community, cross-shopping, and digital-physical integration, conditions that attract higher-end retailers seeking long-term tenancy. This approach appeals directly to Gen Z's demand for seamless convenience and uniquely curated experiences, maximizing both foot traffic and investment returns.



Which Markets are Primed for Gen Z Population Growth and Household Income Growth?

Location holds undeniable power for luxury brands seeking to capture the Gen Z shopper. As the largest generation in history, Gen Z now accounts for over 20% of the U.S. population—totaling nearly 70 million individuals—and their influence is growing rapidly worldwide. Urban centers and dynamic regions where Gen Z's numbers are swelling offer the greatest concentrations of this tech-savvy, socially conscious cohort, many of whom are earning and spending at an accelerating pace. In parallel, overall household income is on the rise, giving luxury brands an unprecedented opportunity. If they can strategically position themselves in locales where youthful energy and economic momentum intersect, then they'll find themselves at the heart of tomorrow's most influential marketplace.

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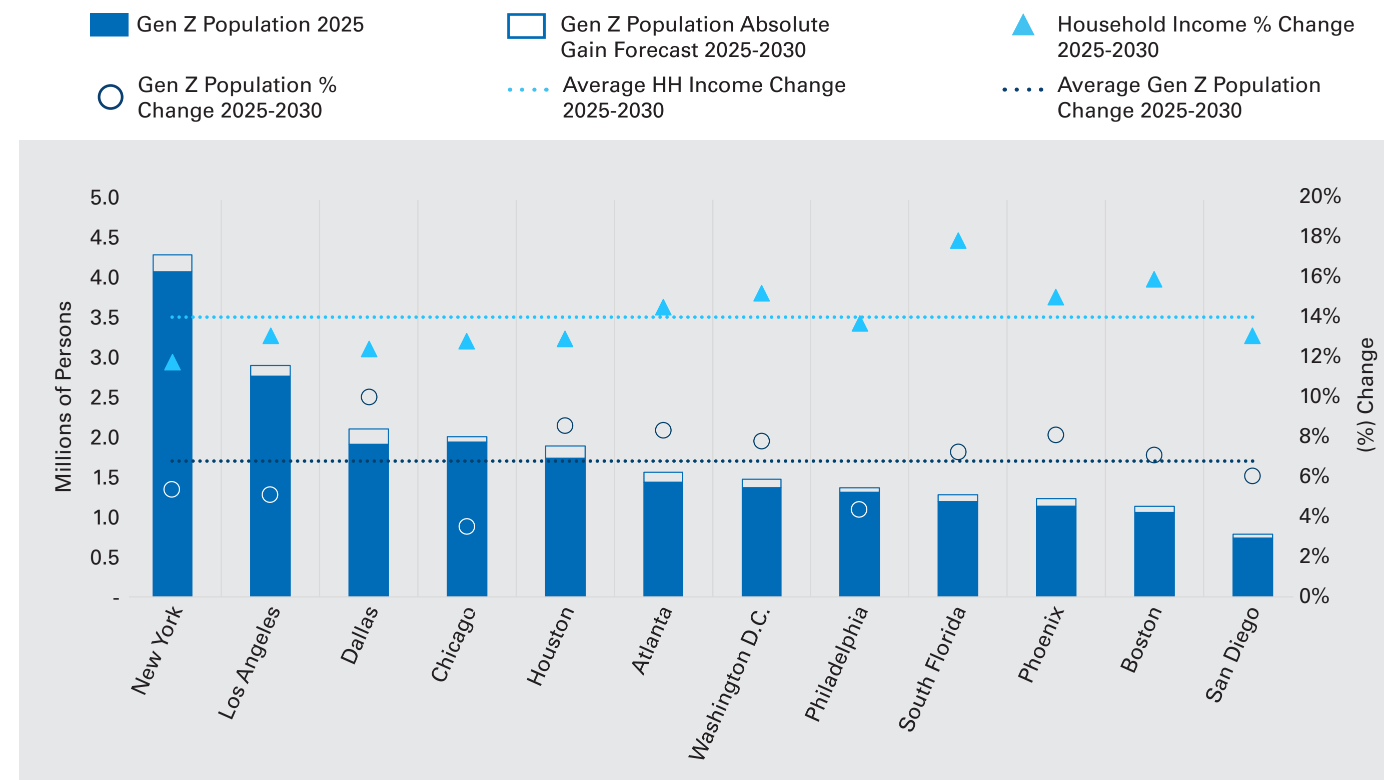
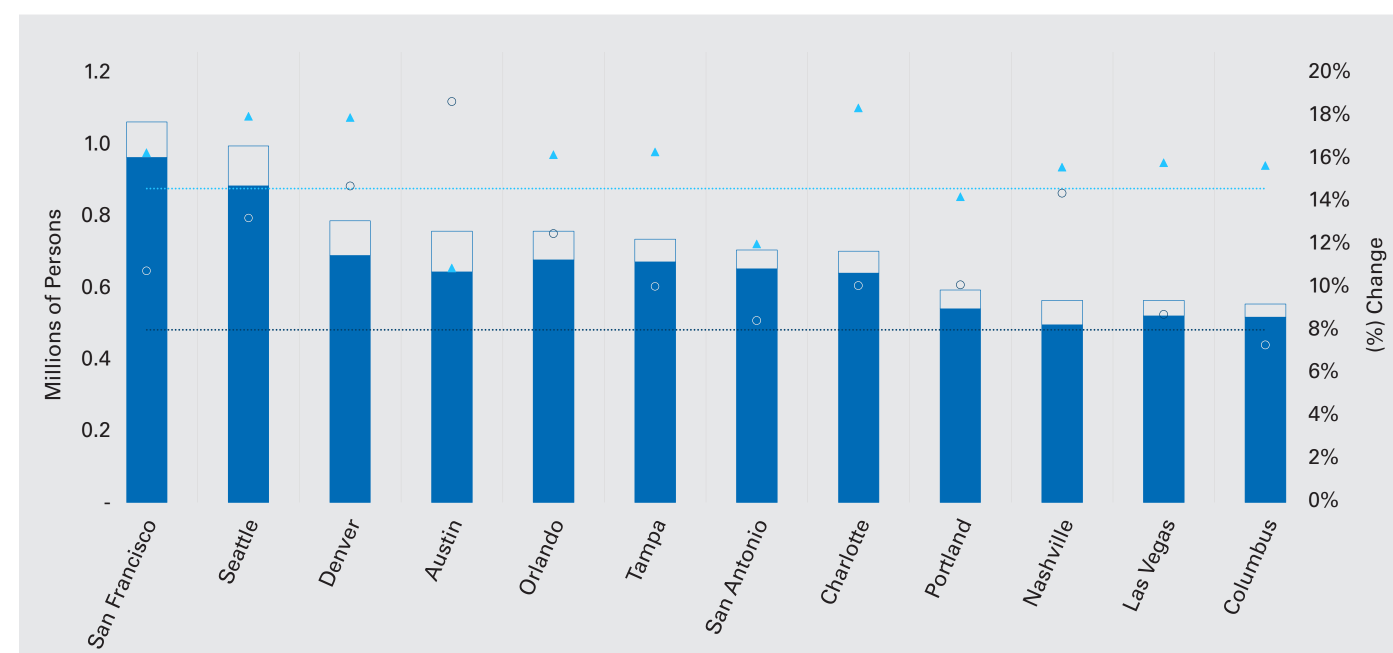
Figure 5: Top U.S. Markets in Gen Z Population and 2025-2030 Forecast for Gen Z Growth and Overall Household Income Growth

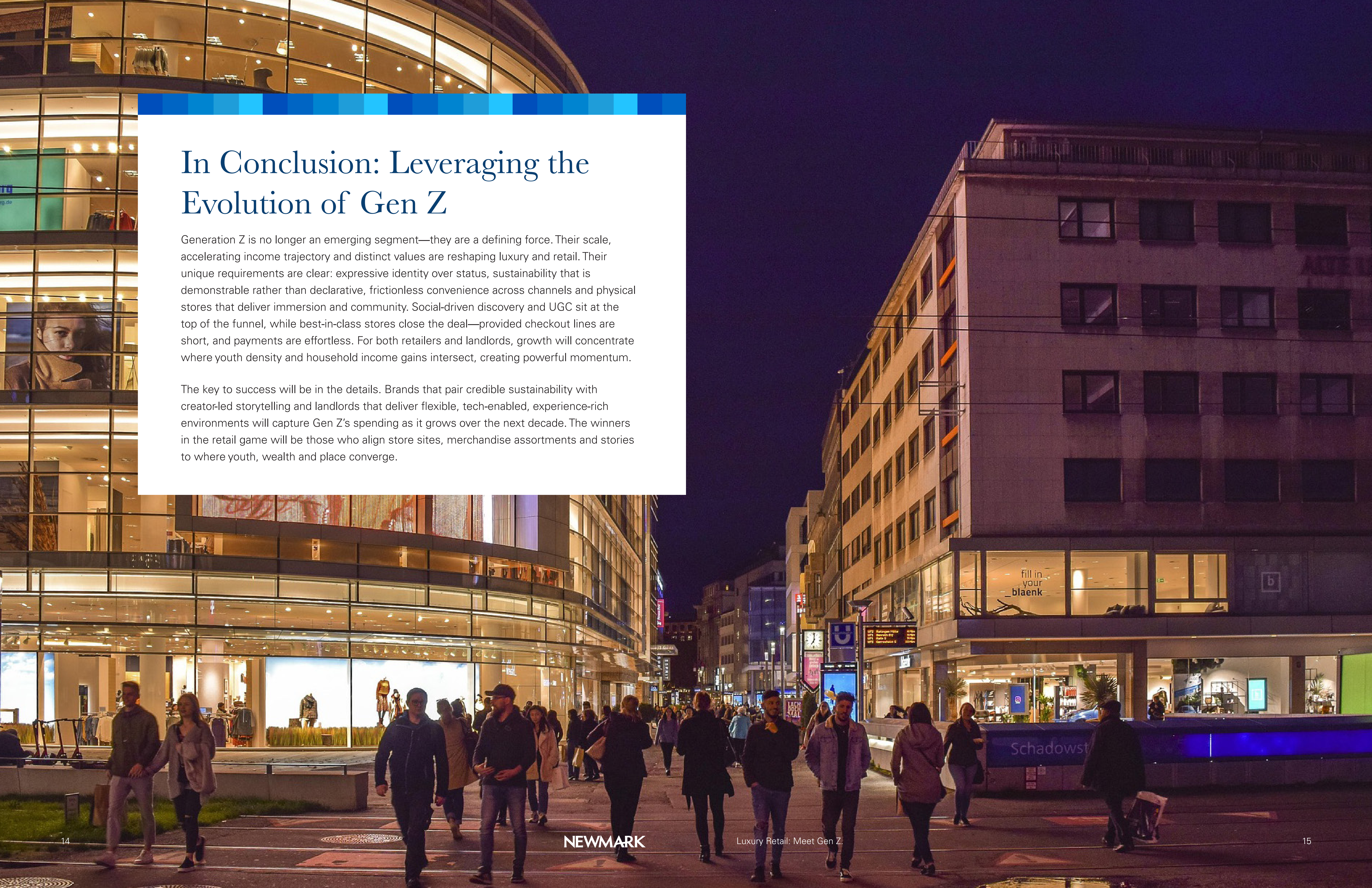


Source: ESRI, Newmark Research, 3Q25

Figure 6: Emerging U.S. Markets in Gen Z Population and 2025-2030 Forecast for Gen Z Growth and Overall Household Income Growth



Source: ESRI, Newmark Research, 3Q25



In Conclusion: Leveraging the Evolution of Gen Z

Generation Z is no longer an emerging segment—they are a defining force. Their scale, accelerating income trajectory and distinct values are reshaping luxury and retail. Their unique requirements are clear: expressive identity over status, sustainability that is demonstrable rather than declarative, frictionless convenience across channels and physical stores that deliver immersion and community. Social-driven discovery and UGC sit at the top of the funnel, while best-in-class stores close the deal—provided checkout lines are short, and payments are effortless. For both retailers and landlords, growth will concentrate where youth density and household income gains intersect, creating powerful momentum.

The key to success will be in the details. Brands that pair credible sustainability with creator-led storytelling and landlords that deliver flexible, tech-enabled, experience-rich environments will capture Gen Z's spending as it grows over the next decade. The winners in the retail game will be those who align store sites, merchandise assortments and stories to where youth, wealth and place converge.

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