



THE BOTTOM LINE

As American retail store anchors fade, private clubs are taking over more commercial real estate

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Key Points

- As many retail stores located in open-air shopping centers, traditional malls and downtowns struggle to grow in the K-shaped economy, private clubs catering to affluent Americans are moving in on the square footage.
- Data is scarce on the new consumer trend but commercial real estate experts say VIP member clubs can draw double traffic of a typical tenant to retail centers and act as new anchors far from the coastal elite cities where these clubs have been more common.
- Post-pandemic shopping habits have made conditions ripe for elite clubs that often have initiation fees in the thousands and can also serve as private high-end restaurants, but the club economy is prone to its own boom and bust cycles, as evidenced by the recent take-private deal for formerly public Soho House.



Guests at the Fendi Dallas Highland Park Village Boutique in Dallas, Texas.

Rick Kern | Getty Images Entertainment | Getty Images

In today's [K-shaped economy](#), lower-income consumers headed out to shop may be hitting Dollar General or a post-bankruptcy Big Lots, but affluent Americans are increasingly headed for the shopping center private club. Membership clubs are increasingly being seen as retail revitalizers, whether that's in a traditional mall, open-air shopping center, or as a stand-alone commercial real estate tenant.

Like their country club cousins, private clubs require monthly dues and often an initiation fee. For instance, Dallas's Highland Park Village, which boasts shops like Hermès, Fendi and Brunello Cucinelli, is also home to Park House, a private club offering fine dining, a wine bar, and art experiences. Resident memberships can be had for a \$7,000 initiation fee and annual dues of \$292 monthly (a spouse can join for \$4,000). The Moore House in Miami's open air Design District has a \$5,000 initiation fee and monthly dues over \$400. In addition to dining and product curation, it offers overnight accommodations if needed.

Data is scarce because they are so new, but R.J. Hottovy, head of analytical research at Placer.ai, says that the popularity of these clubs as part of existing shopping destinations is increasing and tracking with other trends in retail, such as malls that have been increasingly populating themselves with gyms, co-working spaces, and retail clubs with dues replacing discounts as the draw. Both street level retail and malls are discovering that memberships boost business and drive traffic to retail centers like Highland Park Village.

"We have seen an increase in these. They appeal to high-end consumers. The idea is it's another place, a status symbol. It is exclusivity," Hottovy said. He added that in the post-Covid era, Placer.ai's research also shows more diners gravitating toward country clubs and fewer to restaurants. Private clubs offer a similar "safe space" for people to gather.

The clubs, once confined to the coastal elite, are increasingly finding their way into flyover country. The Social House, a club with a \$4,000 initiation fee and monthly dues, recently opened adjacent to The Banks, a busy open-air retail area in Cincinnati. A vacant building in downtown Grand Rapids, Michigan, will be transformed into The Commerce Club, a private club featuring a cafe, event space, coworking areas, and a speakeasy. Scheduled to open in November 2026, co-founder Jeff Lambert says it will help revitalize an area near downtown. "The idea is to take a building that has been vacant for over a decade and turn it into a hub of activity," Lambert said of the 55,000-square foot space.

Lambert, a local developer, was inspired by similar private clubs overseas or in larger U.S. cities, and he says mid-sized cities across the U.S. are seeing the biggest growth in the private club market. Even as recently as five years ago, he says, Grand Rapids would have had trouble supporting a private club, but the entrepreneurial class in the city has reached a critical mass. "We deserve something like this that you can experience in Madrid, LA, New

York and we can support it. We can create an experience that feels metro but that it is very much local,” Lambert said.



The building that the Commerce Club in Grand Rapids will be occupying.

Commerce Club

Developers, whether they are in a mall or elsewhere, have strong incentives to embrace membership-based businesses, according to Jia Li, associate professor of marketing at Wake Forest University. “Many malls face challenges filling vacant anchor spaces or underutilized upper floors. A private club can absorb a large footprint while generating steady and recurring traffic,” Li said.

For high-end malls, private clubs are especially appealing because they allow owners to fill significant space without diluting the brand — and in many cases, enhance it. “A well-curated, members-only club can reinforce a mall’s positioning as an exclusive lifestyle destination, rather than a purely transactional retail center,” Li said. In some ways, that brings malls full circle to their original social purpose. “Although today we often associate malls primarily with shopping, early shopping malls in postwar suburban America were explicitly envisioned as ‘community and civic centers,’ not merely retail machines,” Li said.

Daniel Spiegel, senior vice president and managing director at Coldwell Banker Commercial, says while the private club concept has decades of history, they are gaining new traction. “Private social and dining clubs were very popular from the 1950s through the 1990s, and we may be seeing a comeback in different forms,” Spiegel said. In some cases, fitness clubs, co-working concepts, and social spaces which recently were common in office properties are now taking space in retail centers. Some of the spaces Coldwell Banker

represents are in very typical malls like Scottsdale, Arizona's Fashion Square, where clubs like Industrious serve as combination work and social spaces.

"These membership-based operators offer landlords attractive characteristics like longer-term leases, consistent foot traffic during off-peak hours, and members with discretionary income that benefits the surrounding tenants," Spiegel said. The build-out costs can be substantial, and the economics need to work in markets with sufficient density and demographics. "But it reflects a broader shift where successful retail properties are becoming destinations that offer experiences beyond traditional shopping," he added.

Why landlords and consumers are both clubbing

In recent years, retail landlords have pursued many options for empty square footage and to increase foot traffic, from conversion to [housing](#) to a greater focus on [experiences](#), to even [mega-churches](#) as tenants.

Sam Vise, CEO and co-founder at Optimum Retailing — and also a member of New York City-based private club Soho House — says clubs are becoming more attractive to developers looking to boost traffic to their properties because while a typical mall anchor store might bring a customer in a couple of times a week, a private club can bring customers to the same property multiple times a week. "As malls and retail centers rethink their role post-ecommerce, these clubs introduce a built-in, high-frequency customer who values experience, community, and time spent on site — all things traditional retail has struggled to deliver on its own," Vise said.

In addition to landlords looking for tenants that generate repeat visits, younger consumers prioritizing social connection over pure consumption and transactional footfall are driving the trend. "It creates a reason to return weekly, sometimes daily, and that spillover benefits surrounding food, wellness, and retail concepts," Vise said. He added that the club trend is already opening doors for digitally native brands and emerging concepts to test physical retail in high-engagement environments through buzz-generating pop-ups.

"When executed well, private social clubs act as a catalyst, raising the bar for how surrounding retail engages customers and drives repeat visits," Vise said. The downside is that these clubs don't automatically translate to broader accessibility. "Retailers nearby need to be intentional about how they engage — aligning assortment, service, and in-store experience with a customer who expects curation and hospitality, not just convenience," Vise added.

Clubs are prone to their own boom and bust cycles. Some of the most well-known club brands, including Soho House, have seen mixed results from recent expansion attempts. Since a 2021 initial public offering, Soho House has pursued plans to open more locations, including across the U.S. Now it is being taken private at a similar valuation to its five-year-old IPO price.



Andrew Carnie, chief executive officer of Soho House & Co., at Soho House Dean Street in London, UK, on Wednesday, Aug. 30, 2023.

Jose Sarmiento | Bloomberg | Getty Images

Private clubs do bring to retail centers something in addition to cachet that is coveted: dwell time. “The more amount of time a human being stays on a property, the more money they will spend,” said Charlie Koniver, a principal at Odyssey Retail Advisors, a New York City-based real estate consultant which works with luxury and contemporary retailers in creating upscale shopping destinations.

A members-only club can act as a commercial real estate anchor, but Koniver says the clubs aren’t a fit for every mall or retail center. A private club isn’t necessarily a good candidate for an empty Sears box, and they often make for more appealing stand-alone retail destinations. The clubs tend to have smaller footprints, and when they are in malls or retail villages, they are seen as upscale mainstay tenants. “When they are part of the retail environment, they tend to be ones that don’t have traditional anchors,” Koniver said.

The private club phenomenon is an extension of a consumer need that has existed all along, according to Greg Zakowicz, an ecommerce and retail advisor at Omnisend. “Let’s not forget that high-end shoppers are often members of other private clubs, such as golf and swim clubs, and even airport lounges. Now brands are taking that model and applying it to

retail by providing curated products and experiences in a high-end, private setting,” Zakowicz said.

In the current economic environment, with upper-income households continuing to spend, even as middle- and lower-income households reduce discretionary spending, it becomes even more important to capture these customers, Zakowicz said. But he doesn’t believe this is critical across the retail landscape. “With retail, styles and preferences change, and concepts like this are sure to evolve with them. But that’s OK. I don’t think retailers need to have them be sustainable in the long term to survive,” he added.

David Loranger, assistant professor of fashion marketing and merchandising at Sacred Heart University, says the phenomenon is probably a byproduct of the K-shaped economy, with many Americans holding stock portfolios and in professional lines of work able to afford luxuries. But he suggests there is perhaps a bit of a political persuasion in the private club trend, too. There is the MAGA-friendly Executive Branch which opened last year on the bottom level of the Georgetown Mall outside of Washington D.C. The club was co-founded by Donald Trump Jr. and is by invitation only. “It might also be some type of Mar-a-Lago halo effect where those who see themselves in (or aspire to) the echelon of Trump, Bezos, and other CEO-types are becoming interested in belonging to such a club,” Loranger said.