

**PRESS RELEASE**

Michael Reilly

+44 (0)20 7152 5691/ +44 (0)7793 808 691

[michael.reilly@eur.cushwake.com](mailto:michael.reilly@eur.cushwake.com)

[www.twitter.com/cushwakeuk](http://www.twitter.com/cushwakeuk)

NEW YORK OVERTAKES HONG KONG AS

WORLD’S MOST EXPENSIVE SHOPPING LOCATION

*Rents in New York’s Upper Fifth Avenue reached a record $3,500 per sq ft according to*

*Cushman & Wakefield’s Main Streets Across the World report for 2014/2015*

* New York’s Upper Fifth Avenue – where rents reached a record $3,500 per sq ft per year – is the world’s costliest retail destination, with Hong Kong’s Causeway Bay seeing a 6.8% fall in rents and edging down into second spot
* Paris saw 6% overall growth but there was no change to rental values in the Champs-Élysées after a 40% rise last year – the street ranks third on this occasion
* London’s New Bond Street retains fourth position where rents rose by 4.2%
* Pitt Street Mall in Sydney completes the top five, with the location surging up three places as it recorded an increase of 25%
* Prime retail rents across the globe rose by 2.4% in the 12 months to September 2014
* The Americas showed the strongest regional growth with prime rents increasing by 5.8%, the same figure as last year, while EMEA saw a modest 1.3% rise and Asia Pacific witnessed a 3.6% uplift

CANNES, FRANCE – 19 November 2014 –New York’s Upper Fifth Avenue has overtaken Hong Kong’s Causeway Bay as the world’s most expensive shopping destination, according to global real estate adviser Cushman & Wakefield’s flagship retail research report, published today at the MAPIC retail trade show in Cannes, France.

The report is widely recognised as the barometer for the global retail market and ranks the most expensive locations in the top 330 shopping destinations across 65 countries.

Cushman & Wakefield is at the centre of global retail and monitors and analyses the evolution of the industry and global retail trends to ensure its clients are best positioned to capitalise on future developments in the sector.

Prime retail rents across the globe rose by an average of 2.4% in the 12 months to September 2014, with recovery being sustained but at an overall slower rate. Volatile and somewhat subdued economic activity affected some markets, while structural changes impacting on others. However, despite a more constrained rental growth rate, 277 of the 330 locations surveyed were either static or increased over the year.

The ranking of the most expensive retail locations in each country recorded notable movements this year. Rents in New York’s Upper Fifth Avenue hit a record $3,500 per sq ft per year as it leapfrogged Causeway Bay, which saw rents fall by 6.8%, to secure top spot.

**Cushman & Wakefield’s global head of retail John Strachan** said: *“New York is once again the most expensive shopping destination in the world and for the first time since 2011 – Upper Fifth Avenue also set a new record for the highest retail rents ever recorded. Global gateway markets continue to surge ahead as major brands battle for premier addresses in the top cities.”*

*(Continued)*

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| The world’s 10 most expensive retail locations in each country | | | | | | | |
| Rank  2014 | rank  2013 | country | city | Location | €/sq.M/year | us$/sq. ft/year | % Change  in local measure |
| 1 | -\* | USA | New York | Upper Fifth Avenue | 29,822 | 3,500 | 13.3 |
| 2 | 1 | Hong Kong (China) | Hong Kong | Causeway Bay | 23,307 | 2,735 | -6.8 |
| 3 | 3 | France | Paris | Avenue des Champs Élysées | 13,255 | 1,556 | 0.0 |
| 4 | 4 | UK | London | New Bond Street | 10,361 | 1,216 | 4.2 |
| 5 | 8 | Australia | Sydney | Pitt Street Mall | 8,658 | 1,016 | 25.0 |
| 6 | 6 | Italy | Milan | Via Montenapoleone | 8,500 | 998 | 13.3 |
| 7 | 5 | Japan | Tokyo | Ginza | 8,120 | 953 | 6.9 |
| 8 | 9 | South Korea | Seoul | Myeongdong | 7,942 | 932 | 17.6 |
| 9 | 7 | Switzerland | Zurich | Bahnhofstrasse | 7,456 | 875 | 1.1 |
| 10 | 12 | Russia | Moscow | Stoleshnikov | 4,749 | 557 | 20.0 |
| 44 | 45 | Poland | Warsaw | Nowy Swiat | 1,020 | 120 | 2.4 |

*Source: Cushman & Wakefield (Lists only one location in each country – full ranking contained in the report)*

*\*To reflect the emergence of two distinct submarkets this year, New York’s Fifth Avenue was split into ‘Upper Fifth Avenue’ and ‘Lower Fifth Avenue’*

Despite seeing no change to rental values after a 40% rise last year, Champs-Élysées in Paris retained its third place, which was followed by London’s New Bond Street in fourth where rents rose by 4.2%. Pitt Street Mall in Sydney completed the top five, with the location surging up three places as it recorded an increase of 25% on the back of a several international retailers taking up large units in the last six months.

The Americas yet again led the way as prime rental values surged ahead by 5.8%, an identical rate to that recorded in 2012/2013. The US and Mexico were the main catalysts behind this expansion, while Brazil acted as a drag on growth.

**Cushman & Wakefield’s global retail COO and head of retail in the Americas**, **Matt Winn**, said: *“Positive economic news, combined with healthy retailer fundamentals, continued to filter through into the US**retail market. Prime rents over the year to September were up an impressive 10.6% on the same period last year. Indeed, strong retailer demand and robust tourist numbers continued to support expansions across the country, with gateway cities such a Los Angeles, San Francisco and New York in particular witnessing double-digit growth. The arrival of brands such as Microsoft, which recently announced its first flagship store in New York’s Upper Fifth Avenue, further underlined the importance of these premier shopping destinations.”*

A slower expansion was also evident in Asia Pacific (3.6%) where the traditionally buoyant Hong Kong market was adversely affected by a decline in retail spending and lower tourism growth.

**James Hawkey, head of retail in Asia Pacific at Cushman & Wakefield**, said: *“Although New York took first place this year, Hong Kong’s Causeway Bay remains the second most expensive retail location on earth.  In 2014, retailers showed caution expanding in Hong Kong in the face of moderating sales performance and less exuberant consumption from mainland visitors. Luxury brands were conservative, while watch and jewellery retailers notably cut back on new stores, with this sector seeing negative growth. Several leading local retailers recorded lower holiday sales.  The beginning of the ‘Occupy Central’ protest in Hong Kong since the end of September has further weakened the retail sentiment in major core retail areas, especially in Causeway Bay and Mong Kok where students are still blocking some major roads.”*

*(Continued)*

Occupier conditions in the EMEA region were generally firmer and improved, evidenced by a stabilisation in markets previously witnessing marked declines in rents. However, EMEA growth (1.3%) was held back by significant falls in the Middle East. Indeed, prime rental growth in Europe (2.3%) was not too dissimilar to 2012/2013.

**Justin Taylor**, **head of EMEA retail at Cushman & Wakefield**, said: *“Europe’s gateway cities continue to thrive, while emerging markets are also seeing greater demand. Countries such as Portugal, Ireland, Spain and Greece which in previous surveys witnessed sharp falls, recorded good to strong growth in the 12 months to September. Meanwhile, mature core markets such as the UK, France and Germany continued to see good leasing activity, particularly in the prime segment. Indeed, exceptional luxury retailer demand in cities such as Paris and London, coupled with the very finite supply on offer, continued to exert upward pressure on rents in the best locations, but with large premiums also paid by new tenants to secure their preferred space. Turkey is also back in the spotlight with strong growth fuelled by healthy consumer spending, an expanding middle class, better quality retail space and the arrival of more international retailers.”*

**Martin Mahmuti**, **a senior investment analyst at Cushman & Wakefield**, concluded: *“The trend for major retail brands to experiment with design, layout, content and services, as they reinvent the concept of their flagship stores, is continuing to impact on major gateway city markets and will remain a key factor influencing growth in the year ahead. Despite the still uncertain economic situation in some parts of the world, notably in Asia Pacific and the Eurozone, retail market activity is expected to improve in the year ahead. Premier shopping locations will remain in high demand as retailers are keen to establish a presence and raise their brand profile, but supply as ever will remain tight. The growth of online shopping, supporting the polarisation in the market in favour of the biggest and the best, will increasingly drive retailer expansion strategies whilst also having a structural impact on local markets.”*

**Marek Noetzel, Partner and head of Retail at Cushman & Wakefield’s Polish office,** said: *“According to the C&W's latest report, Nowy Świat Street in Warsaw has moved up by one position in the ranking of the world’s most expensive retail locations. I am convinced that current infrastructure investments, including the development of the second metro line or the revamp of Świętokrzyska Street will further strengthen the position of Poland’s most expensive street. Over the recent years high streets in Poland have experienced a dynamic development, e.g. new investments in Powiśle, new stores within the area of Trzech Krzyży Square or Mokotowska Street, changes in high street composition and offer. However, retail space supply in the city centre is still inadequate – total high street retail space in Warsaw equates to a medium size shopping centre.”*

**Magdalena Sadal, Senior Research Consultant at Valuation & Advisory of Cushman & Wakefield,** said: “Apart from complementing traditional shopping centre offering high streets act as a barometer of retail market conditions, reflecting the new and existing trends in the retail and services sector. This is can be illustrated with the example of Nowy Świat Street in Warsaw, whose retail structure has recently been dominated by a gastronomy offer both in the form of chain restaurants brands (including Costa Coffee, Starbucks, Zapiecek, Sphinks, Pizza EATaliano, and planned opening of McDonald’s), as well as local restaurants concepts based on regional cuisine (milk bars, traditional Polish cuisine). Fashion is another strongly represented sector, also within up-market and popular range, followed by a food sector in the convenience store format (Carrefour Express, Krakowski Kredens, A.Blikle delikatessen, MiniLux). Some brands open their specialized flagship stores e.g. Nespresso. A new trend is reflected in the opening of the first discount store (Biedronka) and a fitness club McFit in the prestigious location on the corner of Nowy Świat Street and Świętokrzyska Street as well as a recent opening of self service vending store ToTutaj 24h. This shift into a gastronomy-led offer can be also seen in the high streets of Krakow, Wrocław and Gdańsk, which capitalise on their central locations benefitting from natural high volumes of pedestrian traffic including increased inflows of tourists. High streets of Poznan, Szczecin and Katowice, on the other hand, have retained their retail and services character, with gastronomy playing only a complementary function. Łódź’s representative Piotrkowska Street is still in the process of commercialisation after its recent rejuvenation.”

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**For more information, please contact:**

**Michael Reilly**

Cushman & Wakefield Tel: + 44 (0)20 7152 5691 / +44 (0)7793 808 691

**About Cushman & Wakefield**

Cushman & Wakefield advises and represents clients on all aspects of property occupancy and investment. Founded in 1917, it has 250 offices in 60 countries, employing more than 16,000 professionals. It offers a complete range of services to its occupier and investor clients for all property types, including leasing, sales and acquisitions, equity, debt and structured finance, corporate finance and investment banking, appraisal, consulting, corporate services, and property, facilities, project and risk management.