MAIN STREETS ACROSS THE WORLD 2018

CUSHMAN & WAKEFIELD

CONTENTS

WELCOME

to the 2018 edition of Cushman & Wakefield's global flagship report, Main Streets Across The World.

This report tracks 446 of the top retail streets around the globe, ranking the most expensive in each country by their prime rental value and enabling an analysis of trends in retail real estate performance.

On the one hand, with the rapid growth in technology and new concepts, the retail sector has never been more innovative or vibrant. Yet, in a decidedly omni-channel world where consumers are time-poor and have a huge choice as to where they spend their money, the physical store faces an ever-increasing challenge to attract shoppers. And, with retailer margins under continuous pressure, the need for accurate and timely information on retail property costs has never been so important.

The information has been provided by Cushman & Wakefield, external sources and the affiliate partners of Cushman & Wakefield:

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30 YEARS
OF MAIN STREETS ACROSS THE WORLD

	MOST EXPENSIVE LOCATION	TOP RENT	COUNTRIES COVERED
1988	*East 57th Street, New York*	*US$ 425/ sq ft/year*	*10*
2018	*Causeway Bay, Hong Kong*	*US$ 2,671/ sq ft/year*	*65*

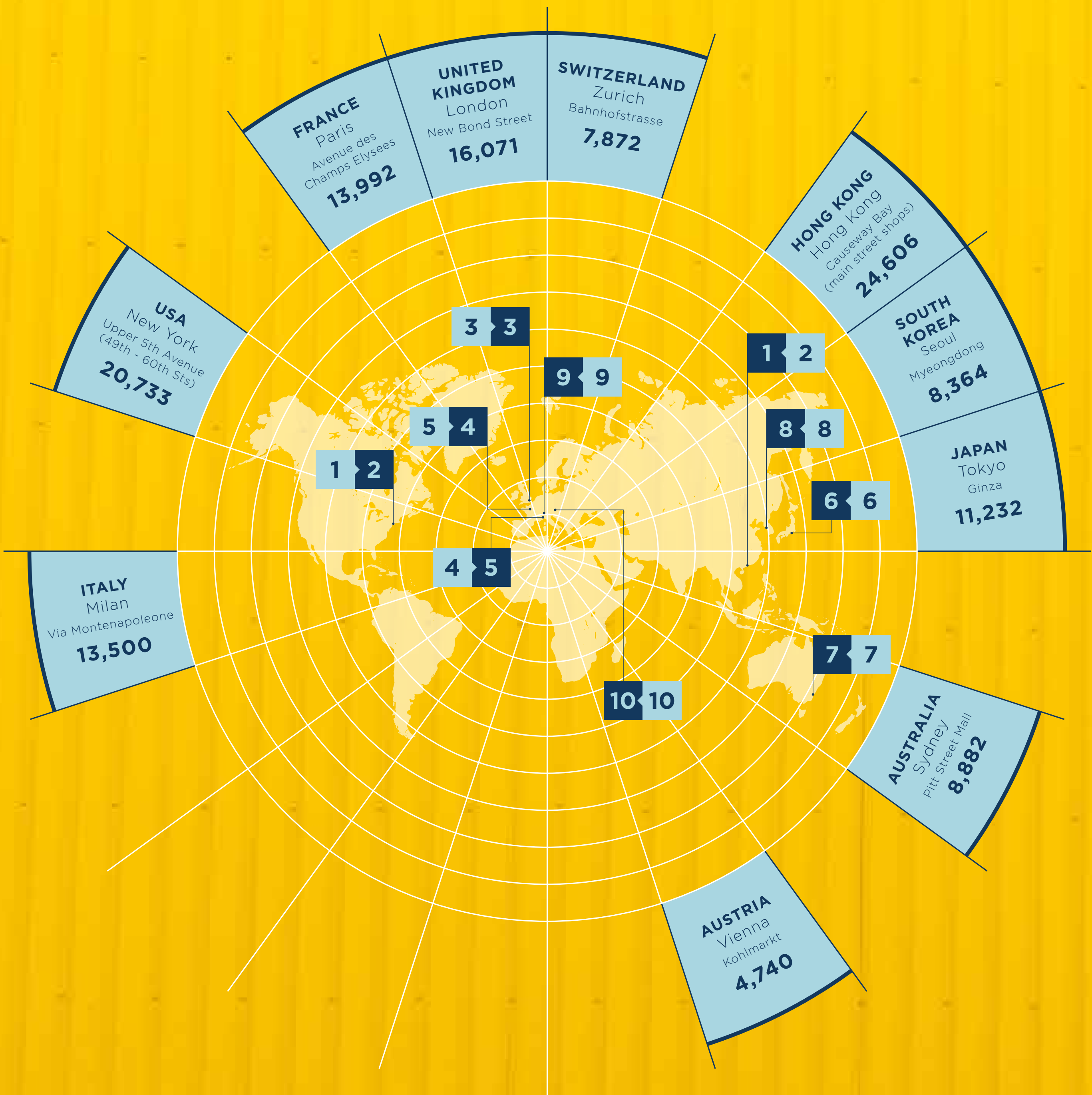
LOCATIONS COVERED

51

446

MOST EXPENSIVE LOCATION	NUMBER OF TIMES
5TH AVENUE, NEW YORK	14
CAUSEWAY BAY, HONG KONG	6
THE GINZA, TOKYO	4
EAST 57TH STREET, NEW YORK	3
MADISON AVENUE, NEW YORK	3
PEDDER STREET, HONG KONG	1

2018 GLOBAL RANKING



Data relates to prime retail rents in €/sq m/year

Rank 2018

Rank 2017

Source: Cushman & Wakefield

GLOBAL RANKING*

2018	2017	COUNTRY	CITY	LOCATION	RENT Q2 2018 US$/ SQ FT/YEAR	RENT Q2 2018 €/ SQ M/YEAR
11	11	CHINA	BEIJING	WANGFUJING	492	4,532
12	12	GERMANY	MUNICH	KAUFINGER/NEUHAUSER	482	4,440
13	13	IRELAND	DUBLIN	GRAFTON STREET	412	3,794
14	14	SPAIN	BARCELONA	PORTAL DE L'ANGEL	365	3,360
15	19	GREECE	ATHENS	ERMOU	326	3,000
16	15	NETHERLANDS	AMSTERDAM	KALVERSTRAAT	315	2,900
17	17	SINGAPORE	SINGAPORE	ORCHARD ROAD	308	2,842
18	16	RUSSIA	MOSCOW	STOLESHNIKOV	299	2,749
19	21	CZECH REPUBLIC	PRAGUE	NA PŘÍKOPĚ STREET	287	2,640
20	18	NORWAY	OSLO	KARL JOHAN	286	2,632
21	20	LUXEMBOURG	LUXEMBOURG CITY	GRANDE RUE	235	2,160
22	24	CANADA	TORONTO	BLOOR STREET	229	2,106
23	23	INDIA	NEW DELHI	KHAN MARKET	228	2,105
24	26	MALAYSIA	KUALA LUMPUR	SURIA KLCC	223	2,058
25	27	BELGIUM	ANTWERP	MEIR	217	2,000
26	30	SWEDEN	STOCKHOLM	BIBLIOTEKSGATAN	211	1,942
27	28	TAIWAN	TAIPEI	XIMEN	205	1,887
28	29	DENMARK	COPENHAGEN	STROGET (INCLUDING VIMMELSKAFTET)	200	1,842
29	22	TURKEY	ISTANBUL	CENTRE - ISTIKLAL STREET	190	1,746
29	25	VIETNAM	HO CHI MINH CITY	BEST ACHIEVED SHOPPING MALL (GF)	190	1,746

*Top location in each country, ranked by country

GLOBAL OVERVIEW

Arguably, there has never been a better time to be a brand, a retailer or a consumer. It has never been easier for brands and retailers to promote and sell goods and services, while the consumer can now buy whatever they want, whenever they want – and have it delivered wherever they want.

However, as we celebrate the 30th anniversary of Main Streets, the seismic changes taking place in the retail sector are now evident in most parts of the world. For some operators, these changes represent a major challenge. Others meanwhile have adopted strategies to embrace these changes and have continued to grow their businesses and expand into new markets.

In this year's survey, Causeway Bay in Hong Kong was the most expensive location in the world - the sixth time it has held this position, having last held it in 2013. On average, global rents were broadly unchanged over the year to June, which reflects the fact that occupiers are in the driving seat in many areas.

Global trends are not completely uniform, but there are some common themes. The most notable trends include the continued growth of online (albeit from a low base in most countries) and significant investment in store design. However, while technology is still a major disruptor in retailing, it is also enabling physical retail to fight back as it allows retailers to better understand their customers and to enhance the in-store experience. Another common trend has been the continued rise of the food & beverage and health & beauty sectors, which have proved to be the most resistant to the growth of online.

Going forward, retail will likely form a smaller part of the overall tenant mix, as non-retail uses such as restaurants, childcare facilities, fitness and services become standard in many 'retail' locations. In fact, arguably, we are now moving in to a 'beyond retail' phase.

Traditional retail is therefore being re-sized, re-invented and re-imagined. This trend is most evident in the US and the UK, both of which have felt the force of retailer restructuring and shrinking store networks, as well as a downward readjustment of rents in some areas. Equally, however, the disruption is also creating opportunities for exciting new operators and formats to emerge.

AMERICAS

In the US, a number of major department stores have been downsizing and creating stores aimed at a local catchment, with a greater focus on customer service rather than just product sales.

The food & beverage sector continues to expand, albeit with an emphasis on 'healthy, fast and casual'. This has led to new restaurants and cafés which offer nutritious 'grab-and-go' options or a sit-down service. Leisure continues to play a greater role and there are an increasing number of entertainment-driven lifestyle centres, including new concepts such as Punch Bowl Social.

Indeed, US retailers remain among the most innovative in the world, with companies such as Amazon and Nike shaping the future of retail through concepts such as the former's Amazon Go! and the latter's Nike Live (on Melrose, Los Angeles), whose merchandise is driven entirely by app users in the local area. Much of what these companies are doing now will be standard in retailing in the next few years.

MOST EXPENSIVE RETAIL LOCATION

New York's Upper 5th Avenue (49th - 60th Sts), USA
US$2,250/sq ft/yr
€20,733/sq m/yr

TOP 20 MOST EXPENSIVE LOCATIONS IN THE AMERICAS

2018	2017	TOWN	COUNTRY	DISTRICT	2018 RENT US$/SQ FT/YR	2018 RENT €/SQ M/YR
1	1	NEW YORK	USA	UPPER 5TH AVENUE (49TH - 60TH STS)	2,250	20,733
2	2	LOS ANGELES	USA	RODEO DRIVE (BEVERLY HILLS)	875	8,063
3	3	SAN FRANCISCO	USA	UNION SQUARE	700	6,450
4	4	CHICAGO	USA	NORTH MICHIGAN AVENUE	450	4,147
5	5	MIAMI	USA	LINCOLN ROAD	250	2,304
6	6	TORONTO	CANADA	BLOOR STREET	229	2,106
7	7	WASHINGTON DC	USA	PENN QUARTER	200	1,843
8	8	PALM BEACH	USA	WORTH AVENUE	150	1,382
9	9	VANCOUVER	CANADA	ROBSON STREET	139	1,281
10	10	MONTREAL	CANADA	SAINT-CATHERINE WEST	133	1,228
11	12	PHILADELPHIA	USA	WALNUT STREET	125	1,152
12	14	SAN DIEGO	USA	DEL MAR HEIGHTS BLVD (SUBURBAN DEL MAR HEIGHTS)	105	968
13	13	MEXICO CITY	MEXICO	MASARYK	103	945
14	11	BOSTON	USA	NEWBURY STREET	100	921
15	15	SEATTLE	USA	CBD/CORE	75	691
16	17	BUENOS AIRES	ARGENTINA	CALLE PEATONAL FLORIDA. FROM AV. CORDOBA TO AV. CORRIENTES	75	688
17	18	RIO DE JANEIRO	BRAZIL	GARCIA D'AVILLA (IPANEMA)	72	663
18	16	SÃO PAULO	BRAZIL	OSCAR FREIRE JARDINS	63	583
19	19	MONTERREY	MEXICO	CALZADA DEL VALLE	50	462
20	N/A	BOGOTÁ	COLOMBIA	PARQUE DE LA 93	46	421

MOST AFFORDABLE RETAIL LOCATION

Bogotá's, Avenida 19, Colombia
US$22/sq ft/yr
€205/sq m/yr

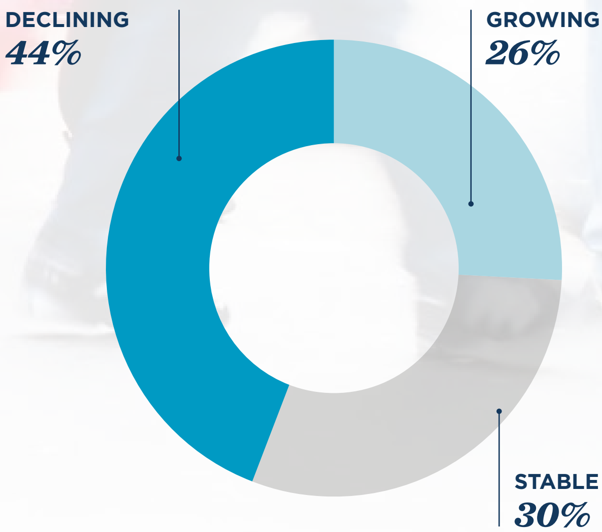
Prime street-front locations in Canada continue to see strong demand which has pushed rental rates to historic highs in some cases.

However, fierce competition from online retailers continues to transform the retail landscape, pushing availability up and rental rates down in many markets. Technology, consumer goods, and mid-tier clothing retailers have been hardest hit. High-end luxury retail streets in Toronto and Vancouver continue to lead the country from a rental rate perspective and 'cool' streets catering mostly to millennials with multi-channel experiential formats are also thriving. A growing number of brands are opening their own stores, including operators such as Moose Knuckles and Canada Goose. Weaker rental levels are most evident in non-prime locations where availability is high, although the arrival of new international retailers has mitigated this to some extent.

Elsewhere in Latin America, retail rents in Brazil experienced strong uplift over the year to June, despite recent weaker economic data.

Alameda Lorena in São Paulo is becoming a hot spot for shopping, with an attractive provision of hotels, restaurants and services, in addition to high quality brands such as Ratier, Lilla Ka, Granado, Anna Pegova, Carmen Steffens, Fruit de la Passion and Adcos.

RENTAL TRENDS IN THE AMERICAS (LOCATIONS*)



In Mexico, asking rents have been relatively stable, albeit with some downward revisions.

A weak Peso/US Dollar exchange rate in the early months of 2018 has had a major impact, as the market is largely quoted in Pesos. However, the more recent recovery in the exchange rate could signal a modest increase in rents by the end of the year. Rents on the main high streets are still competitive in comparison with many other international markets.

Rents in Argentina meanwhile softened marginally over the year to June, on the back of a weaker outlook in the face of financial instability.

*Excludes a number of locations in the survey for the first time, for which last year's rents are not available.

EUROPE, MIDDLE EAST & AFRICA

Across Europe, markets remain far from homogeneous and trends differ widely across the various countries and regions. On the whole, however, European rents rose marginally over the year to June.

In the UK, many of the recent headlines have been negative but demand (and rents) in the key London thoroughfares and the major regional cities have held up well.

However, the polarisation between prime and secondary locations is increasingly evident, which is reflected in rental levels and vacancy rates. Uncertainties over Brexit may have a dampening effect on the market as we move into 2019.

MOST EXPENSIVE RETAIL LOCATION

London's New Bond Street, United Kingdom
US$1,744/sq ft/yr
€16,071/sq m/yr

TOP 20 MOST EXPENSIVE LOCATIONS IN EMEA

2018	2017	TOWN	COUNTRY	DISTRICT	2018 RENT US$/SQ FT/YR	2018 RENT €/SQ M/YR
1	1	LONDON	UNITED KINGDOM	NEW BOND STREET	1,744	16,071
2	3	PARIS	FRANCE	AVENUE DES CHAMPS ELYSEES	1,519	13,992
3	2	MILAN	ITALY	VIA MONTENAPOLEONE	1,466	13,500
4	4	ROME	ITALY	VIA CONDOTTI	1,249	11,500
5	5	ZURICH	SWITZERLAND	BAHNHOFSTRASSE	854	7,872
6	6	VENICE	ITALY	CALLE SAN MOISÈ	651	6,000
7	7	CANNES	FRANCE	LA CROISETTE	640	5,891
8	8	FLORENCE	ITALY	VIA ROMA	630	5,800
9	9	VIENNA	AUSTRIA	KOHLMARKT	515	4,740
10	10	MUNICH	GERMANY	KAUFINGER/NEUHAUSER	482	4,440
11	15	DUBLIN	IRELAND	GRAFTON STREET	412	3,794
12	11	BERLIN	GERMANY	TAUENTZIENSTRASSE	410	3,780
13	11	FRANKFURT	GERMANY	ZEIL	404	3,720
13	13	HAMBURG	GERMANY	SPITALERSTRASSE	404	3,720
15	16	COLOGNE	GERMANY	SCHILDERGASSE	384	3,540
16	17	DUSSELDORF	GERMANY	KONIGSALLEE	378	3,480
17	14	GENEVA	SWITZERLAND	RUE DE RHONE	375	3,460
18	18	BARCELONA	SPAIN	PORTAL DE L'ANGEL	365	3,360
19	19	STUTTGART	GERMANY	KONIGSTRASSE	358	3,300
20	20	MADRID	SPAIN	PRECIADOS	352	3,240

In Austria, high street rents in the major cities have remained broadly unchanged over the last twelve months.

However, the property market has been buoyant and there is still is significant level of occupier demand for limited space, most notably from international retailers. A number of major brands such as Apple (Kärntner Straße) and Asics (Mariahilfer Strasse) have opened stores in the busiest locations, while food & beverage operators are among the most active.

In the Netherlands, rising employment and wages have boosted the retail market.

While home decor and DIY retailers have been the main beneficiaries of stronger consumer spending, the growth in online sales has had an adverse impact on the footwear, electronics and toy sectors. Occupier interest in prime locations remains firm, although the steady stream of new Anglo-Saxon retailers has stabilised and recent demand has come mainly from Continental European retailers.

In Belgium, occupiers are in the driving seat. Retailer margins are under pressure and a number of major players are negotiating with landlords to reduce occupancy costs.

Availability is rising in secondary locations which has impacted on rents. On a positive note, strong growth is being seen in the health & beauty sector, while classic popular restaurants selling hamburgers, fries, pizza and hot dogs are becoming more upmarket.

In France, while omni-channel is now an integral part of the retail landscape, retailers are still trying to adjust their distribution networks to accommodate the growing share of online and many are reviewing their formats.

Prime rents are relatively stable, although could see a degree of softening for medium-sized units in the best streets in Paris. The gap between prime and secondary locations is widening, notably in some medium-sized cities where footfall is decreasing.

The luxury retail market in Italy is active and demand is strong, driven mainly by the most important groups who continuously strive to improve their locations and trade with several brands.

Interest remains focused on the main tourist cities, which attract an increasing number of potential customers. A further slight increase is expected in prime rents in these locations. Milan differs from other cities thanks to its internationally renowned fashion and design sectors, with most of the major fashion companies present. The mass market is more stable, due also to the fact that there are no significant international groups looking to enter the market.

The dominant themes on the high street in Germany are refurbishment and redevelopment to make in-store retailing more attractive.

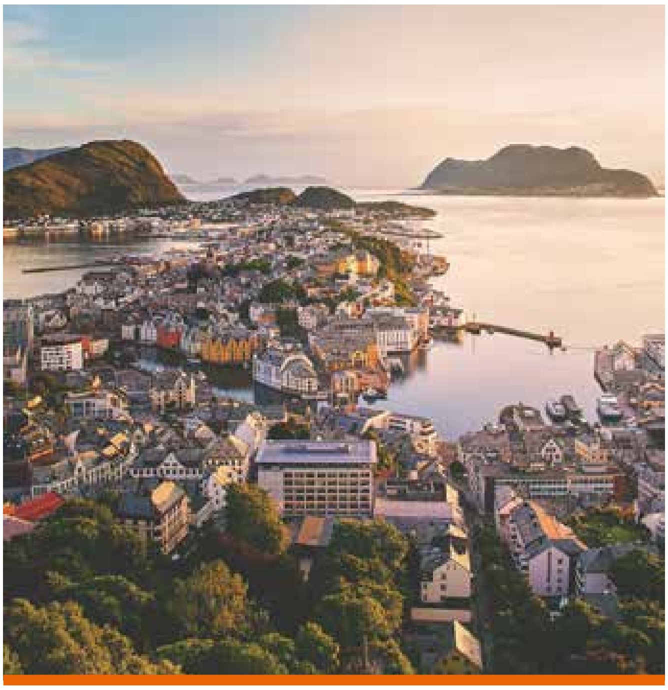
Much of this is focused on the conversion of old stock into mixed-use buildings. Outside the major high streets, small niche operators and pop-up stores are expanding, typically offering a combination of products, beverages and events. A growing number of online retailers are testing in-store concepts (e.g. 11teamsports) and expanding their store networks (e.g. Home24).

The economic environment in Greece continues to improve and recent retail market activity has been buoyant, especially in Athens down town and main cities such as Thessaloniki, Patra, Heraklion and tourist destinations.

In prime retail locations, rents are trending up, while vacancy rates are very low. In secondary locations demand is weaker, although vacancy rates are lower compared with previous years and rents remain stable.

The continued strong economic growth in Ireland has been the catalyst for the expansion of Dublin's prime pitch around Grafton Street, including new developments with larger floorplates to accommodate retailer demand.

There has also been a raft of new entrants into the market. New openings around Grafton Street and Henry Street in the last year include Victoria's Secret, Urban Decay, The White Company, Smiggle and Elvery's Sports. The most active sectors have been cosmetics, sports, lifestyle and food & beverage, with the latter dominated by domestic players such as Press Up Group and The Wrights, interestingly though The Ivy opened their first restaurant on Dublin's Dawson Street earlier this year.



The retail sector in Portugal continues to perform well, fuelled by buoyant consumer spending.

As a result, demand for space in key high street locations in the main towns and cities has been strong. Food & beverage operators have been at the forefront of this activity and, while interest from fashion retailers is still evident, take-up from clothing, footwear and accessories retailers has been more muted than in previous years. Strong tourism numbers have been a major driver of the market in 2018.

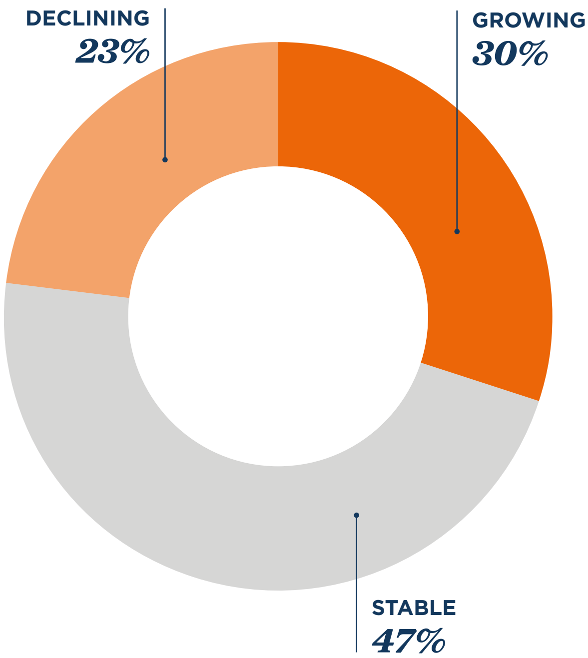
In the Nordics, international retailers remain a major driving force across the region, while the food & beverage sector continues to account for a growing proportion of the occupier base in the high street and other retail segments.

The steady rise of online is exacerbating the polarisation between prime and secondary locations, while rental growth trends have varied across the different countries. ***Denmark*** and ***Sweden*** both recorded solid rental uplift over the year to June, while rents in ***Finland*** and ***Norway*** showed more limited movement.

In Spain retailer demand is focused on the most profitable locations, while e-commerce is forcing occupiers to look for larger stores where they can create a unique customer experience.

Indeed, the quality of the destination and the social experience are now priorities for retailers and landlords. A number of out-of-town retailers such as IKEA are looking increasingly at city centre stores. In the luxury sector, brands such as Richemont, Kering and Chanel have been particularly active, while more mid-market operators such as Inditex, Mango, H&M, UNIQLO, JD Sports, AW Lab and Under Armour have also been expanding. Food & beverage operators remain a major source of demand, including companies such as Five Guys, Vips, Larrumba, Grupo Lateral and Foodbox, as well as established fast food restaurants.

RENTAL TRENDS IN EMEA (LOCATIONS)

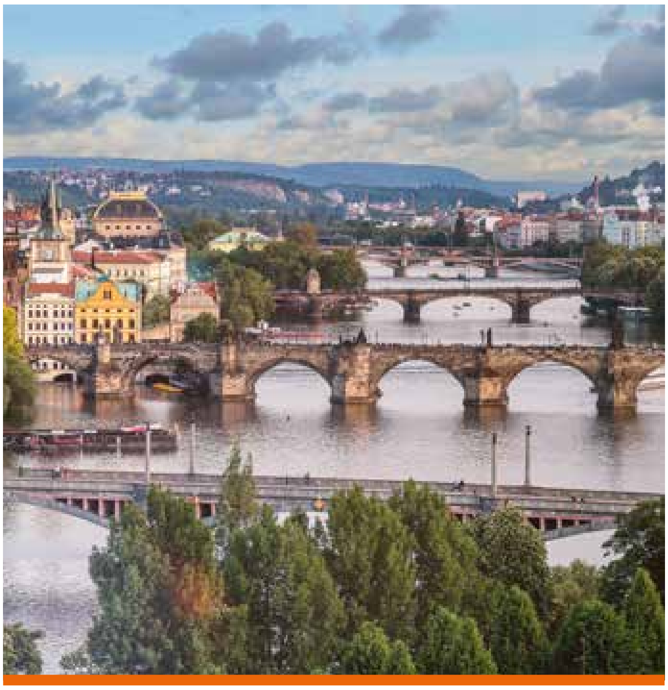


Rents in Switzerland were stable in the year to June, although there has been a slight increase in availability on the high streets in major cities.

Online is having an increasing impact, notably in the lower and mid-market fashion segments, while the strong Swiss Franc has led to more cross-border shopping in EU countries. Recently active occupiers in the luxury sector include Saint Laurent and Dolce & Gabbana, with mid-market operators such as Rituals, Pinko, Gant, Oris and Hunkemöller also taking more space. Companies such as Five Guys, Black Tap, B.Good and Wonder Waffel are driving the food & beverage sector, while there are an increasing number of concepts emerging from 'newer' sectors such as health, fitness, wellness and automotive.

In Central and Eastern Europe meanwhile, online's share of overall retail sales continues to grow but its impact on bricks-and-mortar retail has been limited to-date.

In addition, modern retail provision in the region is still below the levels of Western Europe, so the focus remains on new development. However, the 'experiential' aspect of retailing is becoming increasingly important.



In the Czech Republic, due to growing tourism and a strong economy, prime rents have continued to rise in Prague's key streets, notably on Na Příkopě, Pařížská and Wenceslas Square.

The food & beverage sector continues to grow in importance and there is an increasing focus on leisure retail and hospitality. LVMH brands Celine and Bvlgari have opened new high street stores, as have tourist-oriented premium brands such as Foot Locker, Tous and Tiger. Prague city centre will soon benefit from several new developments, including the mixed-use project Savarin (39,000 sq m), the newly built iconic building Wenceslas Square 47 (more than 6,000 sq m) and the refurbishment of the department store My. While online has yet to have a significant impact, retailers are focusing more on the quality of their space rather than purely store numbers and Prague's unique architecture offers a great opportunity for international brands to open their statement stores there.

Consumer spending remains an important driver of the strong economic growth in Hungary, supported by a tight labour market and hikes in real wages.

This has filtered through to the retail property market, with sustained occupier demand for prime locations leading to strong rental growth. As in other markets in the region, the customer experience is now a priority for retailers and landlords.

No significant changes were reported in Poland over the last year, with food & beverage tenants continuing to lead occupier demand.

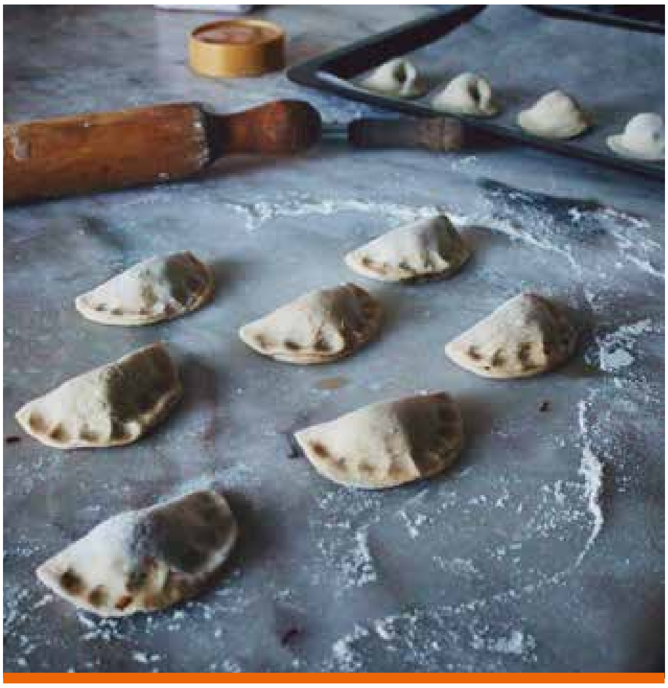
Shopping centres still dominate the retail landscape and attempts to develop the high street segment have made slow progress due to a lack of good quality, ‘right size’ units and fragmented ownership. Nonetheless, local authorities are devising strategies to develop specific retail areas within cities. The introduction of incentives such as lower rents could attract major chains as anchors.

In Bulgaria and Romania, strong economic growth has boosted the retail sector, although recent activity has focused largely on shopping centres and retail parks.

Nonetheless, major high streets will benefit from retailer expansion, notably in the food & beverage, sports goods and health & beauty sectors. In Bucharest, Calea Victoriei is becoming more popular, with the recent arrival of brands such as Hugo Boss and La Perla, alongside Burberry, Gucci, Emporio Armani, COS, Rolex and other premium and luxury retailers.

The strongest demand for high street space in Slovakia is on Bratislava’s Hviezdoslavovo Square and parts of Laurinská and Michalská streets.

While the high street tends to be less popular among consumers than modern shopping centres, the market is developing and is being driven by tourism and the growth in food & beverage. Looking forward, the high street segment is expected to continue to expand, supported by the arrival of more international food & beverage, leisure and fashion operators.



In Lithuania, Gediminas Avenue in Vilnius has been very active, with almost no vacant units and strong demand from food & beverage and luxury retailers.

In central Riga in Latvia meanwhile, demand exceeds supply but the main trend is for retailers to move to shopping centres on the back of changing consumer trends. The growth of internet shopping is having an impact, notably in the fashion sector, with many consumers using traditional stores as fitting rooms before ordering online.

The market in Estonia meanwhile has been somewhat quieter, with activity in Tallinn generally focused on shopping centres and large food stores.

In common with many other markets, the food & beverage sector has been the most active.

Rents in Turkey have softened on the back of the uncertain economic picture, the currency fluctuation and falling visitor numbers, along with infrastructure works.

However, Turkey's longer term potential remains undimmed, with a large, young and growing consumer base likely to continue to attract international brands and generate demand for high quality space.

In Russia, there have not been any marked changes to rents in Moscow's key streets, although turnover rents are becoming a more common feature of the market.

The historically prime Stoleshnikov Lane is undergoing tenant mix changes, with changing demographics and parking restrictions playing a major role. The remodelling of a number of major streets has had a significant impact on the capital's retail market and will create new high street destinations. The most active sectors include mass market fashion and food & beverage operators, with eco/healthy food concepts expanding rapidly and supermarkets targeting high street locations. Online retail is growing quickly but still accounts for a limited share of the market.

In South Africa meanwhile, shopping malls continue to dominate the retail landscape and most of the major cities have reached saturation point, with obvious over-supply in some cases.

However, development opportunities can still be found for convenience centres in more rural areas.

Existing centres have been under pressure at lease renewal time, with many retailers looking for nil or at best minimal increases and many schemes are experiencing increasing vacancy rates. Some department stores have undertaken closures and/or dramatic space reduction. This has also contributed significantly to the increase in availability and downward pressure on rents. Weaker consumer spending has added to the pressure on retailers.

On a positive note, this has led to more opportunities to look at existing older centres, with a view to upgrading, re-positioning and improving the tenant mix. International retailers now have an opportunity to enter the market, while those already in the market have an easier route to expansion.

MOST AFFORDABLE RETAIL LOCATION

Cape Town, St. Georges Mall, South Africa
US$16/sq ft/yr
€150/sq m/yr

ASIA PACIFIC

As one of the world's more mature retail markets, Australia has seen strong growth in online, which is beginning to impact on traditional retail.

Rents in some parts of the market have softened, most notably in CBD strip retail areas. However, rents in higher footfall locations have held firm, although George Street in Sydney has recorded significant rental growth on the back of the forthcoming light rail project.

An element of uncertainty has led to an increase in retailer requests for break clauses and/or shorter leases, with a view to where the market will be in 4-5 years' time. This is evident in the rise in small businesses opting for 'try before you buy/lease' options via pop up retail licences, while landlord incentives such as capital contributions and rent-free periods have also increased.

On a positive note, demand for large stores has been strong. There are various examples in CBD locations where multiple smaller units have been consolidated into a larger flagship store, in order to drive sales and improve staff efficiency. A number of key locations are under development and currently seeking large scale flagship tenants, which is providing stiff competition for key shopping malls which do not offer the street/brand exposure of a flagship location.

Notably active sectors include financial services and wellness concepts such as gyms, fitness and healthcare, in addition to technology, food & beverage, food delivery, cosmetics, supermarkets and convenience stores.

In Japan, Ginza's Namiki Dori Avenue has regained its foothold in the area's luxury shopping market after losing some ground to the popular Chuo Dori Avenue.

Chanel held a grand opening for its renovated Namiki Dori store, and Louis Vuitton will relocate temporarily to Tokyo's Ginza Asahi Building while renovating its Namiki Dori store in 2018. Ginza is also expected to benefit from increased foot traffic thanks to the opening of the Ginza Six luxury shopping complex, and several hotel projects that are underway.

Shinjuku is now Tokyo's second most expensive retail market behind Ginza, surpassing Omotesdano. Gucci's flagship store relocated to a newly built Shinjuku M-SQUARE in April 2018, while Apple opened their new concept store on the first floor of Shinjuku Marui Main Building. In June, tourist-favourite Onitsuka Tigar opened a three-story standalone store. With several developments in the pipeline including the redevelopment of the station area and a number of old buildings, Shinjuku's significance will continue to grow.

Shibuya meanwhile has been revitalized by a number of new Japanese flagship stores. While the area has traditionally been a focus for international retailers due to its high rent, two major Japanese apparel companies opened flagship stores earlier this year. Stripe International's Hotel Koé Tokyo, which comprises a café/restaurant, retail and a hotel, has opened on Koen Dori Avenue which has reinvigorated the location. In addition, Adastria's "Global Work" opened its first standalone store on Inokashira Koen Dori Avenue, which marks a change from its usual suburban shopping mall strategy. These openings are examples of domestic brands that first started in regional cities and eventually attained national coverage.

In Shinsaibashi, Osaka, tourism has boosted sales, while drug stores have successfully taken space in prime locations left vacant by the departure of fast-fashion retailers. In addition, the expansion of Kansai International Airport's Second Terminal has improved connectivity with the city, increasing the number of Korean and Chinese customers who enjoy shopping and local cuisine. The planned opening of GAP's new flagship store and the redevelopment of Daimaru's department store will also improve the offer of the Shinsaibashi area.

Sports and street brands, natural cosmetics and food & beverage operators are more active in the slightly off-prime areas of the big cities. Stores are moving towards more communication and activity hubs for sharing ideas rather than simply selling products. For example, Lazona Kawasaki Plaza has re-orientated its tenant mix to include retailers with a focus on providing experiences and has refurbished the open-air plaza space with artificial lawns. In Osaka meanwhile, LUCUA Osaka and the main Hanshin Umeda store have introduced new floor layouts featuring a food hall and food & beverage.

TOP 20 MOST EXPENSIVE LOCATIONS IN ASIA PACIFIC

2018	2017	TOWN	COUNTRY	DISTRICT	2018 RENT US$/SQ FT/YR	2018 RENT €/SQ M/YR
1	1	HONG KONG	HONG KONG	CAUSEWAY BAY (MAIN STREET SHOPS)	2,671	24,606
2	2	TOKYO	JAPAN	GINZA	1,219	11,232
3	3	SYDNEY	AUSTRALIA	PITT STREET MALL	964	8,882
4	4	SEOUL	SOUTH KOREA	MYEONGDONG	908	8,364
5	6	BEIJING	CHINA	WANGFUJING	492	4,532
6	5	MELBOURNE	AUSTRALIA	BOURKE STREET	482	4,441
7	7	SHANGHAI	CHINA	WEST NANJING ROAD	403	3,706
8	8	BRISBANE	AUSTRALIA	QUEEN STREET MALL	310	2,855
9	9	SINGAPORE	SINGAPORE	ORCHARD ROAD	308	2,842
10	10	SHENZHEN	CHINA	LUOHU	281	2,587
11	11	NEW DELHI	INDIA	KHAN MARKET	228	2,105
12	14	GUANGZHOU	CHINA	TIANHE SPORTS CENTRE	224	2,066
13	13	KUALA LUMPUR	MALAYSIA	SURIA KLCC	223	2,058
14	15	TAIPEI	TAIWAN	XIMEN	205	1,887
15	12	HO CHI MINH CITY	VIETNAM	BEST ACHIEVED SHOPPING MALL (GF)	190	1,746
16	17	NANJING	CHINA		154	1,419
17	19	GURAGON	INDIA	DLF GALLERIA	154	1,417
18	18	HANOI	VIETNAM	PRIME SHOPPING MALL (GROUND FLOOR)	145	1,336
19	16	HANGZHOU	CHINA		136	1,251
20	21	WUHAN	CHINA	WUGUANG	134	1,231

In Thailand, retail rents in Bangkok were unchanged on last year, while vacancy rates edged down.

The growth of online has led to many anchor tenants downsizing their shops and banks have also started to rationalize their footprint on the back of the growth in digital payments. However, there has been no discernible impact on rents to-date. Retailers are providing new payment channels such as Alipay and WeChat Pay for the convenience of international tourists, particularly the Chinese. The outlook remains positive, with the Thai economy expected to grow by over 4% in 2018, with tourism continuing to be an important driver of growth. The food & beverage sector has been the most active across the capital's retail locations.

Rents in Metro Manila in the Philippines have continued to rise, especially in the most popular sub-markets.

Demand for space outstrips supply, which is somewhat constrained by limited land availability in most locations. The food & beverage sector is the main driver of demand, with Filipino consumers particularly inclined to try international cuisine. Currently, e-commerce is in its infancy and has not had a significant impact on the retail market to-date. As a result, a growing number of global retailers are interested in a rapidly growing market where consumers are becoming increasingly sophisticated.

In Jakarta in Indonesia, rents have edged up by around 2% over the last 12 months, although a number of operators had a difficult trading period, resulting in some store closures.

However, market sentiment remains upbeat and many retailers continue to expand. As in many other markets, food & beverage operators are a major source of demand for space, while activity among fashion and electronics retailers has been more muted. Online sales account for only around 3% of overall retail sales but are rising steadily. Strong economic growth is supporting a healthy level of retail sales and the sector outlook for the coming twelve months is generally bright.

A continuing supply-demand imbalance in India has led to steady rental uplift in the main cities.

While demand polarisation has resulted in superior quality malls running on high occupancies, the main street culture remains quite popular with some select high streets commanding rents which are comparable or even higher than superior grade mall projects. Rents have strengthened on India's most expensive high streets of Khan Market in 2018, with Connaught Place – both in Delhi, also showing a healthy rental growth with increased demand from large F&B players even as it continues to remain a strong candidate for retail presence from apparel and accessories players. Key high streets in other cities also have continued to see interest from key domestic as well as foreign retailers.

Favourable demographics, including a young population with a strong propensity to spend, have boosted retailer demand for high street space, most notably from the food & beverage and lifestyle sectors. To-date, online sales have not a significant impact on the market, given that most retailers have been quick to adopt an omni channel approach. In addition, many online players such as Pepperfry and Urban Ladder are opening bricks-and-mortar stores on the major high streets. The potential of the Indian market is attracting more international players and a number of well-known brands are poised to enter the market with key high streets also featuring prominently in their expansion plans.

MOST AFFORDABLE RETAIL LOCATION

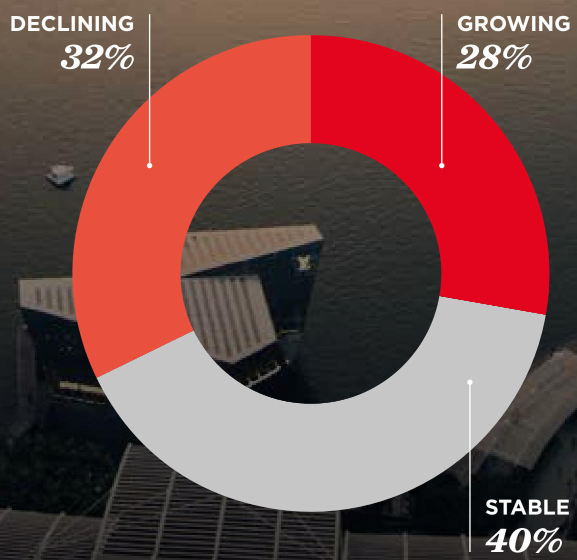
Chennai's Ambattur (MTH Road), India
US$15/sq ft/yr
€138/sq m/yr

Rents on Orchard Road, the main street in Singapore, have stabilised after softening in 2017 and are expected to bounce back by the end of 2018.

Rents in more suburban locations meanwhile have continued to edge higher, driven by large residential catchments and the high frequency of shopping trips. Overall, the retail market is benefiting from strong tourist numbers, a tight labour market and improved consumer sentiment, combined with a shortage of supply.

Online retailers are taking physical space to enhance brand awareness, while landlords are tapping into other tenant pools such as co-working and activity-based retailers, although food & beverage occupiers continue to be the main driver of demand. Online sales still make up only around 5% of the total, but retailers are investing heavily in omni-channel strategies to mitigate the internet effect. The wider economy and the tourism sector are expected to remain buoyant over the next twelve months, which should filter through to the property market. However, rental growth will be strongest in well-located and well-managed spaces, which are able to attract consistently high footfall.

RENTAL TRENDS IN ASIA PACIFIC (LOCATIONS)



*In **Malaysia**, where the retail market is dominated by malls rather than high streets, it is expected that rents for prime regional malls will remain stable despite the challenging environment for retailers.*

In contrast, landlords of less strategic malls and suburban malls are under pressure to fill vacant space. To attract the best retailers, landlords are having to offer incentives such as turnover-based rents, fit-out contributions and longer rent-free periods – and this has impacted on rental yields.

Malaysian retail is facing a number of challenges, including weaker consumer confidence and spending, the growth of e-commence and an over-supply of retail space in the Greater Kuala Lumpur area. The food & beverage sector is generally doing better than fashion and landlords are adjusting their tenant mix to account for this, while new concepts such as edutainment centres are also gaining traction. The recent replacement of the Goods & Services tax (GST) by the new Government has been largely welcomed by Malaysians, although its impact has generally been limited. A more significant improvement in market sentiment is expected in 2019.

*The retail market in **South Korea** has slowed as a result of a relatively lacklustre performance from many fashion retailers (notably the Speciality Retailers of Apparel or SPA brands) and a fall in the number of international tourists.*

The retail property market currently favours tenants. Retailers which are particularly active include lifestyle brands such as MUJI, UNIQLO and IKEA and convenience stores such as CU, GS25, 7-11 and eMart24. Online shopping is growing rapidly and is impacting on store sales, although the availability of prime space is generally low.

*In **Vietnam**, supply has been a key driver of rents in the last year or so.*

In Ho Chi Minh City, rents are slightly up on the back of new high-quality supply in the CBD, which has forced the closure of a number of weaker malls. However, in Hanoi city centre rents are marginally lower than a year ago, as a result of competition from new supply in non-CBD locations. Active occupiers in CBD locations include fashion, accessories and food & beverage, while entertainment concepts have been active away from the CBD. Online retail is starting to have an impact and is expected to grow strongly in the next 2-3 years.

In China, 'New Retail', the concept of integrating online and offline channels, big data, logistics and a complex supply chain, has continued to expand rapidly.

The role of bricks-and-mortar stores has been transformed from solely serving customers and selling products into a more integrated platform. Traditional retail now serves a variety of functions, including brand promotion, an experience centre for customers and as a distribution centre, particularly for fresh produce.

Indeed, a number of traditional supermarket chains and major online operators such as Yonghui, Alibaba, Tencent and JD.com have made a foray into the fresh produce market. They have launched several 'New Retail' supermarket brands such as Super Species, Hema Fresh and 7Fresh to offer consumers high quality fresh produce and daily necessities. As 'New Retail' continues to evolve, the fresh produce segment is set to expand significantly on the back of a fast-growing middle class and demand for better quality products.

Looking ahead, a large number of new schemes are planned for the emerging retail hubs in China's Tier-1 cities, in addition to a few strong Tier-2 cities such as Hangzhou, Nanjing and Shenyang. The arrival of new supply may lead to a slight rise in availability, but the continuing strong demand from expanding retailers |and consumer spending growth should keep rents relatively stable.

In Taiwan, there is an emerging trend of small shops and micro retail businesses in department stores which provide low-cost entertainment aimed at younger customers.

In addition, convenience stores such as 7-Eleven are increasingly offering food and gym facilities to attract customers. Going forward, as the department store market in Taipei's CBD approaches saturation, operators will continue to expand into decentralized areas of the city to capture the demand from local residents.

The retail market in Hong Kong has experienced a rebound over the last year, driven mainly by a return of mainland Chinese tourists.

With encouraging signs in tourist arrivals and retail sales, especially in the watch and jewellery and cosmetics & personal care categories, luxury brand operators have shown interest in re-entering the market, if opportunities arise in good locations at an affordable rental level.

MOST EXPENSIVE RETAIL LOCATION

Hong Kong's Causeway Bay
US$2,671/sq ft/yr
€24,606/sq m/yr

TECHNICAL SPECIFICATION

THE INFORMATION CONTAINED IN THIS REPORT HAS BEEN COLLECTED AS AT JUNE 2018, IN A COMPREHENSIVE SURVEY OF CUSHMAN & WAKEFIELD'S INTERNATIONAL OFFICES.

Our representation is designed to facilitate the rapid flow of information across borders and is supported by a comprehensive database of marketing 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.

Data for retail rents relates to our professionals' opinion of the rent obtainable on a standard unit in a prime pitch of 446 locations across 65 countries around the world. The report's analysis of rental performance does not include some of the locations listed in the 'Global Retail Rents' section due to the lack of an historical annual series. Service charges – such as building insurance, local taxes and costs of repair payable by the tenant – are not included.

In the dynamic international retailing sector, local market characteristics, technological advancements and the evolution of new retail formats are just several of the forces that affect the size and configurations of retail units. As a result, occupation costs vary from one country to another.

As far as possible, the objective is to provide a realistic comparison of these costs, but the exercise is constrained by a number of factors. These include differences in unit configuration, zoning practice and local lease structures – such as lease length, the inclusion of rent reviews to open market value and the right to assign the lease.

The format selection for each city is based on its dominance of the retail landscape and/or its status as the prime pitch/top destination in the city. The rents represent our agents' views as to what is consistently achievable for prime space; indeed, we do not quote asking rents for the highest rent obtainable. It is assumed that the unit is vacant and is available for letting on the open market, without any request for premium (key money). However, in many top locations around the world, vacant units are rarely marketed and substantial key money to sitting tenants is often payable.

Rents in most countries are supplied in local currency and converted to USD and Euros for the purposes of international comparison. Rents in the UK, Denmark, France and Ireland are originally quoted in Zone A and are converted to an overall basis.

MAIN STREET DEFINITION

For the purposes of this survey, the standard main street unit is defined – where possible – as a unit with 150-200 sq m of sales area. Typically, a unit has a frontage of 6-8 metres. However, an element of flexibility is needed with the definition, given that unit configuration varies from market to market. Assumptions regarding ancillary space follow local practice.

CONTACTS

DARREN YATES
HEAD OF EMEA RETAIL RESEARCH & INSIGHT
T: +44 (0) 20 3296 3911
darren.yates@cushwake.com

SILVIA JODLOWSKI
SENIOR RESEARCH ANALYST
EMEA RESEARCH & INSIGHT
T: +44 (0) 20 3296 4233
silvia.jodlowski@cushwake.com

GARRICK BROWN
VICE PRESIDENT OF RETAIL RESEARCH
IN THE AMERICAS
T: +1 916 508-3410
garrick.brown@cushwake.com

DOMINIC BROWN
HEAD OF RESEARCH, ASIA PACIFIC
T: +61 431 947 161
dominic.brown@cushwake.com

JAMES SHEPHERD
MANAGING DIRECTOR
RESEARCH, GREATER CHINA
T: +86 21 2208 0769
james.shepherd@cushwake.com

For the full dataset of retail rents in 446 main streets locations please email:

mycwresearch@cushwake.com