

New York 5th Avenue leads world retail rent rankings

New York 5th Avenue, Hong Kong's Causeway Bay and London's Bond Street are the three most expensive 'retail streets' in the world, with London joining 'the club' - following a 37.5% rise in rents pushing the Champs Élysées into fifth place after Milan's Via Montenapoleone.

These are the findings of the latest 'Main Streets Across The World' report which is now in its 29th edition. This tracks 451 of the top retail streets around the globe and ranks the most expensive in 68 countries by prime rental value, utilising Cushman & Wakefield proprietary data.



The report is very detailed, ranking some 100 global locations and their leading comparative retail rents.

UPPER FIFTH AVENUE: \$3,000 PER SQ FT PER YEAR

According to the global retail estate service company's latest report, upper 5th Avenue continues to be the most expensive main street in the world, with annual rents averaging out at \$3,000 per square foot per year (*psf/yr*), while Hong Kong's Causeway Bay takes the second spot, despite a 4.7% fall in average rents to \$2,725 *psf/yr*.



Hong Kong's Causeway Bay is the second-most expensive retail location, despite a - 4.7% fall in average rents to \$2,725 *psf/yr*.

The 'new challenger' is now London's New Bond Street which has surged into third place this year, as rents have risen by over one third in local currency terms - as compared to 2016 when they stood at \$1,720 *psf/yr*.

Cushman & Wakefield says the rise 'relative to other global destinations', underlines the strength of London's premium retail offer and the very strong demand for prime retail space in the West End.

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PARIS CHAMPS ÉLYSÉES SLIPS INTO FIFTH PLACE

By contrast, average rents at fourth-ranked Milan's Via Montenapoleone have increased by 12.5% to \$1,433 psf/yr, while the Avenue des Champs Élysées fell to fifth place in 'the ranking' at \$1,407 psf/yr, despite its rental level remaining unchanged in 2017.

Commenting on the report's findings, author Darren Yates and the Head of EMEA Retail Research at Cushman & Wakefield, said: "Despite a lot of negative headlines, global retail remains as dynamic and vibrant as ever in response to technological and demographic change across the world."



Rank 2017	Rank 2016	Country	City	Location	RENT Q2 2017 US\$/SQ.FT/ YEAR
1	1	USA	New York	Upper 5th Avenue (49th - 60th Sts)	3,000
2	2	Hong Kong	Hong Kong	Causeway Bay (main street shops)	2,725
3	4	United Kingdom	London	New Bond Street	1,719
4	6	Italy	Milan	Via Montenapoleone	1,433
5	3	France	Paris	Avenue des Champs Élysées	1,407
6	5	Japan	Tokyo	Ginza	1,200
7	7	Australia	Sydney	Pitt Street Mall	1,000
8	8	South Korea	Seoul	Myeongdong	914
9	9	Switzerland	Zurich	Bahnhofstrasse	883
10	10	Austria	Vienna	Kohlmarkt	490

(Above) The Worlds Top 10 Most Expensive Retail Locations by Country. Source: Cushman & Wakefield. (Top) Londons New Bond Street which now has the third most expensive retail rental ranking ahead of Milans Via Montenapoleone and the Avenue des Champs Élysées in Paris.

HIGHLY SOUGHT AFTER RETAIL LOCATIONS

“Premium retail destinations, including New York’s Upper Fifth Avenue, Hong Kong’s Causeway Bay and London’s New Bond Street, are highly sought after by international brands seeking to create engaging retail experiences that offer something new and exciting.

“The most innovative retailers are combining their online and physical platforms to create a seamless omni-channel experience for the customer, but profile and location play such a crucial role in the premium retail experience.”

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MOST EXPENSIVE LOCATIONS BY COUNTRY

2017	2016	TOWN	COUNTRY	DISTRICT	2017 RENT US\$/SQ FT/YR	2017 RENT €/SQ M/YR	2016 RENT US\$/SQ FT/YR	2016 RENT €/SQ M/YR
1	1	New York	USA	Upper 5th Avenue (49th - 60th Sts)	3,000	28,262	3,000	29,065
2	2	Los Angeles	USA	Rodeo Drive (Beverly Hills)	875	8,243	800	7,751
3	3	San Francisco	USA	Union Square	700	6,594	685	6,637
4	4	Chicago	USA	North Michigan Avenue	550	5,181	550	5,329
5	5	Miami	USA	Lincoln Road	300	2,826	325	3,149
6	6	Toronto	Canada	Bloor Street	231	2,180	250	2,425
7	7	Washington DC	USA	Penn Quarter	205	1,931	205	1,986
8	9	Palm Beach	USA	Worth Avenue	145	1,366	150	1,453
9	8	Vancouver	Canada	Robson Street	141	1,326	166	1,604
10	11	Montreal	Canada	Saint-Catherine W - Street Level	135	1,272	139	1,343
11	9	Boston	USA	Newbury Street	130	1,225	150	1,453
12	12	Philadelphia	USA	Walnut Street	125	1,178	135	1,308
13	14	Mexico City	Mexico	Masaryk	106	998	100	972
14	16	San Diego	USA	Del Mar Heights Blvd (Suburban Del Mar Heights)	105	989	78	756
15	17	Seattle	USA	CBD/Core	80	754	75	727
16	18	São Paulo	Brazil	Oscar Freire Jardins	74	700	73	708
17	15	Buenos Aires	Argentina	Calle peatonal Florida (Av. Cordoba to Av. Corrientes)	69	651	81	788
18	13	Rio de Janeiro	Brazil	Garcia D'avilla (Ipanema)	61	576	113	1,096
19	20	Monterrey	Mexico	Calzada del Valle	56	525	57	551
20	19	Santiago	Chile	Providencia	52	486	58	561

Source: Cushman & Wakefield. (Click to enlarge).

EUROPEAN RETAIL RENTS MOSTLY STABLE

Cushman & Wakefield's analysis shows that while there was a pause in activity in London in the initial aftermath of the EU referendum, the start of 2017 delivered a resurgence in leasing deals.

It adds that demand for prestigious Paris locations such as the Avenue des Champs Élysées, Avenue Montaigne and Rue Saint Honoré also remained 'resilient' in the face of political uncertainty in the lead up to the French general election.

MOST EXPENSIVE LOCATIONS BY COUNTRY

2017	2016	COUNTRY	TOWN	DISTRICT	2017 RENT US\$/SQ FT/YR	2017 RENT €/SQ M/YR	2016 RENT US\$/SQ FT/YR	2016 RENT €/SQ M/YR
1	1	Hong Kong	Hong Kong	Causeway Bay (main street shops)	2,725	25,673	2,878	27,884
2	2	Japan	Tokyo	Ginza	1,200	11,308	1,249	12,103
3	3	Australia	Sydney	Pitt Street Mall	1,000	9,422	968	9,383
4	4	South Korea	Seoul	Myeongdong	914	8,598	908	8,793
5	5	Australia	Melbourne	Bourke Street	500	4,711	484	4,692
6	6	China	Beijing	Wangfujing	477	4,498	470	4,552
7	7	China	Shanghai	West Nanjing Road	399	3,761	411	3,977
8	9	Australia	Brisbane	Queen Street Mall	321	3,029	294	2,849
9	8	Singapore	Singapore	Orchard Road	308	2,905	328	3,181
10	10	China	Shenzhen	Luohu	271	2,559	266	2,574

Source: Cushman & Wakefield. (Click to enlarge).

The French capital's prime retail locations have benefited strongly from the footfall generated by both domestic and overseas visitors, as international tourism recovered strongly during 2017.

Meanwhile, High Street prime rents in Italy are said to have remained stable over the last year, 'with significant upward adjustments only recorded in major cities where activity is sustained by tourism'. As a result, rental levels in some streets in Milan, Turin and Florence are said to have increased very strongly.

EUROPE HAS HALF THE WORLDS MOST EXPENSIVE HIGH STREETS

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Commenting, Justin Taylor, Head of Retail, EMEA at Cushman & Wakefield said: “While challenges and uncertainties remain, Europe’s retail recovery has continued and a further strong performance is anticipated for 2018.

“Half of the top 10 most expensive High Streets are in Europe, which reflects strength of demand. Prime locations have the edge in attracting the most innovative and premium brands, and rising rents in some areas have been helped by strong tourist numbers.

“This includes the UK where the lower Sterling has increased visitor numbers significantly and London’s premium retail offer continues to thrive, despite the noise around Brexit. Meanwhile, growth in Milan, Turin and Florence underlines Italy’s pulling power as a retail destination.”



MOST EXPENSIVE RETAIL LOCATION

Causeway Bay, Hong Kong
US\$2,725/sq ft/yr
€25,673/sq m/yr



BIGGEST RENTAL DECLINE

Makati CBD, Rockwell, Century City, Philippines
-26%

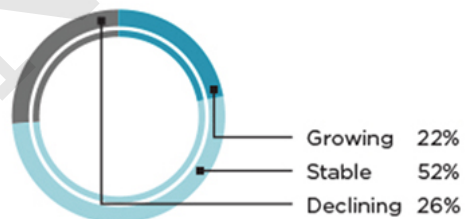


MOST AFFORDABLE RETAIL LOCATION

Raj Bhavan Road/Somajiguda, Hyderabad, India
US\$17/sq ft/yr
€158/sq m/yr



PROPORTION OF RENTAL GROWTH TYPES IN APAC



STRONGEST RENTAL GROWTH

Tokyo's Shinjuku, Japan
+12%

Source: Cushman & Wakefield.

THE HIGHEST ASKING RENT GLOBALLY

Crossing over the Atlantic, the report notes that New York’s Upper Fifth Avenue (*49th Street to 60th Street*), continues to command ‘the highest asking rent globally’ for direct and subleased retail space, with annual rents unchanged on 2016 at US\$3,000 psf/yr.

Latin America’s main cities also continued to develop ‘high quality retail developments which cater for a rapidly growing middle class’. In addition, rents in Mexico City’s key retail streets recorded steady uplift to June 2017, rising to \$106 psf/yr on the back of continuing economic stability.

Last, but never least, Hong Kong’s Causeway Bay continues to lay claim as the world’s second most expensive retail street, although the report’s authors add that rentals on the main shopping streets have continued to fall by around 5% over the course of the year.



(Clockwise) The big hitters in terms of global retail rents are New York Fifth Avenue; Hong Kong Causeway Bay; the Champs Élysées in Paris; and London Bond Street.

LESS MAINLAND CHINESE VISIT HONG KONG TO SHOP

They maintain that this follows a sharp decline in visitors from mainland China, which has prompted caution among many retailers, particularly at the upper end of the market.

The report concludes: "Mainland China's retail market continues to evolve as a rapidly growing consumer base of savvy, brand-aware shoppers seek out new and sophisticated retail experiences.

"Beijing's Wangfujing is ranked 11th in the global table, with annual rents at \$477 psf/yr. The city's online retail market has experienced exceptionally strong growth and internet sales now account for circa 18% of the total – although 12.4 million square feet of new space is expected to become available in the Fengtai and Tong Zhou districts in 2018 as new developments complete."

[The MAIN STREETS ACROSS THE WORLD 2017 report can be accessed by following this link:

<https://cushmanwakefield.turtl.co/story/59f99322af18eb3ab221477c>]