

Is Luxury Getting Overcrowded?

Luxury hospitality used to feel clearly tiered. You didn't need a rate sheet to understand where a property sat. The difference was embedded in the pace of service, in the quiet confidence of the space, in the sense that access itself was part of the offering.



That clarity has blurred.

Over the last decade, upscale and lifestyle brands have raised their game to a level that would have been considered luxury not too long ago. The materials are refined and the culinary offering is serious. The rooms are comfortable in a way that feels intentional rather than standardised. Guests are no longer surprised by quality; they **expect** it.

What has changed isn't that luxury disappeared, but that the middle of the market improved so dramatically that the visual and operational cues once associated with five-star properties are now so incredibly widespread.

When nearly every new opening feels polished and premium, luxury can't rely on surface distinction alone.

There's also a generational shift at play. Many younger affluent travelers don't treat reputation as a deciding factor in itself. They respect established names, but they are quick to ask whether the experience justifies the premium. A well-run upper-upscale hotel that feels contemporary and effortless can be just as appealing as a legacy luxury brand—sometimes more so if the value feels proportionate.

A brand may enjoy strong recognition and emotional equity yet still face hesitation if guests sense that the experience hasn't evolved at the same pace as the market. Meanwhile, properties positioned just below traditional luxury are benefiting from a perception of balance —elevated, but not excessive.

In practical terms, that means the old buffer protecting luxury has thinned. Guests compare more freely across tiers. They move between brands without feeling that they are stepping down.

So, what, then, separates the top?

Increasingly, it comes down to **identity**. Not branding in the marketing sense, but in how a property feels when you inhabit it. Does it have a point of view, or does it feel assembled from familiar luxury components? Is there a sense of internal consistency, or do the elements compete with one another?

The strongest luxury properties tend to feel grounded in something beyond design alone. Sometimes it's their relationship to locatio —the way the setting shapes the stay. Sometimes it's leadership: the tone set by management, which subtly influences everything from hiring decisions to how service is delivered under pressure.

These differences are difficult to quantify. They don't always show up in renderings or brochures. But guests feel them.

For owners and operators, this environment raises the bar. Capital investment is necessary, but it is no longer sufficient. Upgraded finishes and expanded amenities can elevate a property, yet they rarely create a lasting distinction on their own. The question has shifted from *"How do we look premium?"* to *"Why are we meaningfully different from Brand A and Brand B?"*

Luxury is not losing relevance. The challenge is that the visual and operational markers of premium hospitality are now widely distributed across the market. As more brands elevate their product, distinction depends less on surface signals and more on clarity of positioning.

In practical terms, the properties that continue to perform strongly tend to have a defined identity and a consistent execution. They are not necessarily the most ornate or the most expensive, but they are coherent in a way that guests recognize.

That consistency remains difficult to manufacture.

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