

INTRODUCTION

Cushman & Wakefield is at the centre of retail, providing value added real estate services to our clients globally. We monitor the evolution of the industry as well as global retail trends and practices to ensure our clients can best position their businesses to capitalise on future trends. This edition of Main Streets Across The World provides a detailed analysis of retail property rental performance across the globe in the twelve months to June 2013.

The information and data provided in this report are based on a comprehensive survey of Cushman & Wakefield's international offices and the editors are extremely grateful to them for their time, effort and assistance.

Our international representation is designed to facilitate the rapid flow of information across borders and is supported by a comprehensive database of market information and regular liaison meetings. This allows for the exchange of local market knowledge and expertise, and for the co-ordination of strategy for international investment and locational decision-making.

Information on the markets has been provided by Cushman & Wakefield and its local partners listed in the table below:

AUSTRIA	Inter-Pool
BAHRAIN	Cluttons LLC
BULGARIA	Forton International
CHANNEL ISLANDS	Buckley & Co
CHILE	Contempora Servicios Inmobiliarios
COLOMBIA	Fonnegra Gerlein
DENMARK	RED – Property Advisers
ESTONIA	Ober-Haus Real Estate Advisers
FINLAND	Tuloskiinteistöt Oy
GREECE	Proprius SA
ISRAEL	Inter Israel Real Estate Agency
IRELAND	Lisney
JORDAN	Michael Dunn & Co.
KAZAKHSTAN	Veritas Brown
LATVIA	Ober-Haus Real Estate Advisers
LEBANON	Michael Dunn & Co.
LITHUANIA	Ober-Haus Real Estate Advisers
REPUBLIC OF MACEDONIA	Forton International
MALAYSIA	YY Property Solutions
NEW ZEALAND	Bayleys Realty Group Limited
NORWAY	Malling & Co.
OMAN	Cluttons LLC
PERU	Commercial Real Estate Services SAC
ROMANIA	Activ Property Services
SLOVENIA	Slovenia Invest
SOUTH AFRICA	Pro Africa Property Services
SWITZERLAND	SPG Intercity
THAILAND	Nexus Property Consultants Ltd.
UNITED ARAB EMIRATES	Cluttons LLC

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on rental levels was recorded over the year to June 2013. In **Geneva**, important women and menswear brands were active over the past 12 months. However, the luxury market had to contend with very little space available, with the centre – the left bank – too small to meet the demand of the many brands looking to relocate in the area. Additionally, shop rotation is rare and it may take several years before finding a suitable property in the right locations.

New flagship stores have filled the luxury department store Goldenes Quartier in Vienna, **Austria**. 2012/2013 saw a number of new luxury units open, including: Louis Vuitton (relocation), Breitling, Emporio Armani (relocation), Prada (relocation), Yves Saint Laurent, Rolex, Versus and Roberto Cavalli, Etro. Boss, who were previously mainly represented in multi-brand stores, are now looking to open their first store on Kärntner Straße. Demand for luxury space is high and this has translated into several new leases and very low vacancy, with rents in Kohlmarkt reaching €370 in June 2013.



Lisbon, Avenida de Liberdade

The fashion and jewellery segments have been the most active in **Lisbon's** luxury sector. Over the 12 months to June 2013, Gucci, Miu Miu and Officine Panerai opened their first store in Avenida de Liberdade. Cartier and Max Mara, alongside some prestigious Portuguese jewellery brands, opened stores on the street this year. Meanwhile, Michael Kors is also expected to open in the last quarter of 2013. Increasing demand, limited supply, higher tourist flow and strong growth of the cruise industry are expected to push prime rents upward in the near future.

The luxury market in **Moscow** has matured somewhat in recent years, with stable spending but limited supply of suitable space. The sector did not see a decline in turnover during the financial crisis, even growing during the period. The highest rents are typically paid in the jewellery segment, also the most active, where rents can in some cases be double what are paid elsewhere. Luxury shopping locations include TSUM, Tretiakovsky Proezd, Petrovka Street, Stoleshnikov Pereulok, Malaya Bronnaya



Vienna, Kohlmarkt

Kutuzovskiy, Vremena Goda SC, Smolensky Passazh, and Barvikha Luxury Village, Crocus City Mall. Moscow remains the focal and main entry point of luxury retailers.

The majority of luxury brands in **The Netherlands** have a clear focus on the P.C. Hoofstraat in Amsterdam, which has become an established international luxury retail location over the past years, with little competition from other luxury locations across the country. The limited availability of units is nevertheless expected to exert upward pressure on rents and premiums in the short to medium term

Dubai is the home of luxury retailers in the **United Arab Emirates** who partner with local franchises, although Abu Dhabi is now competing through high-end shopping centres such as Galleria at Sowwah Square and the Avenue at Etihad Towers. Nevertheless, luxury retailers in Dubai continue to pay extremely high rents in order to secure space in high profile shopping centres such as Dubai Mall and Mall of Emirates, and this trend is expected to continue as the city develops further. All luxury segments were active in the UAE market, but fashion, jewellery and accessories retailers in particular have expanded in the last 12 months. Retailers are also targeting upscale mixed-use developments in expensive residential areas, locations which often include a mixture of five star hotels, Grade A offices and a high-end retail elements.



Copenhagen, Strøget

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ASIA PACIFIC LUXURY OVERVIEW

Luxury brands and jewellery retailers in **Hong Kong** remain the dominant tenants in prime locations. However, an increasing number of non-luxury premium brands, usually driven into secondary streets, are now competing for these pitches. The outlook for the luxury sector is stable, with the slowdown in luxury sales and mainland Chinese spending forcing brands to adopt a more conservative expansion strategy. Indeed, retailers are currently not competing as aggressively for prime locations, suggesting a potential pause in rental growth. However, some of the mass-market, non-luxury brands are expected to pick up the slack in demand as they seek exposure to the Chinese market.

The **Chinese** luxury market may have been adversely affected by the implementation of new government policies, with some key brands witnessing a decline in profits and several others slowing their rapid expansion. However, the accessories segment was relatively active in



Hong Kong, Times Square

Beijing with Dior opening its first Chinese jewellery store in Park Life-Yintai Centre and Louis Vuitton opening an accessories boutique in the same scheme. Elsewhere, Lange & Söhne launched their first Asian concept store, while Carrera Y Carrera inaugurated its first flagship store in Parkview Green. Meanwhile, other more niche and low-key brands such as Givenchy, Stella McCartney and Bottega Veneta, are steadily gaining a foothold. Luxury retailers will continue to benefit from stronger incentives and lower rents when compared with mass-market retailers, with landlords eager to use their strong brand image to attract consumers. The affordable luxury brands, such as Coach, MCM, Michael Kors, Tory Burch, have become highly sought-after, especially for the developers who are trying to upgrade their current fast fashion oriented brand mix. Consequently, despite a slight slowdown this year, the sector is still one step ahead and will continue to outperform the overall market.

In **Japan**, over the past year the market shifted from its previous long-term subdued state into one of recovery. A combination of a new government, rapid stock market recovery, as well as a general



Hong Kong, Times Square.

improvement in sentiment, led to strong increases in luxury goods sales across all segments in Tokyo. This was also partly due to record number of foreign tourists, not only from China but especially from South-East Asia. Louis Vuitton and Prada increased their floor space in existing stores or relocated to larger premises, while Moncler and Goyard were new entrants. Céline was however the fastest growing brand on the high street over the year. Occupiers were increasingly confident with business expansion, focusing on high streets and supporting an increase in rental values. High street rents and occupier costs are expected to continue their upward trend in the short term, with competition for the best locations intensifying.

A number of large shopping centres are being built in suburban areas in **Malaysia** over the next five years. This is expected to attract luxury retailers, keen to take advantage of a rise in population numbers. These new large-scale pitches are located in IOI Resort City near Putrajaya and Bukit Jalil. Tiffany & Co expect Malaysia to be one of its key markets in Asia within five years and is already expanding its existing space. With the government's aim of positioning Malaysia as a luxury retail destination, the outlook for the sector remains bright.

Historically, foreign brands entered the **South Korean** luxury market through joint ventures or local franchises. This trend has however changed somewhat in recent years, with retailers such as



South Korea, Gangnam

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GLOBAL RETAIL RENTS								
COUNTRY	CITY	LOCATION	ANNUAL INFLATION Q2 2013 %	LOCAL MEASURE	RENT JUNE 2013	ANNUAL RENTAL GROWTH %	RENT US\$/SQ.FT/YR	RENT €/SQ.M/YR
EUROPE								
Channel Islands	St Helier	King Street	n/a	Zone A £/sq.ft./year	135	-6.9%	109	899
Czech Republic	Brno	Ceska Street/Svobody Square	1.6	€/sq.m/month	70	0.0%	101	840
Czech Republic	Prague	Na Prikope/Wenceslas Square	1.6	€/sq.m/month	180	2.9%	261	2,160
Czech Republic	Prague	Parizska street	1.6	€/sq.m/month	170	6.3%	246	2,040
Denmark	Aarhus	Søndergade	0.9	DKr/sq.m/year	5,500	15.8%	89	737
Denmark	Copenhagen	Strøget	0.9	DKr/sq.m/year	17,000	0.0%	275	2,279
Denmark	Copenhagen	Østerbrogade	0.9	DKr/sq.m/year	2,400	0.0%	39	322
Denmark	Copenhagen	Købmagergade	0.9	DKr/sq.m/year	13,500	3.8%	219	1,810
Denmark	Copenhagen	Lyngby	0.9	DKr/sq.m/year	4,000	0.0%	65	536
Denmark	Odense	Vestergade	0.9	DKr/sq.m/year	3,600	0.0%	58	483
Estonia	Tallinn	Viru Street	3.8	€/sq.m/month	22	0.0%	32	264
Estonia	Tallinn	Shopping Centre	3.8	€/sq.m/month	30	0.0%	43	360
Finland	Helsinki	City Centre	1.5	€/sq.m/month	160	0.0%	231.86	1,920
Finland	Tampere	City Centre	1.5	€/sq.m/month	82	0.0%	119	984
Finland	Turku	City Centre	1.5	€/sq.m/month	60	0.0%	87	720
France	Bordeaux	Rue St Catherine	0.8	Zone A €/sq.m/year	2,200	0.0%	196	1,620
France	Lille	Rue Neuve	0.8	Zone A €/sq.m/year	2,200	0.0%	196	1,620
France	Lyon	Rue de la République	0.8	Zone A €/sq.m/year	2,200	0.0%	196	1,620
France	Marseille	Rue St Ferréol	0.8	Zone A €/sq.m/year	2,000	0.0%	178	1,473
France	Nice	Avenue Jean Medecin	0.8	Zone A €/sq.m/year	2,200	0.0%	196	1,620
France	Paris	Avenue des Champs Elysées	0.8	Zone A €/sq.m/year	18,000	38.5%	1,601	13,255
France	Paris	Boulevard Haussmann	0.8	Zone A €/sq.m/year	6,000	20.0%	534	4,418
France	Paris	Rue du Faubourg St Honoré	0.8	Zone A €/sq.m/year	10,000	25.0%	889	7,364
France	Paris	Avenue Montaigne	0.8	Zone A €/sq.m/year	10,000	25.0%	889	7,364
France	Paris	Rue de Rivoli	0.8	Zone A €/sq.m/year	4,500	12.5%	400	3,314
France	Paris	Boulevard St Germain	0.8	Zone A €/sq.m/year	6,000	9.1%	534	4,418
France	Paris	Avenue George V/Rue François 1er	0.8	Zone A €/sq.m/year	3,500	16.7%	311	2,577
France	Paris	Place Vendôme/Rue de la Paix	0.8	Zone A €/sq.m/year	9,000	5.9%	800	6,628
France	Paris	Rue St. Honoré	0.8	Zone A €/sq.m/year	8,000	23.1%	711	5,891
France	Strasbourg	Rue des Grandes Arcades	0.8	Zone A €/sq.m/year	2,000	0.0%	178	1,473
France	Toulouse	Avenue Alsace-Lorraine	0.8	Zone A €/sq.m/year	2,200	0.0%	196	1,620
France	Cannes	La Croisette	0.8	Zone A €/sq.m/year	6,500	0.0%	578	4,787
Germany	Berlin	Tauentzienstraße (south)	1.8	€/sq.m/month	285	1.8%	413	3,420
Germany	Berlin	Kurfürstendamm	1.8	€/sq.m/month	230	0.0%	333	2,760
Germany	Berlin	Friedrichstraße	1.8	€/sq.m/month	145	0.0%	210	1,740
Germany	Cologne	Schildergasse	1.8	€/sq.m/month	285	1.8%	413	3,420
Germany	Dresden	Pragerstraße	1.8	€/sq.m/month	115	0.0%	167	1,380
Germany	Düsseldorf	Königsallee	1.8	€/sq.m/month	265	1.9%	384	3,180
Germany	Frankfurt	Zeil	1.8	€/sq.m/month	295	1.7%	427	3,540
Germany	Frankfurt	Goethestraße	1.8	€/sq.m/month	220	0.0%	319	2,640
Germany	Hamburg	Mönckebergstraße	1.8	€/sq.m/month	275	1.9%	399	3,300
Germany	Hamburg	Neuer Wall	1.8	€/sq.m/month	230	0.0%	333	2,760
Germany	Hamburg	Spitalerstraße	1.8	€/sq.m/month	295	1.7%	427	3,540
Germany	Leipzig	Peterstraße	1.8	€/sq.m/month	130	0.0%	188	1,560
Germany	Munich	Kaufingerstraße	1.8	€/sq.m/month	360	2.9%	522	4,320
Germany	Munich	Maximilianstraße	1.8	€/sq.m/month	260	0.0%	377	3,120
Germany	Munich	Theatinerstraße	1.8	€/sq.m/month	250	0.0%	362	3,000
Germany	Stuttgart	Königsstraße	1.8	€/sq.m/month	265	1.9%	384	3,180
Greece	Athens	Ermou	-0.5	€/sq.m/month	165	-2.9%	239	1,980
Greece	Athens	Kiffisia-Kolokotroni	-0.5	€/sq.m/month	100	-9.1%	145	1,200
Greece	Athens	Voukourestiou street	-0.5	€/sq.m/month	150	0.0%	217	1,800
Greece	Thessaloniki	Proxevou Koromila street	-0.5	€/sq.m/month	50	-33.3%	72	600
Greece	Thessaloniki	Tsimiski	-0.5	€/sq.m/month	105	-4.5%	152	1,260
Hungary	Budapest	Váci utca	1.8	€/sq.m/month	90	0.0%	130	1,080
Hungary	Budapest	Andrássy út	1.8	€/sq.m/month	40	0.0%	58	480
Ireland	Cork	Patrick Street	0.5	Zone A €/sq.m/year	1,900	-13.6%	116	964
Ireland	Dublin	Grafton Street	0.5	Zone A €/sq.m/year	4,250	-15.0%	288	2,389
Ireland	Dublin	Henry Street	0.5	Zone A €/sq.m/year	3,250	0.0%	199	1,648
Ireland	Galway	Shop Street	0.5	Zone A €/sq.m/year	1,250	4.2%	77	634
Ireland	Limerick	O'Connell Street	0.5	Zone A €/sq.m/year	500	0.0%	31	254
Ireland	Waterford	Broad Street	0.5	Zone A €/sq.m/year	750	0.0%	46	380
Italy	Bologna	Via Indipendenza	1.2	€/sq.m/year	2,200	0.0%	266	2,200
Italy	Milan	Via Montenapoleone	1.2	€/sq.m/year	7,500	7.1%	906	7,500
Italy	Milan	Via della Spiga	1.2	€/sq.m/year	4,800	0.0%	580	4,800
Italy	Milan	Corso Vittorio Emanuele	1.2	€/sq.m/year	5,500	10.0%	664	5,500
Italy	Milan	Via Sant'Andrea	1.2	€/sq.m/year	4,800	0.0%	580	4,800
Italy	Naples	Via Toledo	1.2	€/sq.m/year	1,700	-10.5%	205	1,700