New York's Fifth Avenue retains its top ranking as the world's most expensive retail destination; Milan overtakes Hong Kong for second.

Retail rents in prime global locations continue to show resilience

SINGAPORE, November 21, 2023 – Cushman & Wakefield (NYSE: CWK) today released the 33rd edition of its Main Streets Across the World report, which examines prime retail rental rates in key cities globally.

- New York's Fifth Avenue retains its top ranking as the world's most expensive retail destination, despite recording flat rental growth year-over-year (YOY).
- Milan's Via Montenapoleone jumped a spot into second, displacing Hong Kong's Tsim Sha Tsui, which slipped to third.
- New Bond Street in London and the Avenues des Champs-Élysées in Paris retained fourth and fifth positions, respectively.
- The biggest mover was Istiklal Street in Istanbul, which rose from 31st to 20th position in response to inflation which caused rents to more than double over the past year, and which forced Kuala Lumpur's Suria KLCC out of the top 20.

The report focuses on headline rents in best-in-class urban locations across the world which, in many cases, are linked to the luxury sector. The rental values in this specific segment have been relatively immune to additional discounts, incentive packages or shared risk rental models that have become more prominent in the wider retail markets globally. The global index ranks the most expensive destination in each market.

Report author and Head of International Research for Asia Pacific Dr Dominic Brown said the retail sector globally continued to show resilience:

"Retail has continued its path to recovery despite a new wave of post-pandemic challenges as central banks around the world have increased interest rates to tame the current inflationary cycle. In response, economic growth forecasts have been trimmed and consumers have reigned in discretionary spending."

Headline rental changes

- Globally, rents rose on average 4.8% year-over-year
- Asia Pacific recorded the strongest growth (5.3%), followed by the Americas (5.2%) and Europe (4.2%).
- Despite this comparatively strong growth, in most instances the increase in rents did not match peak inflation levels.
- Globally, rental levels remain below pre-pandemic[1] levels in 55% of markets (70% of markets in Europe, 51% in APAC and 31% in the Americas)

[1] Pre-pandemic is taken as Q4 2019 in APAC and Q1 2020 in Americas and Europe.

Figure 1: Global Prime Retail Rankings 2023

Global Ranking 2023	Global Ranking 2022	Market	City	Location	Rent (USD/sq. ft/yr)	Rent (EUR/sq m/yr)	Pre-pandemic to present (LCY)	YOY (LCY)
1	1	U.S.	New York City	Upper 5th Avenue (49th to 60th Sts)	$2,000	€20,384	14%	0%
2	3	Italy	Milan	Via Montenapoleone	$1,766	€18,000	31%	20%
3	2	Greater China	Hong Kong	Tsim Sha Tsui (main street shops)	$1,493	€15,219	-39%	4%
4	4	United Kingdom	London	New Bond Street	$1,462	€14,905	-11%	0%
5	5	France	Paris	Avenues des Champs-Élysées	$1,120	€11,414	-18%	0%
6	6	Japan	Tokyo	Ginza	$912	€9,299	0%	0%
7	7	Switzerland	Zurich	Bahnhofstrasse	$907	€9,243	-2%	1%
8	8	Australia	Sydney	Pitt Street Mall	$747	€7,612	-24%	0%
9	9	South Korea	Seoul	Myeongdong	$642	€6,542	-19%	5%
10	11	Austria	Vienna	Kohlmarkt	$506	€5,160	6%	2%

Spotlight on APAC

As well as the global ranking, the report features rankings for each region. In Asia Pacific, Hong Kong and Tokyo dominate the region's most expensive streets, accounting for six of the top eight rankings. Hong Kong's Tsim Sha Tsui (main street shops), is the most expensive regionally (third globally) at USD1,493/sq ft/yr, followed by Causeway Bay (main street shops) at USD1,374/sq ft/yr. These are followed by Tokyo's Ginza (USD912/sq ft/yr) and Omotesando (USD798/sq ft/yr), which placed third and fourth in the region, respectively.

Sydney's Pitt Street Mall (USD747/sq ft/yr) and Midosuji in Osaka, Japan (USD730/sq ft/yr) also featured in the top eight places; Seoul's Myeongdong (USD642/sq ft/yr) and Gangnam Station (USD572 sq ft/yr) rounded out the top 10.

At the other end of the spectrum, Anna Nagar 2nd Avenue and Pondy Bazaar in Chennai rank among the most affordable locations in the region with rents at USD22/sq ft/yr and USD24sq ft/yr respectively.

Vietnam, Japan, and India all experienced substantial growth, with average growth rates ranging from 12% to 18%. Japan's rental growth was driven by Midosuji in Osaka, which recorded an increase of 60% following a robust recovery in international tourism, while rents in Banjara Hills, Hyderabad, increased by 40% off a comparatively low starting point. Rents in Ho Chi Minh City and Hanoi are up 17% and 20% year-over-year, respectively.

On the contrary, Xiamen dropped -25% and Shenzhen also dropped more than 20% as consumer confidence in mainland China remained cautious and new supply entered the market. While just over half of Asia Pacific's markets are yet to fully recover rental declines experienced during the pandemic, there have been improvements over the past year. Hong Kong remains the market with the greatest potential for recovery, with rents still at 42% below where they were prior to the pandemic; Australia has also seen limited recovery.

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Figure 2: Asia Pacific Prime Retail Rankings 2023

APAC Ranking 2023	APAC Ranking 2022	Market	City	Location	Rent (USD/sq. ft/yr)	Rent (EUR/sq m/yr)	Pre-pandemic to present (LCY)	YOY (LCY)
1	1	Greater China	Hong Kong	Tsim Sha Tsui (main street shops)	$1,493	€15,219	-39%	4%
2	2	Greater China	Hong Kong	Causeway Bay (main street shops)	$1,374	€14,007	-46%	6%
3	3	Japan	Tokyo	Ginza	$912	€9,299	0%	0%
4	4	Japan	Tokyo	Omotesando	$798	€8,137	17%	9%
5	5	Australia	Sydney	Pitt Street Mall	$747	€7,612	-24%	0%
6	11	Japan	Osaka	Midosuji	$730	€7,440	7%	60%
7	6	Japan	Tokyo	Shinjuku	$684	€6,975	-6%	0%
8	7	Greater China	Hong Kong	Central (main street shops)	$673	€6,863	-40%	9%
9	8	South Korea	Seoul	Myeongdong	$642	€6,542	-19%	5%
10	9	South Korea	Seoul	Gangnam Station	$572	€5,825	-22%	2%

Dr Brown said: *"Asia Pacific's traditional prime retail destinations have continued to command strong rents, accounting for four of the top ten most expensive locations globally. The region recorded an average 5.3 percent rental growth year-over-year which, combined with a comparatively strong economic outlook for 2024, bodes well for the retail sector's continued recovery in key luxury markets."*

Luxury sales growth remains in positive territory despite slowdown

According to the report, over 95% of luxury brands reported profit growth in 2022, a trend which persisted into early 2023. However, the luxury sector had slowed overall as higher interest rates forced a normalisation of its customer base, which expanded during the pandemic. Although challenges are expected into 2024, high-end retail is expected to continue performing comparatively well thanks to its core customer base, which is typically more immune to rising living costs.

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