Luxury market eyes Canada

By Jennifer Braun - 19 February 2018

It’s hard to miss the large amount of retailers and brand stores setting up shop in Canada, because they’re both numerable and have a luxurious appeal.

The infiltration of luxury retailers in notable Canadian cities like Toronto and Vancouver have been on the rise since 2015.

In fact, Toronto was ranked 10th in the world last year for the number of luxury store openings, according to a report by London-based real estate firm Savills. Approximately 3.1 percent of all luxury store openings were recorded in the major Canadian city, which was named among other cities such as Paris, Tokyo, London, Los Angeles and more.

The report noted that the rise of tourism, as well as affordable rental opportunities were factors that made Toronto a city of interest for luxury brands.

Indeed, prime luxury retail rent went for approximately $318 per square foot in the Canadian city in 2017, compared to $3,200 in New York, $700 in Los Angeles and $1418 in Milan.

“Toronto, for example, out performs Sydney in terms of population, presence of HNWI, overseas visitor numbers and volume of retail sales. Yet, prime rents on its key luxury street are less than half of that seen on Sydney’s luxury equivalent. Toronto’s relative ‘affordability’ and luxury spend potential has no doubt helped to drive its appeal to luxury brands,” the report stated.

Luxury retailer Nordstrom opened its first Canadian store in September of 2014, at CF Chinook Centre in Calgary, followed by openings in Vancouver, Ottawa and Toronto for a total of six locations. The company also plans to open six Nordstrom Rack stores in Canada in 2018.

Fellow luxury fashion retailer Saks Fifth Avenue followed suit, opening its first two Canadian stores in February 2016.
The first opened at CF Toronto Eaton Centre, while the second location opened at CF Sherway Gardens. Since entering Canada, Saks has equally opened a number of Saks Off 5th stores with plans to open up to 25 locations across Canada through this year.

Furthermore, a number of luxury fashion houses have been opening single brand stores such as Chanel, Hermès, Woolrich, Jimmy Choo and jewelry brand Van Cleef & Arpels to name a few.

While many of these luxury brands have opted to open shops on street-front locations in downtown cores like on Toronto’s ‘Mink Mile’ (Bloor Street West between Yonge Street and Avenue Road) and downtown Vancouver’s Alberni/Burrard Street, known as the ‘luxury zone’, suburban malls have also seen a large afflux of luxury fashion houses.

Toronto’s Yorkdale Shopping Centre houses a “luxury wing”, which in fact boasts the highest concentration of luxury boutiques of any location in Canada.

Yorkdale houses luxury stores such as Moncler and Versace, and many first-to-market stores such as Moose Knuckles and Hunter's first North American flagship, and even Drake's OVO Toronto flagship, which opened last year.

“At Yorkdale, the customer definitely has an appetite for luxury,” explained Claire Santamaria, Director and General Manager of Yorkdale Shopping Centre, to Fashionnetwork.com. “What we have seen are new brands looking for locations to find new customers and existing customers.”

What’s more, Yorkdale receives about 2 million tourists a year, allowing for a very diverse customer base who is aware of global brands.

Santamaria also believes that the shopping mall format allows retailers to create very diverse storefronts with unique features.

“We encourage brands to give us their best store and we encourage flagships.”

For years, Canada's Holt Renfrew, commonly referred to as the “Barneys of Canada”, was the only option for Canadians to shop luxury fashion goods. But as more luxury retailers see the potential to expand, the rise of luxury in Canada is expected to continue.

Bain & Company is forecasting a 6 percent increase in personal luxury goods revenue by year end, with annual growth of 4-5 percent through to 2020.

In 2018, the expansion of ‘affordable luxury’ brands is what is expected to continue to form a key part of the overall luxury market.

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