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Turning up the heat: Is Miami the new luxury capital of the US?

Wealthy Americans have been flocking to Miami for sun and low taxes, boosting its luxury market and attracting a raft of brands, a new report finds. But as the collapse of the Silicon Valley Bank stokes economic instability in the US, will it last?

By Laure Guilbault



Photo: Lexie Moreland/Getty Images

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Hugo Boss will stage its Spring/Summer 2023 Boss show there later today. Kith opened a store in the city last month and will soon be followed by Ami and Acne Studios. Now, research shared exclusively with *Vogue Business* confirms that Miami is enjoying a luxury boom — despite the wider US slowdown — thanks to a recent influx of wealthy citizens.

“Although data is not available on personal luxury goods sales by metropolitan area in the US, based on discussions with industry participants (as well as local store expansion), it seems clear that the Miami market was one of the fastest growing — if not the fastest — in the country [in 2022],” Morgan Stanley analysts write in a new report, *US Luxury Channel Check: The Miami Heat*.



Acne Studios’s future store in the Miami Design District, opening this month.

Photo: Courtesy of Acne Studios

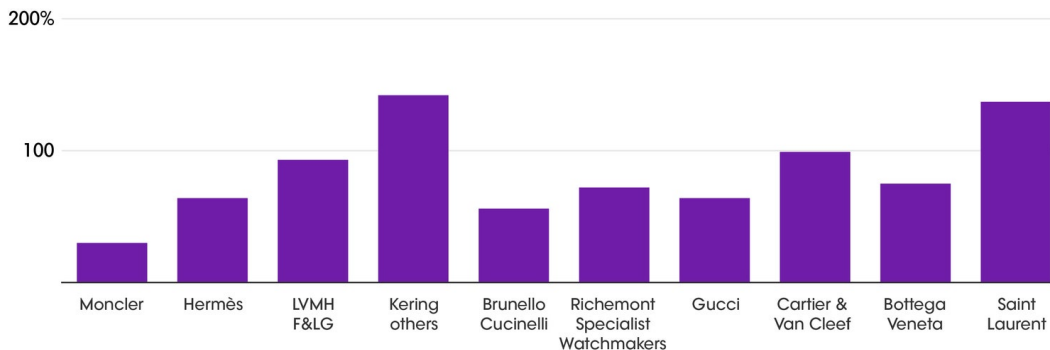
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The financial services firm cites a confluence of factors resulting in a “significant migration of wealth” to Miami since the pandemic. “A combination of attractive tax rate [Miami does not collect income taxes] and attractive weather — a big factor during the pandemic — pushed the top 1 per cent earners from many parts of the country to relocate permanently to Florida,” the report reads.

Almost 65,000 New Yorkers exchanged their driving licences for a Florida licence in 2022, according to data from the Florida Department of Highway Safety and Motor Vehicles — a record high. Miami has been christened by some as the “sixth borough” of New York due to the number of New Yorkers who flocked there during the pandemic, observes Robin Zendell, founding partner at the eponymous US real estate brokerage firm. “Therefore, the shopping patterns are changing significantly,” she says.

The US market experienced tremendous growth during the pandemic

Luxury growth in the US 3Y stack in FY22



Numbers for Cartier & Van Cleef and Richemont Specialist Watchmakers are as per Morgan Stanley estimates.
LVMH F&LG division only discloses US sales biannually and hence we take H22 as a proxy for Q422.
Brunello Cucinelli figures are as per VA consensus.

DATA SOURCE: COMPANY DATA, MORGAN STANLEY

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“There has been a very strong influx of remote workers in Florida,” noted Hermès executive chairman Axel Dumas during its [annual earnings presentation](#) in February.

There are some risks. “Sunshine and lovely weather with no income tax make Florida very desirable, but if the weather turned and a really big hurricane hit where there was severe damage, that could create the opposite effect: migration out,” says Zendell.

Another unknown factor is the slowdown in the US economy and how [the collapse of Silicon Valley Bank](#) will affect luxury in Miami. “Will there be less shopping for a bit as so many investors worry about their dollars? Will more people who have lost money or a job migrate to Florida and other states with tax incentives (Texas, Nevada, New Hampshire) to stretch their dollars?” she asks. It has also been speculated that Florida Republican governor Ron DeSantis [might run for US president](#), which could bring political changes. “And what if elected officials in New York use tax incentives to get people back to New York?” points out Zendell.



Gucci's store in the Miami Design District.

Photo: Jeffrey Greenberg/Getty Images

For now, however, Miami is shaking off the decline in demand from mid-income consumers seen across the US. “So far, demand in Miami has remained very strong. Year-to-date demand for luxury has been robust,” says Morgan Stanley’s luxury analyst Edouard Aubin, co-author of the report.

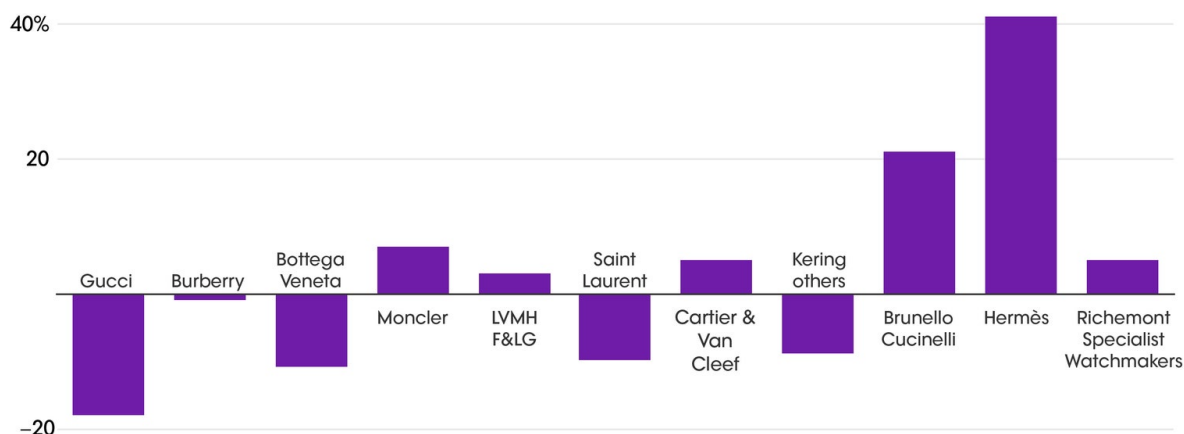
Luxury brands are responding with store openings in Miami. The new Acne Studios store, slated to open this month, will be the brand’s first in Miami. The 200-square-metre store spanning across two floors was conceived by Swedish design studio Halleroed and nods to the Miami Art Deco style, with sofas and mannequins created by artist Daniel Silver. Moncler, Burberry, Balenciaga and Aesop have also opened stores in Miami in the past year — Balenciaga opened its largest US store in Miami’s Design District in November. Moncler is expanding its Bal Harbour store in the first half of 2023. “If you are a luxury brand and you are not already there, it’s on your agenda to be there,” says Zendell.

Social media is helping to boost Miami’s luxury positioning, says Aubin. “It is particularly visible in terms of either the brand or the mall operator strategy in Miami. Look at what, for example, the Design District is doing to make everything Instagrammable and more broadly and generally how experiential luxury is used by brands to drive social media interaction,” says Aubin. He cites the Dior Café, which “has a three-hour wait during weekends”.

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Hermès had the fastest US growth in Q4

YOY luxury growth in the US in Q4 2022



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The Design District houses flagship stores for brands including Chanel, Balenciaga, Hermès, Fendi, Dior, Cartier and Louis Vuitton, and in February, welcomed multi-brand retailer Kith. In 2010, US businessman Craig Robins’s investment vehicle Dacra and L Catterton Real Estate, the real estate investment and development arm of LVMH-backed L Catterton, joined forces to redevelop the area, with a focus on fashion, beauty, art, design and dining. “The Design District is one of the most innovative and attractive luxury hotspots we have seen in recent years, not just in the US, but around the world,” Morgan Stanley’s report reads. The Aventura Mall is another draw, housing brands including Hermès, Chanel and Celine.

Luxury brands are also able to capitalise on events in Miami. “What’s quite powerful in Miami is the confluence of sports, music and art. The Design District really capitalises on that. Last year was the first time you had the Formula One in Miami, and all the watch brands did special events related to that,” says Aubin, adding that Art Basel is another opportunity for luxury.

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