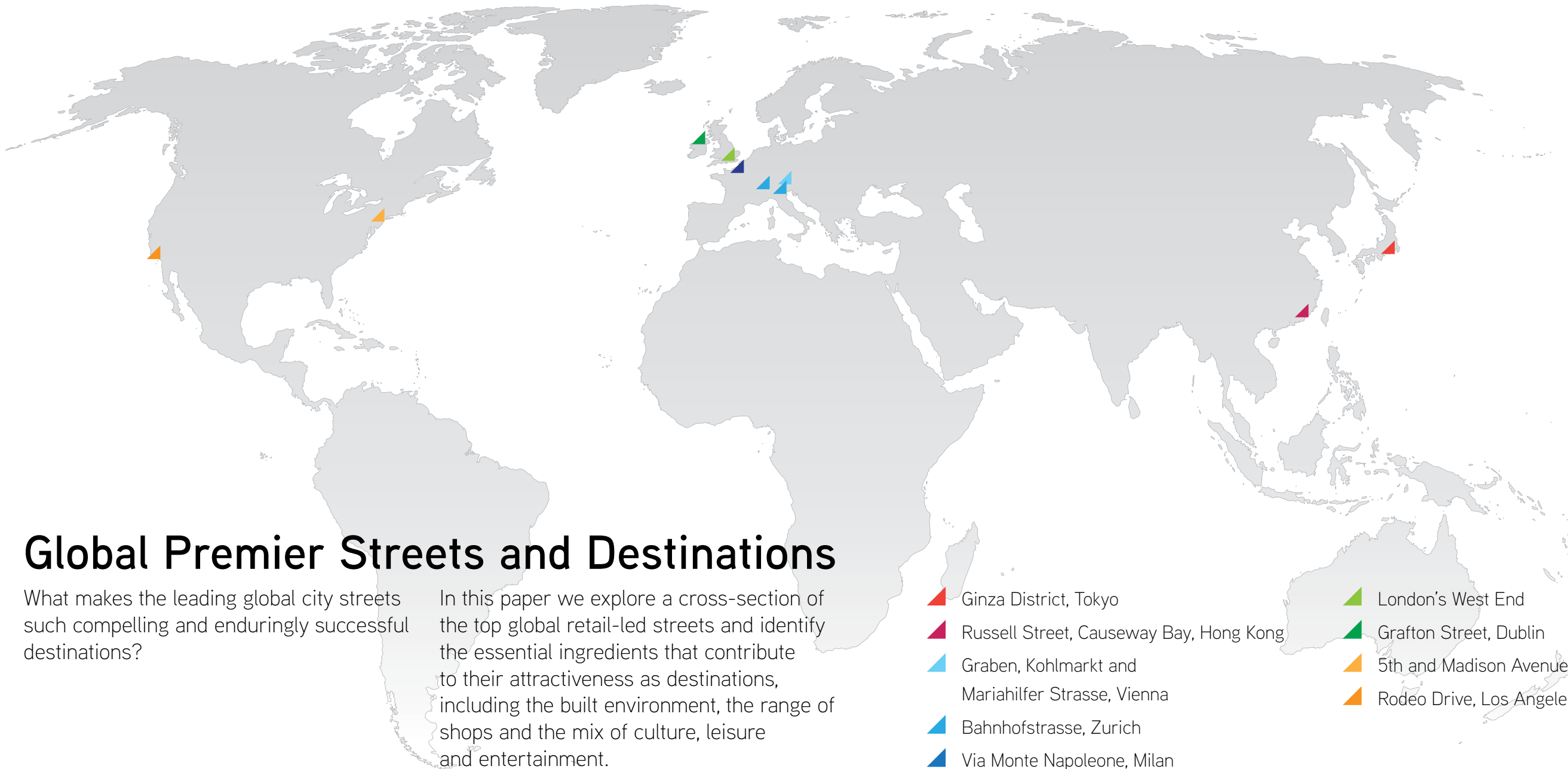


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# Global Premier Streets and Destinations

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# Global Premier Streets and Destinations

What makes the leading global city streets such compelling and enduringly successful destinations?

In this paper we explore a cross-section of the top global retail-led streets and identify the essential ingredients that contribute to their attractiveness as destinations, including the built environment, the range of shops and the mix of culture, leisure and entertainment.

- ▲ Ginza District, Tokyo
- ▲ Russell Street, Causeway Bay, Hong Kong
- ▲ Graben, Kohlmarkt and Mariahilfer Strasse, Vienna
- ▲ Bahnhofstrasse, Zurich
- ▲ Via Monte Napoleone, Milan
- ▲ Avenue des Champs-Élysées, Paris
- ▲ London's West End
- ▲ Grafton Street, Dublin
- ▲ 5th and Madison Avenue, New York
- ▲ Rodeo Drive, Los Angeles



## Ginza District, Tokyo, Japan

The story begins in Ginza District, a destination renowned for its concentration of high-end department and flagship stores representing the leading global luxury brands. In Ginza, as in many of the pre-eminent global retail strips, there is consistent demand for space and low occupier turnover. Rental values dipped slightly in Q1 2010, but have remained stable since. Landlords continue to benefit from demand generated by high end luxury retailers, further compounded by constraints on new supply within the district.

Alongside the world famous stores, architecture is a key part of Ginza's identity and helps to draw a steady stream of tourists into the district. Since its opening in 1966, the iconic Sony Building has remained a star

attraction in the area. Other landmarks include the Wako Department Store, a Neo-Renaissance style building known for its striking clock tower, and Hakuinkan Toy Park.

Ginza is transformed into a popular entertainment destination at weekends when the main north/south arterial route is closed to traffic, giving the streets back to the people. There is a vibrant mix of formal and informal culture including provision of daily Kabuki Theatre and groups of small art galleries along the side streets. The Ginza Cine Pathos is a standalone attraction housing a cluster of small theatres, bars and food stalls built in a tunnel underneath the Harumi-dori.

With its neon lights, towering department stores, nightclubs and its chic and cosmopolitan ambience, Ginza has a unique character and a richness of entertainment that underpins Tokyo's appeal as one of the world's pre-eminent city destinations.

**Ginza-Chuo Avenue rental values  
£388 per square foot**



## Russell Street, Causeway Bay, Hong Kong

As one of the principal gateways to the emerging markets of Asia, Hong Kong has, arguably, been better positioned during the global recession than the other cities surveyed in this paper. The retail market remains strong, underpinned by an expanding economy, rising consumer spending and ever increasing numbers of tourists, including an influx of high spending Chinese visitors. There is a sustained and positive market sentiment that continues to support the steady growth in rental values, with a marked increase in the last quarter of 2010.

The shopping and entertainment districts of the city offer a contrasting mix of experiences. In a single day, visitors can take in the luxury shopping

of Causeway Bay, the modern retail malls and famous colonial-era hotels of Tsim Sha Tsui, fine dining in the cobblestoned streets of Central, the bars and clubs of SoHo's buzzing nightlife and the dense crowds and vibrant melting pot of Mong Kok.

More than merely a commercial hub or luxury shopping destination, Hong Kong is one of the world's great port cities, with a remarkable energy and fusion of Western and Eastern cultures. Stunning harbour views, incense-filled temples, lively festivals, colonial buildings and glass-and-steel skyscrapers combine to create a special atmosphere.

**Russell Street rental values  
£836 per square foot**



## Graben, Kohlmarkt and Mariahilfer strasse, Vienna

Vienna's historic core provides a contrasting image of a successful shopping and entertainment district. Here the prime shopping streets have continued to see stable demand mainly from international chains, particularly Mariahilfer Strasse, the fashionable shopping mile located between the city centre and Westbahnhof. This area is populated by department stores and boutique shops offering high-end fashion, jewellery and accessories, interspersed with numerous restaurants, bars and cinemas.

The historic built environment is at the heart of Vienna's attraction to visitors. These streets were once inhabited by jewellers appointed to the Royal Court and this artisan tradition lives on in the numerous jewellery stores such as Tiffany's, Cartier, Bulgari and Rolex.

Kohlmarkt is one of the oldest streets in Vienna, an eclectic mix of up-market shops and international designers occupying historic premises set against the striking copper dome of the Michaelertor. Demel, one of the best chocolate shops in Vienna, excels in the quality of its products and the appeal of its window displays which change monthly to reflect a different theme.

Vienna's position as one of the world's leading retail destinations shows the enduring appeal of historic city centre locations. It is also a result of the city's ability to evolve to changing market dynamics, for example, taking advantage of its strategic location in Europe to become a leading congress destination.

**Graben, Kohlmarkt & Mariahilfer Strasse rental values**  
**£336 per square foot**



## Bahnhofstrasse, Zurich

The long, curving elegant lines of Bahnhofstrasse remains one of Europe's most prestigious shopping streets. Like Vienna, demand from the international luxury brands is high and the supply of prime retail space is limited, with few properties changing hands. It is understood that The Swatch Group paid millions (CHF) to secure a 600-square-metre retail space at Bahnhofstrasse.

Paradeplatz the City's most famous square is situated at one of end of Bahnhofstrasse, closest to Lake Zurich. Paradeplatz is one of the most expensive pieces of real estate in Switzerland and has become synonymous with the wealth and exclusivity of the Swiss banks, being the location of the headquarters of both UBS and Credit Suisse.

Zurich offers a surprisingly wide range of culture and entertainment. The city is home to a large number of museums, a world class orchestra and opera company, one of the German-speaking world's premier theatres and vibrant nightlife centred on live music and a dynamic club scene.

One of Zurich's greatest assets is its naturally beautiful setting on the River Limmat, which provides a natural divide with the east bank, known as Niederdorf or the "Dörfli", full of cafés and small shops. In typical Swiss style, St Peter's Church, with its elegant spire features the largest clock face in Europe.

**Bahnhofstrasse rental values**  
**£590 per square foot**



## Via Monte Napoleone, Milan, Italy

The elegant Via Monte Napoleone is one of the most prestigious addresses in Milan's Quadrilatero fashion district. Several of the world's top fashion houses have retained headquarters, major offices or large emporia on the street. Currently there are some empty premises and rents fell slightly in 2010 as the market adjusted to the economic downturn and tightening local legislation. There is, however, increasing local market confidence that rental values will increase during 2011. Landlords have adapted to the new market conditions and, as a result, there are signs of increased activity.

Cultural assets in the city centre include La Scala, the Piccolo Teatro and the magnificent Duomo, which provides a stunning backdrop to the Palazzo Reale.

A few stops along the subway towards the south is the Navigli district that provides a bohemian and alternative counterpoint to the exclusivity of Via Monte Napoleone. Either side of the Navigli canal there is an array of independent boutiques and ateliers of artistes, cafes, restaurants and old moored barges fitted out as bars for young Milanese. This district is also home to Milan's most exciting nightclubs.

Milan's combination of chic retail, world class culture, fine dining, a lively nightlife, and a young and cosmopolitan atmosphere are essential ingredients in its enduring appeal.

**Via Monte Napoleone rental values  
£543 per square foot**



## Avenue des Champs-Élysées, Paris, France

The Avenue des Champs Élysées—“the most beautiful avenue in the world” - is an evocative address with expensive real estate to match its reputation. Global luxury retailers continue to demand flagship stores in prime locations and, as a result, rental values have remained stable despite the recession.

With its delightful array of cinemas, cafes, luxury speciality shops and clipped horse-chestnut trees, the Champs Élysées continues to personify Parisian haute couture and chic. That said, the arrival of global chain stores in recent years has strikingly changed its character and, amidst opposition to perceived standardisation or “banalisation”, the City of Paris opposed a new store by Swedish clothing chain

H&M in 2007. Nonetheless American clothing chain Abercrombie & Fitch was permitted to open a new store in 2008.

The variety of cultural exhibitions and events staged in and around the district widen its global appeal, such as the final stage of the Tour de France, watched by a global TV audience and the interactive science exhibits of the Palais De La Découverte. The Champs Elysee is also home to a string of glamorous nightclubs and restaurants, including World Place owned by Johnny Depp, John Malkovich and Sean Penn. Alongside the city's world famous museums, the Champs Elysee helps to make Paris one of the world's leading tourist cities.

**Champs Élysées rental values  
£799 per square foot**



## London's West End, UK

The premier streets in London's West End remain in high demand from domestic and international fashion-led retailers. Vacancies are low and record rents have been reported as occupiers chase a limited number of quality units in prime locations.

On Oxford Street Spanish fashion chain Desigual has taken the former Disney Store at a reported £710 psf Zone A rent. US fashion retailer Forever 21 is rumoured to have offered £14m for the HMV store near Bond Street Station. There is also significant investment at Oxford Street East with Primark committed to opening its second store in late 2011.

Regent Street has attracted a growing number of international flagship stores as the area continues to benefit from

massive investment in the public realm and building stock. The recent announcement that Burberry will relocate into the store currently occupied by Habitat confirms Regent Street's position as a prime location for premier fashion brands. Equally, significant premiums and record rents have been reported on Bond Street as luxury retailers such as Piaget, Louis Vuitton and Chanel look to secure representation.

Much more than just a shopping destination, the West End's evolving mix of restaurants, nightlife, cultural attractions and entertainment remain world class. A wave of new and refurbished luxury hotels continue to open, including the Four Seasons, the W Hotel, St John's Hotel in Leicester

Square, and The Corinthia in the former Ministry of Defence buildings.

Leicester Square, in the heart of the West End, is a world class destination in its own right. An investment of £18.5 million to redevelop the public space and the opening of the new M&M World store (the first outside the USA) will reinforce its position as the West End's entertainment hub.

**West End overall retail rents range from £335 to £600 psf per annum for the prime shopping streets.**

**This equates to £500 to £900 psf Zone A rent.**



## Grafton Street, Dublin, Ireland

Of all the streets surveyed for this publication Grafton Street has suffered the most enduring impact from the global recession. Prime high streets rents in Dublin City Centre have fallen back 55-60% from peak levels in 2007, especially for the smaller units that make up the majority of the premises on Grafton Street. The small number of larger units in prime locations continue to attract premium rents.

Trading conditions are expected to remain depressed. However, the majority of occupiers have adjusted to trading at lower levels. There is a "changing of the guard" with a selection of new occupiers including The Disney Store replacing Laura Ashley.

Notwithstanding the severe impact of the financial crisis in Ireland, Grafton Street remains a premier shopping street with fashionable stores including Brown Thomas for designer brands, Weirs for jewellery and the popular Bewley's Café. A few minutes' walk away are an array of Dublin's best night spots, restaurants and independent shops lining the narrow, cobbled streets of Temple Bar, running between the Bank of Ireland and Christ Church Cathedral. Temple Bar has been redeveloped as an arts and cultural district that, along with key attractions such as the Guinness Brewery, continue to attract large numbers of tourists to the city.

**Grafton Street rental values £258 per square foot**



## 5th & Madison Avenue, New York

New York City (NYC) has experienced the most dramatic post-recession recovery of all the global streets. Rental values have bounced back from their Q1 2010 lows by 40% to 50% in both Fifth and Madison Avenues, driven upwards by buoyant tourist and employment growth.

In late 2008 and 2009, NYC witnessed the largest decline in personal income since the Great Depression in the 1930s. There was an unprecedented decline in the retail sector and vacant units appeared in prime locations. In 2010 a combination of the recovery in the financial sector and the strongest tourist year ever for New York City have encouraged strong retailer demand.

Fifth Avenue is lined with prestigious boutiques and flagship stores and is consistently ranked among the most expensive shopping streets in the world. Much of the spending by tourists, especially international tourists, is focused on the prime pitch along Fifth Avenue and Madison Avenue. Most of the world's luxury boutiques are located here, which include Louis Vuitton, Tiffany & Co., Gucci, Prada, Bottega Veneta, Giorgio Armani, Fendi, Versace, Harry Winston and Cartier. Fifth Avenue is also home to luxury department stores, Saks Fifth Avenue and Bergdorf Goodman. The Apple Store, located on Fifth Avenue has become New York's fifth most photographed building.

Madison Avenue is identified as "the fashionable road" where many of the city's leading fashion designers and jewellers are located, including Asprey, Baccarat, Bally, Bulgari, Chanel, Calvin Klein, Christian Louboutin, Dolce & Gabbana, Jimmy Choo, Ralph Lauren, Hermès, Manrico Cashmere and many more. Brooks Brothers, the oldest retail clothier in America, is headquartered and has its anchor at Madison and 44th Street. Barneys New York also has their flagship store on Madison Avenue at 60th Street.



## Rodeo Drive, Los Angeles

FAO Schwartz, the world's largest toy store, with its stupendous displays attracts thousands of children each year. Fifth Avenue, also known as Museum Mile, showcases a plethora of museums housed in grand buildings built by rich industrialists in the 19th and early 20th century. These striking mansions overlooking Central Park provide a rich cultural delight, that combined with Broadway's famous theatre industry, ensures New York's reputation as a vibrant global destination.

**Fifth Avenue rental values  
£1494 per square foot**

**Madison Avenue rental values  
£662 per square foot**

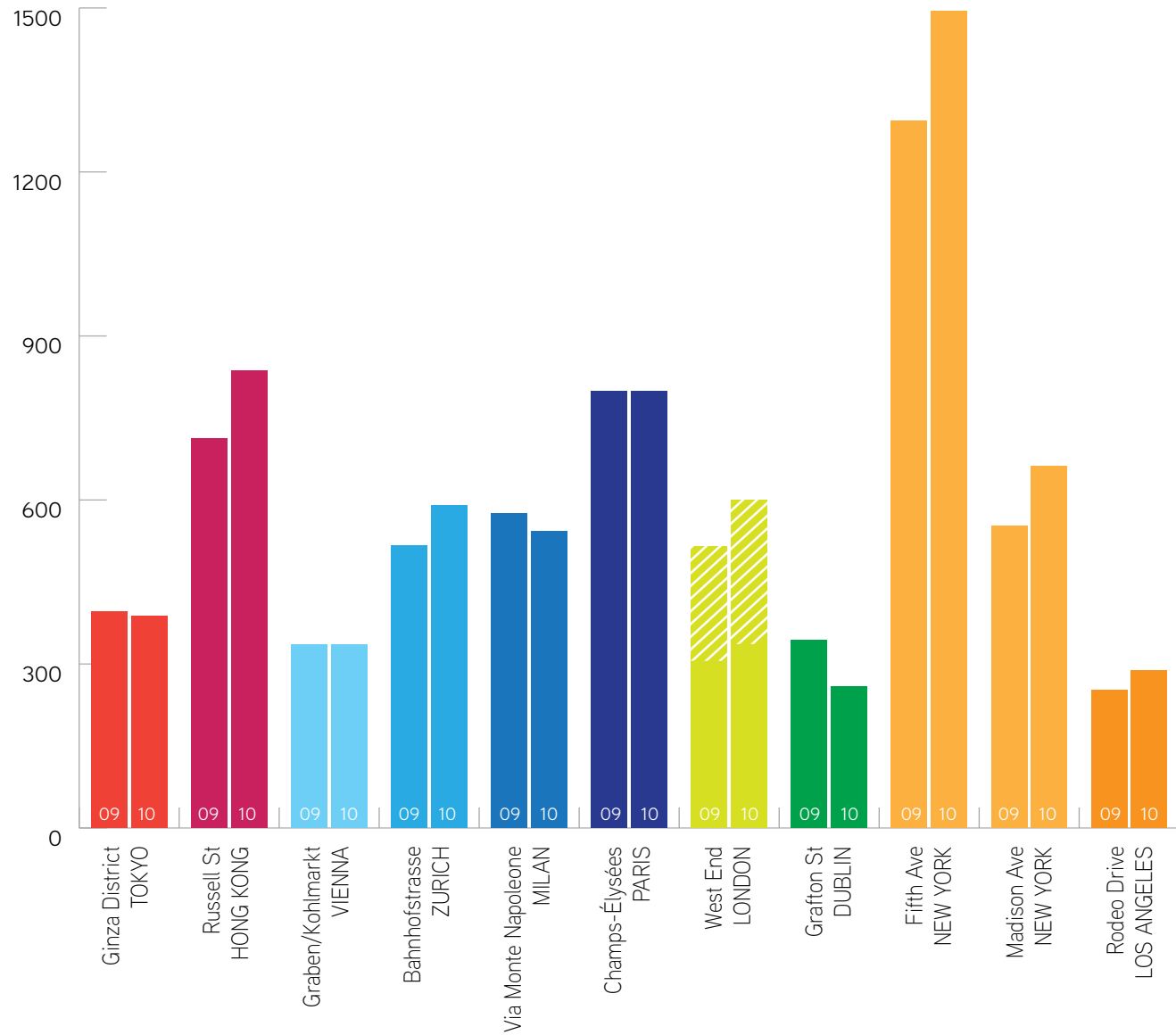
Demand for retail space in Rodeo Drive remains stable with modest rental growth forecast in 2011 following a double digit increase in 2010. Luxury purchases are back, especially from out-of-town visitors, mainly from Latin America and Asia. The 400 block of North Rodeo Drive remains the premier retail street in Los Angeles although it continues to see competition from other streets such as Robertson Boulevard in Beverly Hills, West 3rd Street through West Hollywood and Montana Avenue in Santa Monica.

There is a veritable delight of luxury retailers that provide a glamorous presence along Rodeo Drive including Battaglia, Brioni, Dior, Giorgio Armani, Hugo Boss and Salvatore Ferragamo.

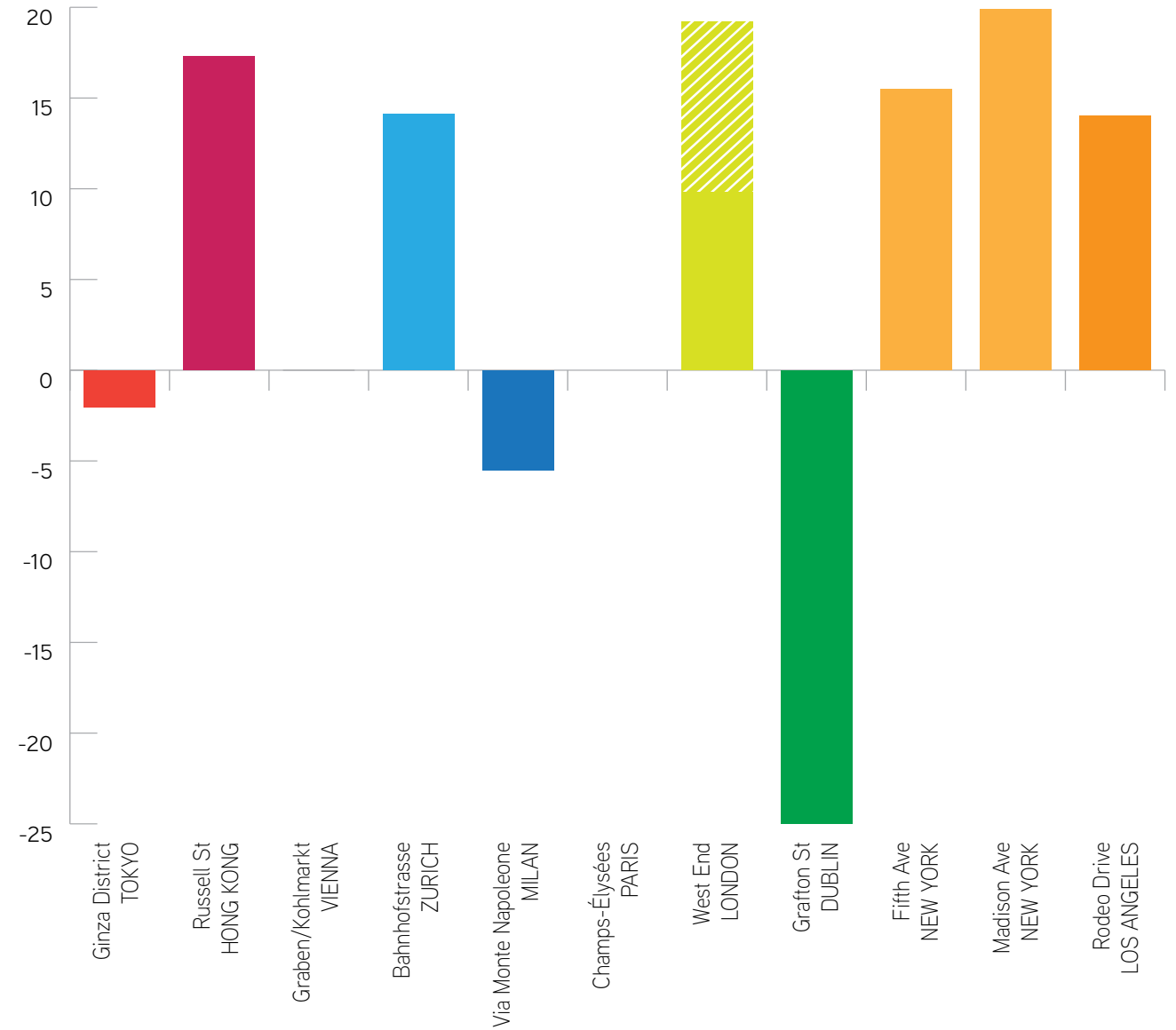
This world famous street is punctuated with an array of glittering jewellery shops including De Beers, Tiffany & Co. and Van Cleef & Arpels. Anecdotal evidence suggests that Rodeo Drive is home to the single most expensive store in the world: Bijan, named after its Iranian owner (at 420 Rodeo Drive). On a typical visit, Bijan's average customer spends approximately \$100,000 on men's fashions, which includes suits retailing at \$15,000. Attracting the rich, famous and thousands of tourists with the celebrated Beverly Wiltshire Hotel, Rodeo Drive personifies chic and elegant shopping at its best.

**Rodeo Drive rental values  
£288 per square foot**

# Annual Overall Rent psf per annum 2009-2010



# % Annual Rental Change 2009-2010



In order to compare international retail rents on a like for like basis we have converted UK Zone A rents to an overall rent based on a hypothetical 2,250 sq ft unit with full cover on first floor or basement. The rental figures quoted reflect the Colliers International view of the "rental tone" and not necessarily the highest achieved rent, which in some instances will reflect an isolated transaction.



## Conclusion

London was recently named ‘**Top Shopping Capital**’ in a new study compiled by the Centre for Retail Research (CRR), which indicated that London retail sales reached £64.2 billion in 2010, compared to £61.4 billion in Tokyo, £47 billion in New York and £46.6 in Paris. These four cities stand out as the global ‘Retail Super League’

Our research shows the resilience of the premier global retail and entertainment districts. Rents in these prime locations have, on the whole, remained relatively stable or bounced back strongly from the global recession.

Common themes permeate throughout the cities we have explored in this paper. Of course all of the premier retail streets offer an agglomeration of world class retail brands that are not found on the typical high street. The range and depth of the retail offer is a core part of the appeal - the four cities in the ‘Retail Super League’ stand out because they provide the most compelling retail mix.

However, it is not just about retail, the richness of culture and entertainment attractions extends the appeal of the retail-led streets. Global leading city districts have world class hotels, restaurants, cultural assets and architecture, both historic and contemporary.

In an increasingly globalised world, where a small number of leading retail brands are ever-present, visitors are attracted to places where they can experience a unique and authentic sense of place. World-leading city districts express a distinctive personality, particularly through the built environment and their cultural offer.



## Conclusion

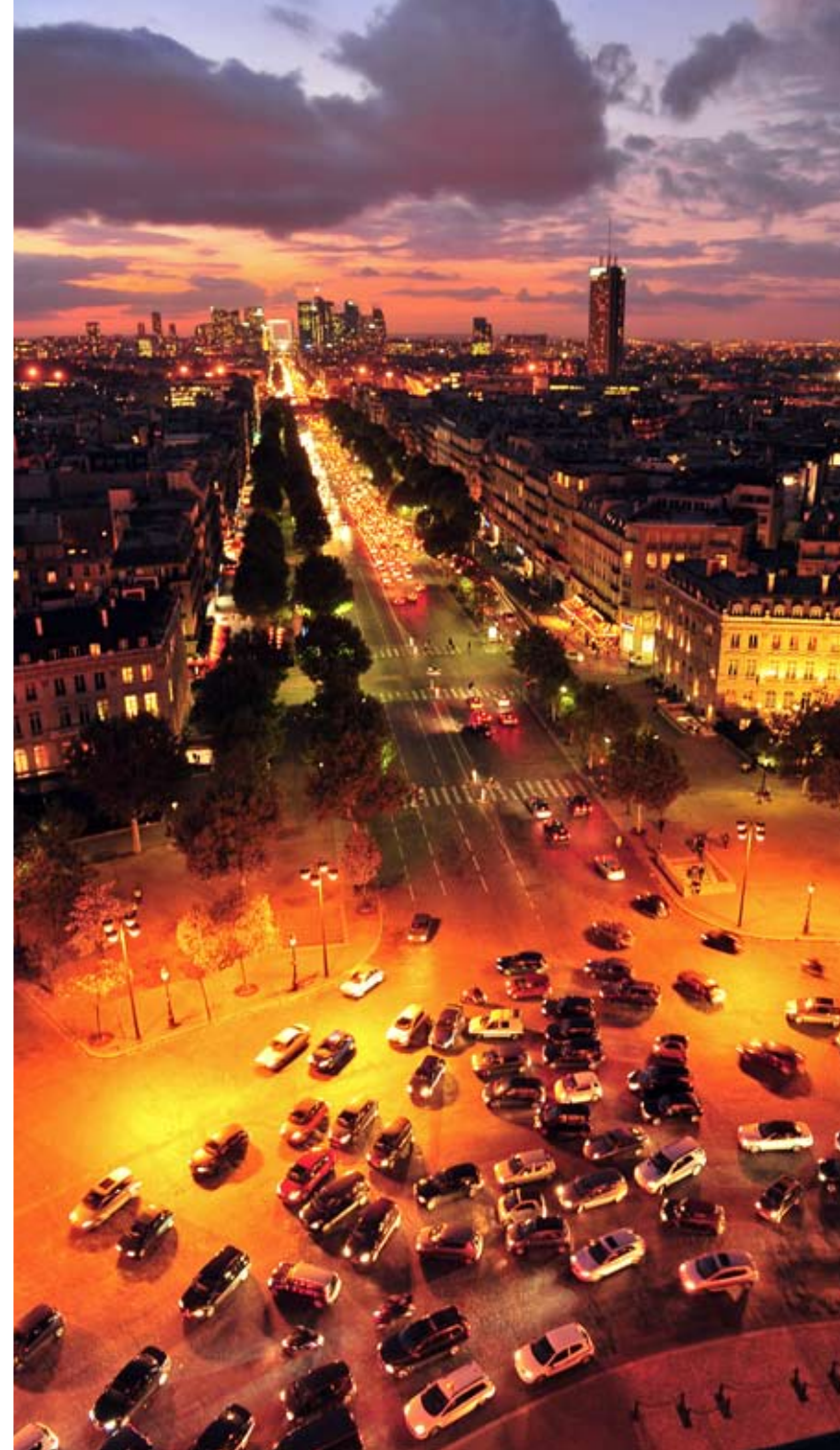
Enduringly successful city districts evolve and re-invent themselves for new audiences. This is particularly true of the historic European cities such as Zurich and Vienna. Perhaps the most striking example is the finale of the Tour de France on the Champs Élysées in Paris.

Although the premier retail-led street is the star attraction, side streets also play a significant role in attracting visitors and encouraging them to linger. These streets often provide a more human scale of experience and a more diverse mix of eating and drinking, culture and entertainment. Examples include the ‘urban oases’ in London’s West End and the side streets in Ginza District, Tokyo.

The West End has benefited from sterling devaluation, strong tourist trade, good levels of demand from both domestic and international brands, set within the context of a relatively robust London economy, which has seemingly decoupled itself from the rest of the UK.

London’s West End remains competitive, compelling and continues to perform on a global stage as a star attractor.

**Footnote:** Local currency conversions to GBP are as of 9 February 2011.



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