

# MAIN STREETS ACROSS THE WORLD



A Cushman & Wakefield Research Publication

2013/2014





## 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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Italy	13
Jordan	13
Kazakhstan	13
Latvia	14
Lebanon	14
Lithuania	14
Luxembourg	14
Republic of Macedonia	14
Norway	14
Oman	15
Poland	15
Portugal	15
Romania	15
Russia	15
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India	25
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## GLOBAL OVERVIEW

Prime retail rental performance across the world offered a varied picture in the 12 months to June 2013, with regions, countries and city sub-markets affected by a combination of local and macro factors. Although global rental growth (3.2%) was slightly tempered compared with the previous 12 months, values in the top retail locations held up well. Indeed, of the 334 locations surveyed, rents in 285 were either stable or rose when compared with 2011/2012.

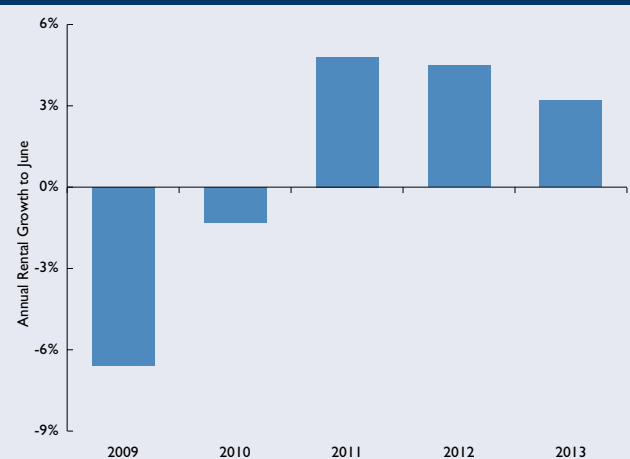
Hence while rental performance globally was restrained, at least for top locations the momentum behind the retail sector remained positive. Despite being partly affected by slower economic activity and in some cases increased retail supply, the Americas led the way with an increase of 5.8% in prime rents. This growth was stronger than in other regions; however, it was down on the 10.9% rise recorded in 2011/2012, with the slowdown particularly evident in South American markets.

Asia Pacific (4.5%) was spurred yet again by strong double-digit increases in Hong Kong and good growth in Japan, South Korea, Taiwan and Indonesia. Indeed, further exceptional rises in the three premier shopping destinations of Hong Kong propelled them into the first, third and fifth spots of the most expensive locations in the world. Nevertheless, akin to the Americas, the region also witnessed a slowdown in rental growth over the year to June. One part of the globe which did see rental growth accelerate was EMEA, where retail market conditions strengthened, fuelled by better economic news in Europe, greater finance availability, very active demand from luxury retailers and generally improved consumer sentiment. The region saw an uplift in rental values of 2.1%, with encouraging performances both in Western (2.4%) and Eastern (2.6%) Europe.

The ranking of the most expensive retail locations in each country saw some movements over the year, but with Causeway Bay, Hong Kong, still the costliest location, breaking the US\$3,000 per sq.ft per year barrier for the first time in the survey's history. Fifth Avenue, New York, retained its second spot, while Champs-Élysées in Paris remained in third place. However, the French location also witnessed one of the strongest rental rises (38.5%) in the world, extending its lead over the rest. In London, New Bond Street continued to attract strong demand from international luxury brands, rents increased by 15.6% and the street became the fourth most expensive location in the world.

Economic risks remain for 2014 but conditions are expected to improve across most markets. The retailers' push towards the best and most sought-after locations will continue; however, limited supply and prohibitive rental costs will create obstacles for some brands, leading a number to look to alternative locations in close proximity to the main thoroughfares. While cities will grow in importance, a stronger focus on the use of all channels including online will also be seen to both speed and support expansion.

### GLOBAL: RENTAL GROWTH OVER FIVE YEARS



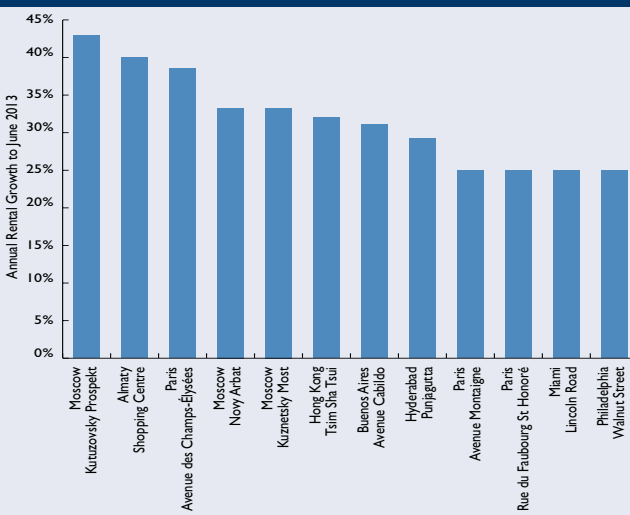
Source: Cushman &amp; Wakefield

### GLOBAL: TOP TEN LOCATIONS

CITIES	LOCATION	€/SQ.M/ YEAR	US\$/SQ.FT/ YEAR
Hong Kong	Causeway Bay	24,983	3,017
New York	5th Avenue	20,702	2,500
Hong Kong	Central	18,961	2,290
New York	Times Square	17,389	2,100
Hong Kong	Tsim Sha Tsui	16,911	2,042
Paris	Avenue des Champs-Élysées	13,255	1,601
New York	East 57th Street	9,937	1,200
New York	Madison Avenue	9,109	1,100
London	New Bond Street	8,666	1,047
Tokyo	Ginza	8,152	984

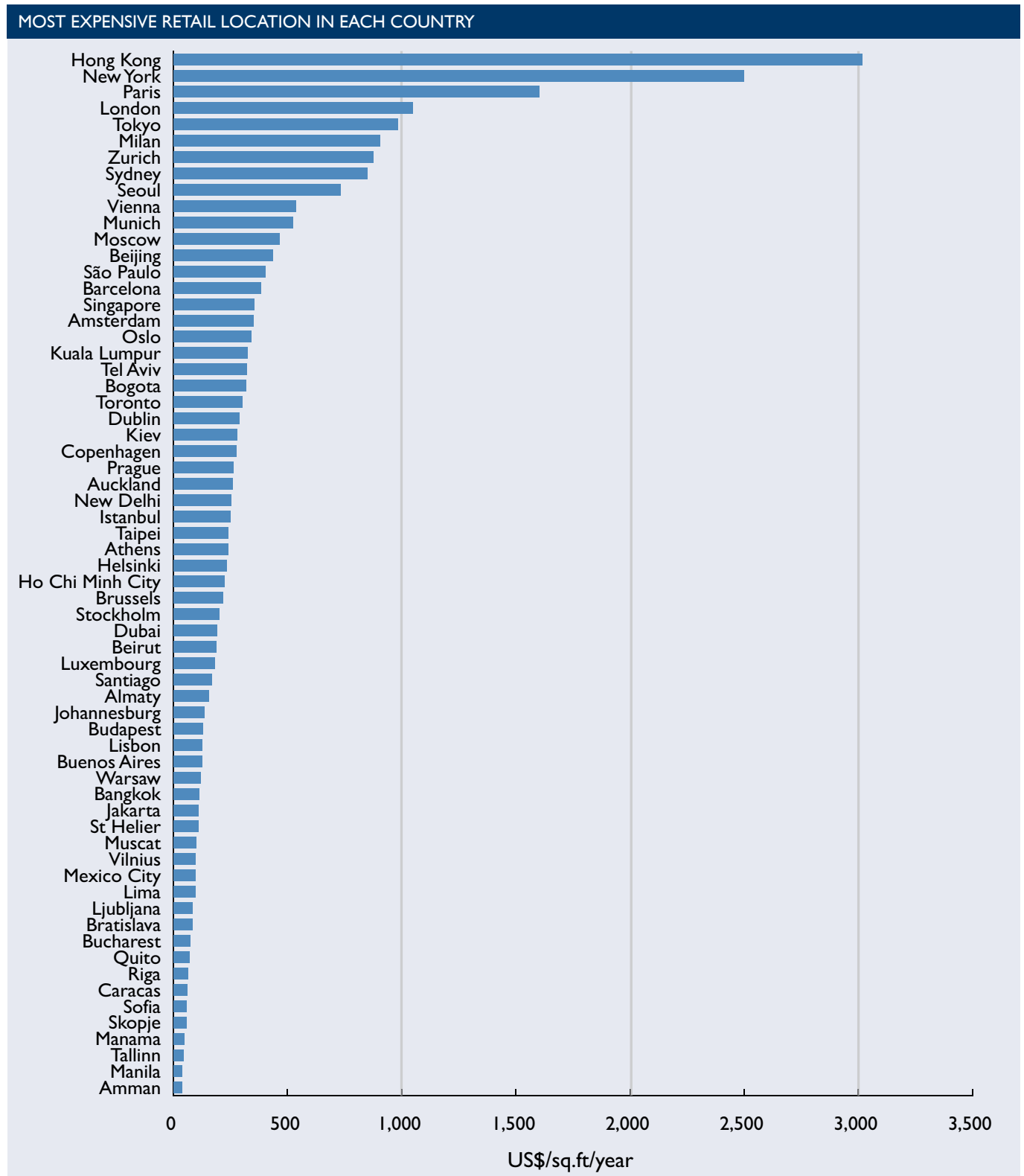
Source: Cushman &amp; Wakefield

### GLOBAL: STRONGEST GROWTH



Source: Cushman &amp; Wakefield

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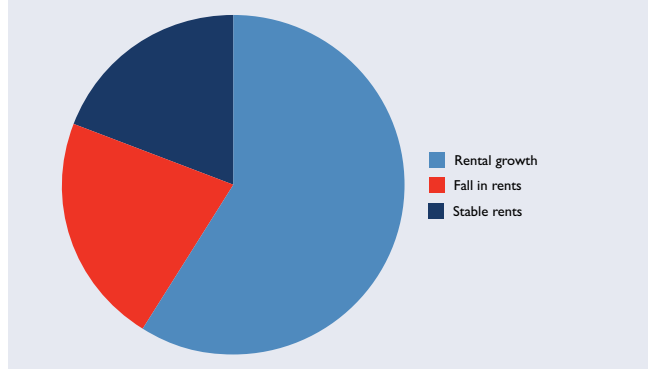
## MOST EXPENSIVE RETAIL LOCATION IN EACH COUNTRY

RANK 2013	RANK 2012	COUNTRY	CITY	LOCATION	RENT €/SQ.M/YR	RENT US\$/SQ.FT/YR
1	1	Hong Kong (China)	Hong Kong	Causeway Bay	24,983	3,017
2	2	USA	New York	5th Avenue	20,702	2,500
3	3	France	Paris	Avenue des Champs-Élysées	13,255	1,601
4	6	UK	London	New Bond Street	8,666	1,047
5	4	Japan	Tokyo	Ginza	8,152	984
6	8	Italy	Milan	Via Montenapoleone	7,500	906
7	7	Switzerland	Zurich	Bahnhofstrasse	7,236	874
8	5	Australia	Sydney	Pitt Street Mall	7,042	850
9	9	South Korea	Seoul	Myeongdong	6,063	732
10	11	Austria	Vienna	Kohlmarkt	4,440	536
11	10	Germany	Munich	Kaufingerstraße	4,320	522
12	-	Russia	Moscow	Stoleshnikov	3,846	465
13	14	China	Beijing	Wangfujing	3,610	436
14	12	Brazil	São Paulo	Iguatemi Shopping	3,343	404
15	15	Spain	Barcelona	Portal de l'Angel	3,180	384
16	16	Singapore	Singapore	Orchard Road	2,930	354
17	18	The Netherlands	Amsterdam	Kalverstraat	2,900	350
18	22	Norway	Oslo	Karl Johans Gate	2,835	342
19	19	Malaysia	Kuala Lumpur	Pavilion KL	2,673	323
20	21	Israel	Tel Aviv	Ramat Aviv	2,663	322
21	24	Colombia	Bogota	Shopping Centre	2,631	318
22	20	Canada	Toronto	Bloor Street	2,512	303
23	17	Ireland	Dublin	Grafton Street	2,389	288
24	23	Ukraine	Kiev	Kreschatik Street	2,308	279
25	25	Denmark	Copenhagen	Strøget	2,279	275
26	27	Czech Republic	Prague	Na Prikope/Wenceslas Square	2,160	261
27	-	New Zealand	Auckland	CBD	2,139	258
28	26	India	New Delhi	Khan Market	2,090	252
29	-	Turkey	Istanbul	Bagdat Caddesi (Asian side)	2,077	251
30	31	Taiwan	Taipei	ZhongXiao E. Road	1,981	239
31	28	Greece	Athens	Ermou	1,980	239
32	30	Finland	Helsinki	City Centre	1,920	232
33	33	Vietnam	Ho Chi Minh City	Shopping Centre	1,846	223
34	32	Belgium	Brussels	Rue Neuve	1,800	217
35	34	Sweden	Stockholm	Biblioteksgatan	1,676	202
36	40	United Arab Emirates	Dubai	Shopping Centre	1,578	191
37	36	Lebanon	Beirut	ABC Centre Achrafieh	1,539	186
38	37	Luxembourg	Luxembourg	Grand Rue	1,500	181
39	38	Chile	Santiago	Downtown (Paseo Ahumada)	1,393	168
40	46	Kazakhstan	Almaty	Shopping Centre	1,292	156
41	-	South Africa	Johannesburg	Sandton City	1,116	135
42	41	Hungary	Budapest	Váci utca	1,080	130
43	45	Portugal	Lisbon	Chiado	1,050	127
44	44	Argentina	Buenos Aires	Florida	1,034	125
45	43	Poland	Warsaw	ul. Nowy Swiat	996	120
46	48	Thailand	Bangkok	City Centre	923	111
47	47	Indonesia	Jakarta	Shopping Centre	908	110
48	42	Channel Islands	St Helier	King Street	899	109
49	49	Oman	Muscat	Shopping Centre	839	101
50	54	Lithuania	Vilnius	Shopping Centre	804	97
51	51	Mexico	Mexico City	Masaryk Avenue	785	95
51	50	Peru	Lima	Shopping Centre	785	95
53	52	Slovenia	Ljubljana	Čopova	690	83
54	57	Slovakia	Bratislava	Shopping Centre	684	83
55	52	Romania	Bucharest	Bulevardul Magheru	600	72
56	55	Ecuador	Quito	Av Naciones Unidas (Shopping Centre)	591	71
57	56	Latvia	Riga	Shopping Centre	540	65
58	58	Venezuela	Caracas	Shopping Centre	489	59
59	59	Bulgaria	Sofia	Vitosha Blvd	480	58
59	-	Republic of Macedonia	Skopje	Shopping Centre	480	58
61	60	Bahrain	Manama	Shopping Centre	392	47
62	61	Estonia	Tallinn	Shopping Centre	360	43
63	-	Philippines	Manila	Fort Bonifacio	310	37
64	62	Jordan	Amman	City Centre (BCD)	308	37



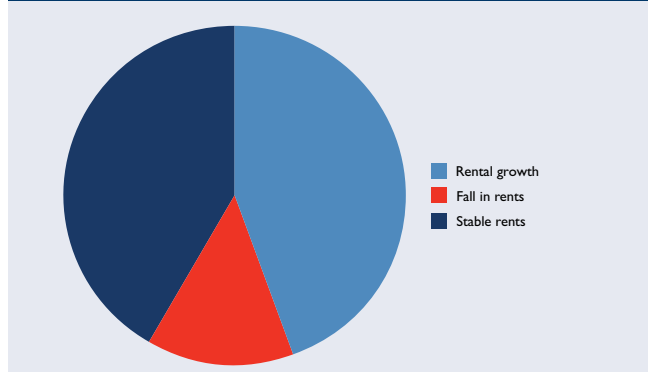
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## GLOBAL RENTAL PERFORMANCE BY COUNTRY (%)



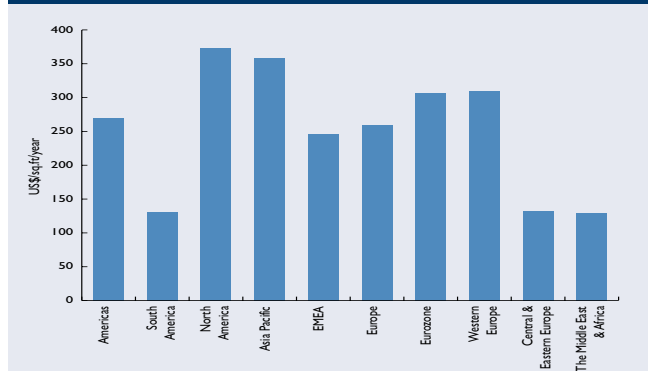
Source: Cushman &amp; Wakefield

## GLOBAL RENTAL PERFORMANCE BY LOCATION (%)



Source: Cushman &amp; Wakefield

## AVERAGE PRIME RENTS



Source: Cushman &amp; Wakefield

## GLOBAL RENTAL PERFORMANCE IN THE YEAR TO JUNE 2013

COUNTRIES SHOWING	NUMBER	% OF TOTAL
Rental Growth	38	59
Fall in Rents	14	22
Stable Rents	12	19

LOCATIONS SHOWING	NUMBER	% OF TOTAL
Rental Growth	146	44
Fall in Rents	48	14
Stable Rents	139	41
No historical annual series	1	0

AVERAGE RENTS (PER REGION)	US\$/SQ.FT/YEAR	€/SQ.M/YEAR
Americas	269	2,228
South America	131	1,111
North America	373	3,085
Asia Pacific	358	2,964
EMEA	246	2,039
Europe	260	2,154
Eurozone	306	2,534
Western Europe	310	2,567
Central & Eastern Europe	133	1,104
Middle East & Africa	129	1,068

AVERAGE RENTAL GROWTH (PER REGION)	% RENTAL GROWTH
Americas	5.8%
South America	5.2%
North America	6.2%
Asia Pacific	4.5%
EMEA	2.1%
Europe	2.6%
Eurozone	2.0%
Western Europe	2.4%
Central & Eastern Europe	2.6%
Middle East & Africa	-2.1%

THE WORLD'S MOST EXPENSIVE RETAIL LOCATION	US\$/SQ.FT/YEAR	€/SQ.M/YEAR
Causeway Bay, Hong Kong	3,017	24,983
AVERAGE RENT OF 334 RETAIL LOCATIONS	270	2,240

## EMEA OVERVIEW

2012 was a challenging year for the EMEA region and this was reflected in performance across the occupier market. Nevertheless, 2013 began on a better footing and prime rents regained some of the momentum previously lost. Out of 33 countries surveyed, only seven recorded rental falls, while the other 26 saw values either stabilise or rise.

The highlight of year was undoubtedly **France**, one of only two core European markets to record double-digit growth (16.3%) in the 12 months to June. Premier shopping destinations were yet again energized by extraordinary luxury retailer demand, various renovations and refurbishments, combined with further growth in tourist numbers and limited supply. What is more, selected destinations are also gaining a new type of clientele and are slowly building an up-market reputation.

Rental growth performance in the **UK** (6.0%) continues to be dictated by London. The main shopping locations in the capital still outperformed the rest of the country, where prime rents are generally stable. Nevertheless, conditions have stabilised somewhat in recent months and occupier activity is expected to slowly recover in other parts of the country.

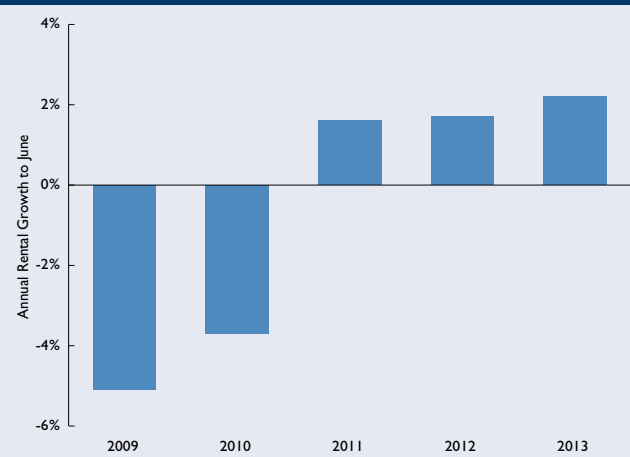
The prime segment of the **Austrian** (8.9%) market continues to benefit from strong tourist numbers and steady demand from both local and international retailers. The addition of Goldenes Quartier has provided quality retail space to Vienna but also proved an attraction for consumers, to such an extent that the surrounding streets are becoming viable alternatives for some retailers.

**Norway** witnessed the third highest growth of any country in EMEA, with prime rents rising by 16.2% in the year to June 2013. The market was buoyed by a robust economy and high purchasing power, but also very keen retailers, eager to establish a presence in the best locations and pay key money. Values in Karl Johan Gate surged 18.4% and are expected to reach new record levels in the next 12 months.

In contrast to a very quiet 2011/2012, rental performance in **Russia** (15.4%) rebounded strongly. Although market entrants were limited, existing retailers continued to expand and experiment with new formats. Moscow remains the destination of choice for many, but as supply struggles to match demand, new quality shopping centres are seeing good pre-lease success.

What is also clear from the survey is however the fact that even in underperforming markets, the situation has generally improved. Prime rents in countries such as **Greece** and **Ireland**, although declining by 7.3% and 7.8% respectively, did so at a slower pace than last year, while rents in other markets which fell in 2011/2012 – **Bulgaria** and **Hungary** – have stabilised or risen modestly this year – **Portugal** (2.6%).

### EMEA: RENTAL GROWTH OVER FIVE YEARS



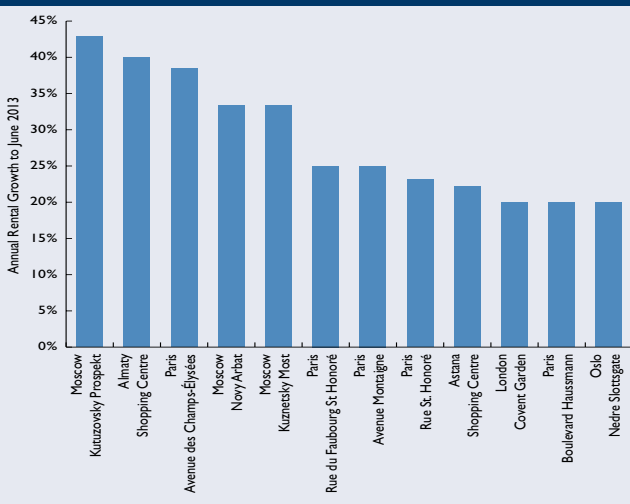
Source: Cushman & Wakefield

### EMEA: TOP TEN LOCATIONS

CITIES	LOCATION	€/SQ.M/ YEAR	US\$/SQ.FT/ YEAR
Paris	Avenue des Champs-Élysées	13,255	1,601
London	New Bond Street	8,666	1,047
Milan	Via Montenapoleone	7,500	906
Paris	Rue du Faubourg St Honoré	7,364	889
Paris	Avenue Montaigne	7,364	889
Zurich	Bahnhofstrasse	7,236	874
Rome	Via Condotti	7,000	845
Paris	Place Vendôme/Rue de la Paix	6,628	800
Rome	Piazza Di Spagna	6,500	785
Rome	Piazza San Lorenzo	6,000	725

Source: Cushman & Wakefield

### EMEA: STRONGEST GROWTH



Source: Cushman & Wakefield

Tied in 10th place with 20% growth are also Akersgata, Oslo and Sandton City, Johannesburg



## EMEA LUXURY OVERVIEW

Activity in European luxury locations remained buoyant, with prime rents increasing by 5.8% over the year to June 2013 – outperforming other prime pitches and improving on the growth recorded in 2011/2012.

The **French** luxury market was dynamic, with over 100 stores – new, extensions, refurbishments and pop-up stores – opened in France since 2011. The market is expanding gradually beyond the most established luxury streets into neighbouring locations. The Boulevard Saint-Germain/Rue de Sèvres area is becoming more upmarket with the recent or scheduled openings of Hermès, Omega, Louis Vuitton, Shang Xia and Berluti. The Boulevard des Capucines, close to the Opera district, is also becoming more upmarket with the additions of Bucherer (largest luxury watch store in the world), Cartier, Tag Heuer and Omega. Indeed, the location benefits from the close proximity to Place Vendôme/Rue de la Paix and the sharp growth in tourists from emerging markets.



Paris, Place Vendôme

In the **UK**, the rental growth trend over the year was underlined by the most expensive location in the country, New Bond Street, where values surged by 15.6%. Indeed, luxury locations such as New Bond Street and Sloane Street continue to attract exceptional interest from occupiers. On average, for each store there are around 10 international brands competing for it. Several existing luxury tenants are now looking to expand their space, with plans for their stores to be transformed into multi-level flagships (Jimmy Choo or Christian Dior) or take space in adjacent streets and link the units (Boodles).

The **Italian** luxury market was healthy, with Piazza di Spagna in Rome and Via Montenapoleone in Milan registering the highest rises in rental values over the year to June, 8.3% and 7.1% respectively. Generally, high spending tourists represent a very important driver for luxury locations. In Rome, where supply is particularly tight, a number of brands, such as Lowe, IWC and



London, New Bond Street

Nespresso, have opened in Piazza di Spagna and, as a consequence, prime rental values have risen significantly. In Milan, Via Montenapoleone continues to attract exceptional interest from retailers, although Via Sant'Andrea and Via della Spiga today could represent alternative locations. Recent openings in Milan included Hermès, Jaeger LeCoultre, Stuart Weitzman and Borsalino. Meanwhile, Piazza San Lorenzo in Lucina, Rome, recently became home to Louis Vuitton's largest Italian Maison, while it also registered the opening of Burberry.

Luxury retailers in **Spain** are generally paying higher rents and are more active than their mass-market counterparts, with rising rents expected due to limited stock and good demand – particularly in Madrid and Barcelona. Some luxury brands are increasing their footprint and relocating to larger units as a result of good turnover, while others are taking control and buying out their franchisee/licence partners. Cities such as Barcelona have improved infrastructure, e.g. new airport term with new links to Asia, the Middle East and Brazil, improved luxury hotel stock, cruise ships, sporting events all increasing the attractiveness of the city for premium/luxury tourism.

In **Zürich**, steady demand from luxury retailers from the fashion, jewellery and watches segments was evident mainly on the upper part of the Bahnhofstrasse. As a consequence, upward pressure



Paris, Avenue des Champs-Élysées

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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. Hooftstraat 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

## EMEA MARKET SUMMARIES

### AUSTRIA

Economy



Retail Property



Vienna City centre is seeing a constant increase in tourist numbers, and the attraction of the new luxury shops in Goldenes Quartier has led to a rise in footfall and new purchasing power. Occupier interest has however focused only on top locations, drifting away from secondary and tertiary pitches. Nevertheless, overall demand from national and international retail chains remains steady. With the opening of Goldenes Quartier in Vienna, adjacent locations to Tuchlauben, such as Rotenturmstraße and Hoher Markt, are gaining momentum as viable luxury destinations.

### BAHRAIN

Economy



Retail Property



Following several years of relative inactivity due to the combined effect of the global financial crisis and political unrest, 2013 saw the return of confidence to the market. Many local and international retailers have reinstated their expansion plans and the market is seeing an increase in occupier demand. On the supply side, a number of new projects were delivered, including Seef Corner and Segaya Plaza. Seef Corner was particularly successful, reaching 100% occupancy within three months of coming onto the market. The positive sentiment is expected to continue through to the end of 2013, with strong demand for competitively priced well-located units. On the supply side, the number of retail projects is expected to increase as developers divert their attention away from the already saturated office market. Luxury retailers can be mostly found in major shopping centres, usually with two locations on the Island. Moda Mall is a high-end centre composed almost entirely of luxury brands, while other schemes such as City Centre and A'Ali contain a mixture of luxury and non-luxury. The target market for the former brands is nonetheless small, with less than 15% of population earning more than US\$1,500 per month.

### BELGIUM

Economy



Retail Property



Occupier demand in the second quarter remained reasonably healthy for prime locations, but overall interest continued to wane. The premier streets and top cities are currently witnessing a slight downward pressure in rents, while leasing in smaller cities and in secondary locations has become more challenging, with take-up, rents and key money declining. The luxury sector, primarily concentrated in Boulevard de Waterloo Brussels, Schuttershofstraat Antwerp and Kustlaan Knokke, is generally performing well. Demand for luxury space in the capital is certainly high; while the mid-market sector is struggling somewhat, the luxury sector still sees high rents and key money paid. New stores opened over the 12 months included Prada, Dolce & Gabbana, Armani, Moncler and occupiers from the jewellery segment.

### BULGARIA

Economy



Retail Property



With interest focused on Sofia, the big international and domestic retailers remained active and new international brands entered the Bulgarian market. The retreat of some of the banks and telecoms from main street locations, coupled with the weakness of some of the local fashion retailers, has created the right conditions for international brands not yet present on the high street. Strong interest is reported in the prime shops that are being vacated on Vitosha Boulevard as a result of the street's turnaround as a fully pedestrian area. Saborna Street in Sofia is the premier luxury location in the country, with Lege Street an emerging area. Luxury retailers pay a premium over the typical rent for prime space but occupy a relatively small area of the overall market.

### CHANNEL ISLANDS

Economy



Retail Property



Market sentiment remains subdued; there have been some recent lettings on King Street which have filled some vacancies, albeit rents were down from the historical high of £145 Zone A £/sq.ft./year, falling by 6.9% in the 12 months to June 2013. Luxury retailers remain primarily concentrated in King Street, with both national and international brands generally interested only in prestigious buildings close to other comparable retailers. Important players include the likes of Hugo Boss, Burberry, Paul Shark and Paul Smith – although this is usually through concessions.

### CZECH REPUBLIC

Economy



Retail Property



Generally, the market is stabilising, with prime shopping centres the most sought-after retail space, underlined by active requirements. Demand is particularly strong for successful schemes and high street units; indeed, there are several new tenants who are considering entering the market this year. Parizska street in Prague remains the location of choice for luxury retailers; however, surrounding streets such as Siroka and Dlouha are also in demand as available supply is tight. Jewellery/ timepiece retailers have been particularly active over the 12 months to June 2013, often via partners. Prada as well as a handful of local franchisees, have also been seeking new opportunities in the market. Retailers do, however, tend to come to the market directly, buying out the stores from existing franchisees and opening their own shops.



## EMEA MARKET SUMMARIES

### DENMARK

#### Economy



#### Retail Property



The retail market is yet to recover as the economy suffers from weak growth, low employment levels and subdued consumer spending. As a result, there has been a flight towards quality and the top retail locations such as Strøget have seen a surge in demand from investors and occupiers alike. So far, luxury retailers have not had a presence in shopping centres, but a new luxury outlet centre, Copenhagen Designers Outlet, is in the pipeline and the Lyngby Storcenter will also provide 5,000 sq.m for high-end retailers. There are, however, some encouraging signs for the Danish retail market with improving consumer sentiment, modest inflation and a fairly low unemployment rate. Although the outlook for the broader retail market is not expected to improve greatly, the luxury market is generally healthy and expected to see upward pressure on rents.

### ESTONIA

#### Economy



#### Retail Property



The main luxury shopping locations can be found in Tallinn's CBD and Old Town area such as Viru Street, Harju Street, Väike-Karja Street, Pärnu Street, the Stockmann Department Store in Liivalaia Street and the Viru Shopping Centre. An emerging luxury destination is the Rotermanni district which is a new development project between the harbour area and old town in Tallinn. The luxury goods market is very limited due to the fairly small population size and is strongly linked to tourism mainly from neighbouring Russia and Finland. There are only few high-end stores, including Boss, Armani, Max Mara, Versace, Guess, Tommy Hilfiger, GANT, Calvin Klein and Burberry. Multi-brand stores such as NUDE also sell Moschino, Dolce & Gabbana, Ralph Lauren, Ermenegildo Zegna, Gucci and Roberto Cavalli products, but the selection is quite limited. Rents have remained unchanged over the past year and the outlook is for a return to modest growth on the back of low vacancy rates and increasing retail sales.

### FINLAND

#### Economy



#### Retail Property



High-quality retail space continues to attract interest and several international brands are looking to expand their presence in Finland, with particularly strong demand for Helsinki's CBD. Activity is constrained by very limited availability, especially in the best areas, although shopping centre extensions will ease this lack of space. The growing numbers of Russian tourists will continue to drive retail sales in the capital, and any new space in the pipeline should be absorbed quickly. The outlook for the retail market is somewhat uncertain as the current economic climate in Finland remains challenging.

### FRANCE

#### Economy



#### Retail Property



The prime end of the retail market continued to power ahead in the 12 month period as demand from luxury brands and a shortage in availability fuelled double-digit rental rises. Large mass-market to mid-end areas such as Champs-Élysées and Opera-Haussmann have also been recording similar trends to 2011/2012, with international retailers and newcomers focusing primarily on prime locations in order to gain visibility and benefit from the large influx of French consumers and tourists. Apart from a few luxury areas, however, rental values are expected to stabilise or grow at a slower pace over the next year.

### GERMANY

#### Economy



#### Retail Property



The relative strength of the German economy has ensured that retail remains an attractive market for many international retailers seeking a safe haven to balance out the risk profile of their store portfolio. Demand for new space remains heavily focused on the prime locations within Germany's core seven cities. The most active luxury segments over the past 12 months were generally fashion, footwear, jewellery and accessories. Interest is concentrated on the traditional luxury locations of Kurfürstendamm in Berlin, Neuer Wall in Hamburg, Maximilianstraße in Munich and Goethestraße in Frankfurt. However, there is little movement as availability is very limited. Consequently, the only option for many luxury retailers looking to enter the market is to settle close to existing luxury pitches. Prime rents are expected to increase for the premier locations, regardless of the market their occupiers cater to.

### GREECE

#### Economy



#### Retail Property



The challenging economic environment is still adversely affecting retail sales. Retailers are keeping stores in only the most reliable and well established trading locations, although the supply of smaller units has declined in the best areas of Athens. A small number of international and national operators are actively looking to take advantage of poor market conditions to acquire space in the prime areas of Athens and other large cities in Greece. Most of the luxury brands in the capital are located in Voukourestiou Street and the beginning of Stadiou Street, while in Thessaloniki, the prime pitch is Proxevou Koromila Street which is parallel to the main destination of Tsimiski Street. Prime rents over the last 12 months remained largely unchanged and currently fluctuate based on the willingness of the landlord to lease a store.

## EMEA MARKET SUMMARIES

### HUNGARY

#### Economy



#### Retail Property



The flow of recent new markets entrants into Hungary has slowed considerably in the past 12 months. Budapest is the only location which continues to attract demand from international retailers seeking to expand into the country. In addition to Váci Street and Andrásy Avenue, Fashion Street is another shopping destinations targeted by high-end retailers, with current tenants Hugo Boss, Massimo Dutti and Furla among others. Luxury retailers such as Louis Vuitton, Burberry, Gucci and Boggi are mainly located on Andrásy Avenue in the downtown area of Budapest. While there are a select number of luxury brands considering expansion in Hungary, the jewellery and fashion segment were the most active over the year to June 2013. Looking ahead, Andrásy Avenue is expected to see new entrants and prime rents – which are currently much lower than the main shopping street – should rise.

### IRELAND

#### Economy



#### Retail Property



The retail sector remains very challenging with many retailers struggling and consumers still cautious. Liquidations and receiverships are resulting in further store closures. Prime high street rents have come under further downward pressure over the year, but some positive signs have emerged in the Grafton Street area of Dublin with a handful of new lettings, including Massimo Dutti and H&M. However, the most noticeable trend in the high end market is the lack of activity. Most luxury retailers are located within high-end department stores (such as Brown Thomas on Grafton Street and Harvey Nichols in Dundrum Shopping Centre) and generally do not open stand alone stores in Ireland. Luxury retailers remain very selective about their expansions. Dublin's Grafton Street area and the Dundrum Shopping Centre are the main focus, but activity is still subdued.

### ISRAEL

#### Economy



#### Retail Property



Mass-market tenants are generally reducing their store sizes in the country. Designer outlet centres are becoming increasingly popular, while neighbourhood shopping centres are also being developed. The general trend is however one of relocation from shopping centres to high streets and designer outlet centres. The bulk of luxury retailers can be found on Kikar Hamedina, Ramat Aviv Shopping Centre and Azrieli Shopping Centre. The clothing, jewellery (particularly watches), luxury car showrooms in Herzliya Pituach (suburb of Tel Aviv) were especially active retail segments over the year. Generally, there were no new major trends; however, emerging luxury locations included Mamilla (high street) in Jerusalem and Saron (high street) in Tel Aviv. Small retail centres (1000-1500 sq.m) are also appearing in luxury apartment buildings. Looking ahead, prime rents are expected fall for both the luxury and non-luxury sectors. There is a possibility of a few small luxury shopping centres being built in Tel Aviv, but they are still in early planning stages.

### ITALY

#### Economy



#### Retail Property



In the wake of the current economic scenario, prime high streets have seen a higher level of brand turnover; however, the strong demand particularly from the luxury retailers has sustained rental levels. Leasing activity in the luxury high street market continued to hold up well, with Milan, Rome, Venice and Florence the most requested locations. Prime rents in the premier luxury locations generally grew over the year to June 2013, with an average increase of 3.6%. Conversely, mass market activity was slower, with lengthier negotiation periods and retailers focusing only on prime opportunities, where they are prepared to pay higher rents and key money. A limited number of operators are interested in secondary locations, but only when the terms are favourable and relatively risk free.

### JORDAN

#### Economy



#### Retail Property



Protests against fuel price hikes and perceived corruption in the country continued in Q4 2012, but have subsided since. Although, they were generally more restrained compared to other Middle Eastern countries, they were still the catalyst behind the political reforms currently underway; with changes devolving some powers from the monarch to parliament. The addition of Taj Lifestyle Mall was certainly a welcome arrival, providing modern high-quality retail space to the market and also a dedicated luxury section which includes retailers such as Burberry, Michael Kors, Furla among others – albeit these are often through local franchises/partnerships. However, the recent increase of 20% in customs duty on imported clothing goods is likely to act as a drag on the market, with the government reinstating the policy which was in effect before the summer of 2010.

### KAZAKHSTAN

#### Economy



#### Retail Property



The retail sector in Almaty remains the most active commercial property market, with a number of shopping centres currently under construction, extending or in planning stage. Occupational demand remains high from both domestic and new international retailers entering the market, with the main focus on Almaty and Astana. Luxury retailers generally favour shopping centres, although high street stores offering exclusivity are equally sought after. Rents remained stable on the high street but increased significantly in the best shopping centres, a trend that is expected to continue as further relocations of luxury stores from high streets are expected. Almaty's luxury market experienced a boost in October 2012 with the opening of Esentai, introducing brands such as Louis Vuitton, Burberry, Gucci, Ralph Lauren, Dolce & Gabbana, Fendi, Breitling and Omega.

## EMEA MARKET SUMMARIES

### LATVIA

#### Economy



#### Retail Property



Latvia has seen a surprisingly strong return to growth and competitiveness following its internal devaluation. Rapidly falling unemployment, healthy if unspectacular GDP growth, robust consumer spending and joining the Eurozone in January 2014 should bode well for the high-end retail market. Luxury brands are primarily interested in prestigious areas with a good tourist flow in the CBD and Old Riga. New brands entering Latvia last year included Tommy Hilfiger, Max Mara (PennyBlack), Guess and Burberry. Prime rents on the high street have increased over the year to June 2013 and upward pressure on rents in the best shopping centres is expected as a result of extensions and upgrades of existing retail schemes rather than additions of new schemes.

### LEBANON

#### Economy



#### Retail Property



As a result of the unstable security situation, foreign direct investments have slowed considerably since the beginning of 2013. Additionally, retail sales were also reliant primarily on local consumers with the shortage of tourists arriving in the country. Occupiers dependent on local demand were resilient over this period, in contrast to low sales seen in the F&B sector for example. As a consequence, there are a very limited number of development plans, mainly focusing on small projects. Meanwhile, vacancy is increasing and adding to the market considerable retail space. The central district of Beirut houses the majority of luxury retailers, mostly situated along Allenby Street and Foch Street. There are however plans for luxury locations in the suburbs of the city, concentrated around the Dbayeh and Hazmieh areas. Although demand for luxury space was declining in recent months, rents in such locations were stable due to the limited space available.

### LITHUANIA

#### Economy



#### Retail Property



Lithuania's retail property market is now improving on the back of healthy economic growth and strong retail sales and consumer spending. The luxury market remains dominated by multi-brand stores such as the Apranga Group (Burberry, Hugo Boss, Emporio Armani, Ermenegildo Zegna, Max Mara etc.) and Du Broliai (Prada, Escada, Dolce & Gabbana, Gucci etc.) which has five outlets. Notable new entrants in 2012 included Max&Co, Coccinelle, Marella, Karen Millen and Strellson. Vacancy rates in the prime high street locations have declined significantly and demand is strongest for small and medium retail units. Prime shopping centres rents rose by double digits on the back of very low vacancy rates and a reduction in shopping centre available space, with several redevelopments aimed at improving tenant mix and attractiveness.

### LUXEMBOURG

#### Economy



#### Retail Property



The luxury market is doing well and demand is robust. Consequently, rents in the prime shopping street of Grand Rue have increased slightly on the same period last year and vacancy rates remain limited. In contrast, the general occupational market is now feeling the effects of the economic downturn, resurfacing after the country's European neighbours due to the economy's resilience and less cyclical nature. Luxury retailers such as Louis Vuitton, Hermes, Gucci, Chanel and Cartier are primarily located in Rue Philippe II and Avenue Porte-Neuve where growing demand is resulting in higher rental levels. International luxury brands are keen to expand in Luxembourg with the most active Prada, Christian Dior and jewellery retailers. However, Luxembourg is reliant on external demand, and growth could be sluggish until economic conditions in Europe improve.

### REPUBLIC OF MACEDONIA

#### Economy



#### Retail Property



Against a backdrop of declining sales, demand remains selective and mostly found within the restaurant and café segments. The area of the Little Ring, which includes Macedonia and Record Street in Skopje, are considered the premium retail destinations in the country. However, most of the occupiers target middle-class customers, with exception of Hugo Boss. High-end fashion retailers are not located in high streets, but in shopping centres, a tendency which didn't change since the opening of the first shopping centre in the country's capital in Q2 2005. Following the opening of City Mall in Q3 2012, which sharply increased the supply of retail space, the market has not seen other major changes. The primary focus of retailers remains Skopje. High street rents in the past year recorded an average decrease in the range of 10%. The downward pressure was partly due to competition from increased supply in the newly opened shopping center. The scheme positioned itself as a direct competitor to the high street, encouraging further relocations of quality brands. Due to its limited size and shopper profile, the retail market is however still lacking high fashion international retailers.

### NORWAY

#### Economy



#### Retail Property



The Norwegian retail market is healthy, fuelled by a strong domestic economy and high purchasing power. Despite recent weakened economic figures, there is still strong demand from international luxury brands for premises in prime locations and with very few shops available, retailers are forced to pay key money to secure these prime spots. The major luxury retailers are located in Akersgata and Nedre Slottsgate in Oslo, but with demand shifting to Nedre Slottsgate where Gucci, Hermes and Bottega Veneta opened shops recently. The outlook for the luxury market is positive, supported by robust consumer spending, low inflation and unemployment; accordingly, prime rents are expected to increase further and possibly reach new record levels over the next 12 months.



## EMEA MARKET SUMMARIES

### OMAN

#### Economy



#### Retail Property



There are a number of retailers looking to enter the Oman market, primarily F&B and value brands. Most F&B retailers prefer high street fronting units located in busy areas with good footfall, while the larger retailers tend to go into shopping centres. Rents for F&B are generally high, while larger retailers pay lower rents due to the bigger space they occupy. There is still strong consumer demand for value retailers and new brands that have entered the market have been well received. Although some malls have some experience with high-end brands, they have not proved particularly successful. Muscat is not a big luxury market. The Royal Opera House tried to cater to it, but the scheme is still only 20% occupied and suffers from poor footfall. On the other hand value and mass-market retailers are extremely popular and take up space located in major centres, prime high streets units in commercial areas and sometimes in stand-alone locations.

### POLAND

#### Economy



#### Retail Property



The retail market is starting to slowly recover after a period of falling retail sales and rents. The fundamentals remain challenging with high unemployment and limited economic growth, however, consumer confidence is improving and prime locations, both high street shops and shopping centres, continue to attract occupier interest. Those retailers who are expanding are taking a selective approach to opening stores, widening the gap between prime and secondary retail locations. There are very few luxury locations in Poland including Plac Trzech Krzyży in Warsaw, Floriańska Street in Kraków and Polwiejska Street in Poznań. Emerging luxury destinations consist of Mokotowska Street and the vitkAc department store in Warsaw, where Louis Vuitton recently opened.

### PORTUGAL

#### Economy



#### Retail Property



The high street market remains the most active segment of the Portuguese retail sector, although there remains a shortage of retailers looking to expand their property portfolios with activity limited to international brands seeking space in the most coveted locations and food retailers searching for modest growth opportunities. In Porto, the second largest city in Portugal, the area of Clérigos – located in the historical centre of the city – has been gaining momentum and has emerged as a trendy destination for fashion retailers and the catering sector.

### ROMANIA

#### Economy



#### Retail Property



Conditions in the retail market remained largely unchanged, with retailers witnessing for the most part stable turnovers in the first half of the year. Nevertheless, the largest players are generally the only ones with concrete expansion plans. Luxury brands in the country can be found in Bucharest, along the Calea Victoriei street and in JW Marriott's commercial gallery. The local market remains however limited, with most retailers found in a single property. New entrants over the past 12 months were primarily from the fashion and accessories segment, including Roberto Cavalli, La Perla, Escada, Montegrappa and Brunello Cucinelli. Although rents have fallen by 18.2% over the year to June 2013, Calea Victoriei is still the luxury location with potential for further development as the refurbishment of prominent historic buildings continues.

### RUSSIA

#### Economy



#### Retail Property



Retailer demand remains relatively robust, with limited new market entrants but existing retailers looking to expand and experiment with new formats. Outside Moscow, occupiers are focusing their interest on high street as shopping centre space – where vacancy is very low – cannot meet demand. In Moscow, the limited shopping centre space available has translated into three viable alternatives for retailers; occupy units in high streets, take up space in regional shopping centres or pre-lease space in new schemes – with the latter option best exemplified by Aviapark which is already fully pre-leased.

### SLOVAKIA

#### Economy



#### Retail Property



Retail sales have returned to modest growth, despite poor economic performance and high and rising unemployment. There are several new market entrants, although demand is largely focused on the best schemes and prime locations such as Obchodna Street and shopping centres such as Eurovea, Aupark and Avion in Bratislava. Rents have been stable over the past year and retailers' expansion plans remain limited. The menswear and womenswear segments were the most active, including Napapijiri, Tru Trussardi, Guess, Karen Millen and Pinko. However, occupiers will remain cautious about their expansion plans and continue to explore cost cutting strategies, although the luxury market appears less affected by the economic uncertainties. Overall, the retail market is expected to remain stable and any rental growth will be restricted to the very prime end.

## EMEA MARKET SUMMARIES

### SLOVENIA

#### Economy



#### Retail Property



Slovenia is facing its most serious economic crisis since joining the EU in 2004, with future policies on privatisation and foreign direct investment crucial in putting the country on a path of sustainable and stable growth. There is not much demand for retail space in Slovenia, only a small number of international and domestic retailers are keen to expand but it is difficult to find the quality retail space they require. Although there is a waiting list for all quality shopping centres, and good high street space is in short supply, there are vacancies in secondary locations. Luxury retailers are to be found in the centre of Ljubljana and in a few select multi brand stores such as XYZ in Citypark and Emporium. As a result of the downturn, high-end retailers in Ljubljana are suffering and it is likely that some will close, freeing up badly needed quality space. Slovenia's property market is expected to remain depressed as tough economic conditions and political uncertainty prevail, while the lack of available bank finance restricts developers' and retailers' expansion plans.

### SOUTH AFRICA

#### Economy



#### Retail Property



Vacancy rates stabilised and then improved slightly in H1, with footfall also up in small regional, regional centres and super regional schemes. However, consumer spending per capita increased at a slower pace, in line with a retail sector which remained under pressure due to a slow and uncertain economy, and not helped by industrial unrest. Luxury retailers have traditionally traded in mature shopping centres, which have been gradually enlarged through the years by the acquisition of adjacent land. Over the past year, active occupiers were primarily from the jewellery, fashion and motor vehicle segments. The outlook for the luxury market is extremely positive for established schemes, with the payment of premiums highlighting the strong demand and confidence retailers have in the sector. Indeed, the higher rents are usually achieved from luxury operators who still manage to generate profit over time.

### SPAIN

#### Economy



#### Retail Property



Demand for new space amongst retailers in Spain was steady, with any operators seeking new space only selecting the prime high streets or regionally dominant shopping centres, entrenching the polarisation between prime and secondary retail locations. The luxury sector performed better over the year, with jewellery, womenswear and accessories the liveliest segments. In addition to the main luxury streets of Passeig de Gràcia in Barcelona, and Serrano and Ortega y Gasset in Madrid, leasing activity in cities such as Palma de Mallorca and Puerto Banus increased as a result of healthy tourist numbers.

### SWEDEN

#### Economy



#### Retail Property



Increased confidence in the Swedish economy, low inflation and a loose monetary policy are aiding retail spending and the overall market. Occupier interest is still strong for city centre locations and dominant shopping centres, but supply is limited and vacancies remain low. However, demand weakens for out-of-town properties where availability is rising. Luxury retailers in the country can be found in Biblioteksgatan and Birger Jarlsgatan in Stockholm as well as the NK department store and the Nordstan shopping centre in Gothenburg. Prada, Michael Kors and Armani are some of the most notable retailers to have signed new leases in Biblioteksstan – the area surrounding Biblioteksgatan – among several brands to have done so over the first half of 2013. More leases are expected to be signed in Biblioteksstan if the confidence in the Swedish economy remains intact.

### SWITZERLAND

#### Economy



#### Retail Property



There remains strong demand from international retailers, particularly luxury brands, to secure space in the prime areas of Zurich and Geneva. Some regionally dominant shopping centres are now also experiencing sustained requirements, as the retailers often cannot take up space they want in the prime streets of the major cities. Due to the demand/supply imbalance in Bahnhofstrasse, interest for streets such as Rennweg, Augustinerasse or Strehlgasse has increased. These locations have the potential to be genuine alternatives to Bahnhofstrasse for all important retailers and, to some extent, also for luxury brands.

### THE NETHERLANDS

#### Economy



#### Retail Property



International players are still focusing their attention on prime locations in major cities which have weathered the difficult economic and retail environment reasonably well, while the same cannot be said for smaller cities and retail warehouse locations. Prime rents were generally stable, with the exception of Kalverstraat, Amsterdam and Lijnbaan, Rotterdam which saw modest uplifts. Overall, the luxury market has been much less affected by the subdued consumer climate. The focus of luxury brands is on larger units, with Hugo Boss a good example of a retailer successfully opening a larger store. However, if a retailer cannot find a suitable large unit, they focus on more stores in the same street, as Dolce & Gabbana did over the past year.

## EMEA MARKET SUMMARIES

### TURKEY

Economy



Retail Property



Occupier demand is still solely focused on high streets and successfully trading shopping centres. A number of existing international retailers signed new leases, while others have opened new stores. However, new international brands still preferred to largely enter the market via franchise agreements. In the luxury market, Chanel acquired a building in Bagdat Street, while Armani is leasing a property in the Abdi İpekçi/Nişantaşı area. In addition to these streets, luxury retailers can be found on Tesvikiye Street and shopping centres such as İstinye Park, Kanyon and Akmerkez. However, the new Akasya Mall (in the Asian side of Istanbul), which is due to open in Q1 2014, and Zorlu Center are both very well located and can provide a new outlet. Indeed, the mixed-use project of Zorlu has added brand such as Louis Vuitton, Christian Dior, Fendi and Bulgari to its tenant mix. However, it is generally very difficult to find space in existing streets and shopping centres. New leases and relocations happen very quickly, which is something of an obstacle for international retailers.

### UNITED KINGDOM

Economy



Retail Property



Fuelled by rises in the main thoroughfares of London, prime rents rose in the 12 months to June. This trend was underlined by the most expensive location in the country, New Bond Street, where values surged by 15.6%. Prime rents were generally stable in other parts of the country, with only two locations surveyed recording marginal falls over the year. Although the conditions outside London and the South East remain more challenging, the situation is slowly improving with fewer closures and casualties.

### UKRAINE

Economy



Retail Property



Despite the unstable political environment and the recently announced exit of a major DIY retailer, some international and local retailers are still considering entering the market. Notwithstanding the delivery of several new shopping centres, the Ukraine is still not saturated and has potential for prospective developers. Space suitable for luxury retailers is very limited in Kyiv, consisting of only three streets, which translates to very low vacancy and high rents – can be even higher than US\$ 3,000/sq.m./year. Luxury retailers are very selective with regard to location choice. This is usually their most important point when choosing a store as they typically sign lease agreements longer than five years.

### UNITED ARAB EMIRATES

Economy



Retail Property



A number of smaller upscale-retail high street projects are in the pipeline for 2014-2017, potentially exerting downward pressure on high street rents but also increasing choice among retailers. Despite little movement in rents or demand in Abu Dhabi, the next three years will see significant new space delivered in the capital, with Deerfields Town Square in Bahia, Emporium Mall in Central Market, Capital Mall in Mohammed Bin Zayed City and Yass Mall all coming onto the market within 18 months.

### KEY INDICATORS

Down ↓ Up ↑ Stable ➡ Stable/Up ↗ Stable/Down ↘

Key indicator arrows show the anticipated trend for the coming 12 months relative to recent performance.

## AMERICAS OVERVIEW

Although occupier activity in the Americas was quieter in the year to June 2013, prime rental growth was still evident and amounted to the highest among global regions. The main thrust to this was provided by **Argentina**, where values witnessed an uplift of 11.5% over the year. Indeed, the four locations surveyed all rose during the 12 months; with Avenue Cabildo's 31.1% increase one of the highest in the world.

**Colombia** recorded the strongest growth among all American countries as values surged by 14.6%. Shopping centre rents in particular rose on the back of a list of retailers waiting to enter the market, but also the limited space available. Indeed, there is more room for growth in shopping centre space and this is expected to be partly satisfied with plans for new schemes. This demand/supply imbalance has nevertheless given rise to cases of key money being charged, but also pushing some retailers towards space adjacent to successful shopping centres.

Prime rental growth in the **U.S.** was somewhat more restrained (3.7%) compared with 2011/2012. Nevertheless, the top locations in cities such as Miami, Palm Beach, Washington DC, San Diego and Philadelphia recorded double-digit growth. Meanwhile, despite little movement in New York's average prime rents (excluding asking rents and one-off deals), leasing activity was not stagnant, with several luxury openings or relocations taking place over the year.

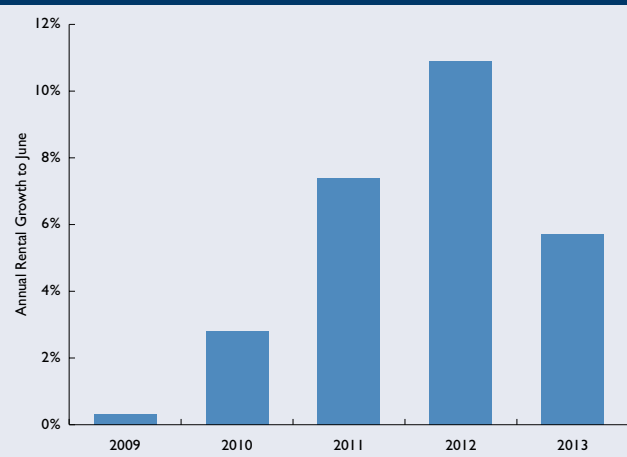
The supply of **Brazilian** retail space improved dramatically with the addition of over 40 shopping centres in 2013. The completions increased competition between schemes and, combined with a slower economy, generally reined back average rental rises (3.3%) compared with last year. Nevertheless, shopping centres which had low vacancies were generally more resilient and witnessed good growth.

The **Mexican** (7.7%) retail landscape benefitted from a recovery in demand, but was also suffering from a shortage of high quality retail space. This divergence propelled prime rents upwards, with most locations in Mexico City rising strongly over the 12 months to June 2013.

The main thoroughfares of **Canada** continued to attract good interest, although this was not necessarily reflected in the country's prime rental growth (1.7%). Elsewhere, major regional shopping centres are seeing very low vacancies and landlords are generally reacting by expanding or renovating existing space.

Trading conditions in **Chile** remain healthy, with positive annual retail sales growth stretching to four uninterrupted years in September 2013. High-end and luxury retailers are increasingly looking to enter the market in selected shopping centres. Nevertheless, the luxury sector remains relatively small and is not expected to change significantly in the coming year.

### AMERICAS: RENTAL GROWTH OVER FIVE YEARS



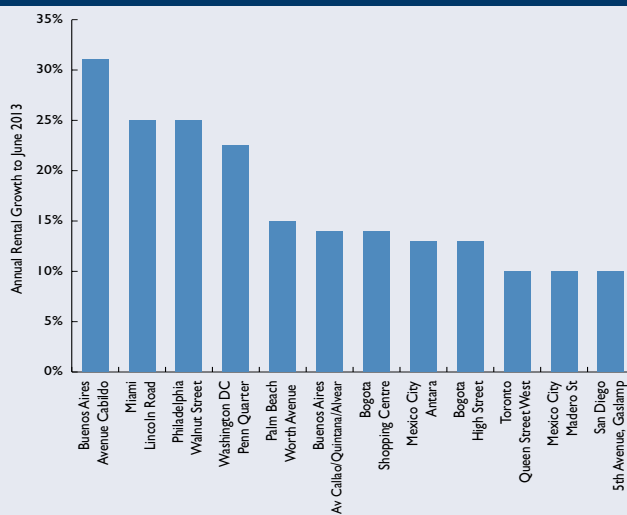
Source: Cushman & Wakefield

### AMERICAS: TOP TEN LOCATIONS

CITIES	LOCATION	€/SQ.M/ YEAR	US\$/SQ.FT/ YEAR
New York	5th Avenue	20,702	2,500
New York	Times Square	17,389	2,100
New York	East 57th Street	9,937	1,200
New York	Madison Avenue	9,109	1,100
Los Angeles	Rodeo Drive (Beverly Hills)	4,761	575
Chicago	North Michigan Avenue	4,016	485
San Francisco	Union Square	3,933	475
São Paulo	Iguatemi Shopping	3,343	404
San Francisco	Post Street	3,312	400
Bogota	Shopping Centre	2,631	318

Source: Cushman & Wakefield

### AMERICAS: STRONGEST GROWTH



Source: Cushman & Wakefield

## AMERICAS LUXURY OVERVIEW

The **U.S.** luxury market was dynamic over 12 months to June 2013. Recent notable luxury deals in New York included significant leases on Fifth Avenue: Ralph Lauren (45,814 sq.ft), Valentino (18,300 sq.ft) and Cartier (9,000 sq.ft). The luxury market in San Francisco also benefitted from new arrivals, including Salvatore Ferragamo, Valentino, Alexander McQueen and Christian Louboutin among others, all taking up space in streets surrounding Union Square. The acceleration in activity translated into lower vacancy rates, which fell below 2.0% on average in Q2 2013, driving rents higher on an annual basis.

In Los Angeles, luxury tenants continued to focus their interest on marquis locations and buildings, with key tenants also keen to renovate their stores. Overall, the recovery of the U.S. market, the continued arrival of international retailers, and the limited space available will continue to exert pressure on prime rents in luxury locations across the country.



Beverly Hills, Rodeo Drive

Luxury retail in **Canada** has generally weathered the recession storm well and is performing strongly. The market is no longer just focusing on affluent consumers, with high-end retailers making their products more accessible. Several brands have entered the Canadian market over the last year, including Kate Spade, Ann Taylor and Tory Burch, while others such as Louis Vuitton, Harry Rosen, Lacoste and Hugo Boss, have expanded their existing presence.

The **Brazilian** luxury market saw a number of openings over the last 12 months, with the most active retailers including: Tod's (new stores in Iguatemi Faria Lima and JK Iguatemi), Louis Vuitton (largest flagship store in Cidade Jardim), Fendi (new store in Cidade Jardim), IWC and Officine Panerai (JK Iguatemi), as well as Coach, Miu Miu and Goyard. Luxury brands typically benefit from discounted rents compared to other type of retailers, with generous fit-out contributions making the store extremely



New York, Fifth Avenue

attractive to the tenant. This also partly explains the large size of luxury stores in Brazilian shopping centres.

Luxury retailers in **Colombia** can be mainly found in Andino Mall, Unicentro Mall, El Retiro Mall, Gran Estacion II Mall and Zona T. Indeed, Zona T along with high streets such as Calle 122, Calle 116 and Calle 109 are continuously strengthening their image as luxury locations with more brands taking up space. Active brands over the year included the likes of Tommy Hilfiger, Versace, Louis Vuitton and Furla. Looking ahead, rents are expected to increase in prime locations as retailers flock to the market.

In **Mexico**, Fashion luxury brands are increasing their presence in corner space locations within department stores such as Palacio de Hierro and Liverpool. There is however limited supply of luxury space and this is pushing prices above the average for mass-market pitches. Looking ahead, new retailers will continue to enter the market and existing brands expand further, particularly in high-end locations.



Toronto, Bloor Street



## AMERICAS MARKET SUMMARIES

### BRAZIL

Economy → Retail Property ↗

With the addition of several new schemes, competition between shopping centres was stronger. Indeed, with the delivery of over 40 shopping centres to the market in 2013 and a large pipeline for next year, competition will intensify further. International investors are entering the market with greenfield projects and players such as Westfield, TUDO Shopping and Multi are expected to set a new standard. Consumer spending remained steady even in a slower growing economy. Prime rents were, however, generally stable or increasing, with good rental rises and higher key money observed in shopping centres with low vacancies. In contrast, prime rents on high streets were either stable or increasing only marginally.

### CANADA

Economy ↗ Retail Property →

The market is seeing strong demand for prime space in the major retail thoroughfares. Vacancy rates in major regional shopping centres are extremely low and landlords are generally reacting by expanding and renovating existing space. Retailers are increasingly looking to boost their balance sheets by taking advantage of their property portfolio, cashing in on healthy real estate values in a competitive retail market. This is best exemplified by Sears which plans to build a \$1 billion office and apartment complex on property it owns in British Columbia.

### CHILE

Economy ↗ Retail Property →

Prime rents were generally stable, but with an increase in high-end shopping centres. Indeed, shopping centres remain the format of choice among retailers, with high-end and luxury brands also moving in this sub-sector. There are however also streets such as Alonso de Cordova which do provide high luxury retailers with suitable space, with location and image particularly important. Nevertheless, although the luxury market is growing, it remains relatively small and rents are not expected to see significant movement in the year ahead.

### COLOMBIA

Economy ↗ Retail Property ↗

Shopping centre rents have risen as a result of an extensive list of retailers waiting to enter the market and the limited space available. In some cases key money is charged to rent properties, pushing retailers toward renting space adjacent to shopping centres, which in some cases can be considerably cheaper and see less competition. This trend is expected to continue, possibly strengthening adjacent clusters which may in turn lead to a consolidation of high streets in the future. In addition, a number of new entrants opted to locate their business away from the main cities, choosing unexploited and less competitive markets.

### ECUADOR

Economy ↗ Retail Property ↑

Vacancy rates remained below 1.5% in the main retail destinations, with vacant spaces typically found in less developed locations. Local brands are still the most important tenants; however, international retailers are entering the market in selected shopping centres, while existing international retailers are also expanding their operations within main retail pitches e.g. Inditex at Quicentro. Selected suburban markets have seen some retail openings; however, others have witnessed increased vacancy rates. Innovative retail concepts are being introduced across secondary cities and are met with enthusiasm by consumers, causing significant changes in demand behaviour, with interest gradually moving from high street shopping to shopping centres. Luxury retailers are in expansion mode in successful urban locations and in suburban markets e.g. Cumbayá in Quito and Samborondon in Guayaquil.

### MEXICO

Economy ↑ Retail Property ↗

Good rental growth was evident in prime retail locations across the country in the year to Q2 2013, with occupier demand recovering and supply still suffering from a shortage of high-quality space. Masaryk Avenue in Mexico City remains the premier retail destination in the country, but Antara, Santa Fe and Paseo Interlomas are becoming increasingly popular shopping centre/luxury retail locations.



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## AMERICAS MARKET SUMMARIES

### USA

Economy



Retail Property



When compared to 2011/2012, rental growth in the U.S. was somewhat more restrained, with prime values rising by 3.7 % in the year to June 2013. There were, however, notable rises across certain cities, with the premier locations of Miami, Philadelphia and Washington DC recording strong double-digit growth. This was primarily as a result of competitive offers from a diverse range of tenants on pitches which had limited supply available. Despite little movement in prime rental values, leasing activity in New York was still lively in the first half of the year, with asking rents in the most-sought after parts of Manhattan's retail locations increasing.

### KEY INDICATORS

Down ↓ Up ↑ Stable → Stable/Up ↗ Stable/Down ↘

Key indicator arrows show the anticipated trend for the coming 12 months relative to recent performance.

## ASIA PACIFIC OVERVIEW

Asia Pacific remained the focus of international retailers and this again translated into prime rental growth in the 12 months to June 2013. However, the region was characterized by contrasting fortunes among markets, generally slower growth and a greater emphasis on non-luxury retailers.

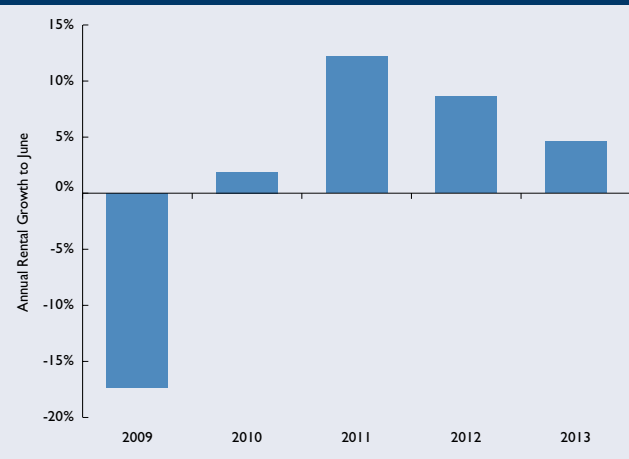
**Hong Kong** (21.8%) was yet again the main market behind the drive in prime rental growth across the region. Its premier locations are some of the most expensive in the world but at the same time consistently generate exceptional growth. However, in contrast to previous years where luxury brands dictated activity, occupier demand was also strengthened by other types of retailers. The attraction to the **Chinese** market remained unchanged, with a diverse range of new entrants and expansions from several international brands. Despite slower trading in the luxury sector and increased supply of retail space, growth in prime rents (6.8%) was higher than in 2011/2012. Indeed, the latest rise in Wangfujing pushed it to 10th in the most expensive locations in Asia Pacific.

In a similar vein to other Asian countries, the slowdown in **South Korean** (7.2%) consumer spending had an adverse impact on luxury brands. However, the slack was picked up by “fast fashion” brands, which saw an upward trend in performance. Global retail giants such as H&M, Zara, Forever 21 and Uniqlo are competing with local players for space in the most coveted locations of Seoul, exerting pressure on rents. Conditions and sentiment in the **Japanese** (6.2%) market have improved considerably this year. Supported by good economic growth, higher retail spending across the spectrum and an uplift in sentiment on the back of the Tokyo 2020 Olympic Games winning bid, prime rents rose in the first half of 2013 in Ginza (7.4%) and Omotesando (8.7%).

As a result of strong demand from restaurant chains, as well as international fashion and clothing brands entering the market, **Taiwanese** rents rose by 10.0% in the year to June 2013. Space does however remain at a premium and further expansion in prime rental values is expected in the coming year. Steady demand from fashion and F&B brands was also the catalyst behind rises in **India** (2.1%). Overall, activity was slightly more restrained than in other major markets, but with strong growth particularly evident in the top locations of New Delhi.

While slower luxury trading has placated growth across Asia Pacific, the outlook remains bright. International brands will continue to vie for the major markets, however, with availability in the premier locations falling and competition intensifying, tier 2 cities and pitches will become a focus, with retailers attracted by new growth paths and presence in alternative markets. In Asian economies there will be a greater emphasis on generating domestic demand rather than relying on exports – starting in China – and this should be reflected in more retailer demand. Although some high profile foreign brands have clearly struggled, long-term growth should be secure as they get formats right.

### ASIA PACIFIC: RENTAL GROWTH OVER FIVE YEARS



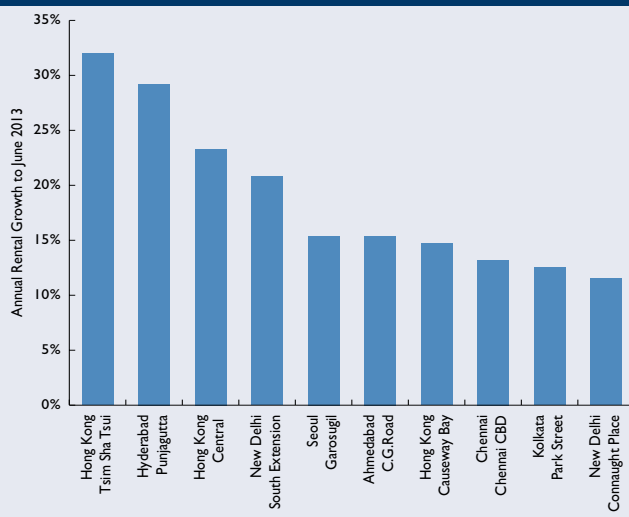
Source: Cushman & Wakefield

### ASIA PACIFIC: TOP TEN LOCATIONS

CITIES	LOCATION	€/SQ.M/ YEAR	US\$/SQ.FT/ YEAR
Hong Kong	Causeway Bay	24,983	3,017
Hong Kong	Central	18,961	2,290
Hong Kong	Tsim Sha Tsui	16,911	2,042
Tokyo	Ginza	8,152	984
Sydney	Pitt Street Mall	7,042	850
Tokyo	Omotesando	7,028	849
Seoul	Myeongdong	6,063	732
Seoul	Gangnam Station	5,222	631
Tokyo	Shibuya	4,217	509
Beijing	Wangfujing	3,610	436

Source: Cushman & Wakefield

### ASIA PACIFIC: STRONGEST GROWTH



Source: Cushman & Wakefield

## 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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Louis Vuitton, Gucci, Burberry and Ralph Lauren opening their own direct operations. Indeed, a number of luxury operators have acquired high street buildings in order to take advantage of a rising property market and avoid increasing rents. Nevertheless, despite being able to own both land and properties in South Korea, finding suitable locations for stores can be challenging. Demand from both domestic and international brands is robust, but supply is limited, with an average window of 6-12 months needed to find a suitable property. Spending in luxury goods is expected to grow over the next year, albeit at a slower pace due to a more uncertain economic climate.

Luxury retailers in **Australia** continue to seek space in locations which benefit from tourist numbers or an affluent catchment. The bulk of these types of brands are concentrated in Pitt Street Mall in Sydney, Bourke Street in Melbourne and top regional shopping centres. Fashion, in particular women-related fashion, has been the most active sector over the last 12 months, exemplified by Louis Vuitton's relocation to its new flagship store in Sydney. The larger landlords are increasingly offering discounted rents in order to secure luxury occupiers within their centre, something which has not been the case for mass-market retailers.



Sydney, Pitt Street Mall

Increasing income per capita and purchasing power over the last few years has raised brand awareness among consumers, creating more demand for luxury goods in **India**. As a consequence, existing luxury brands are expanding their operations, while new players are also likely to enter as new more relaxed retail FDI regulations come into force. The sector is growing, but the rate of expansion differs by city. Although there is limited penetration in nascent markets such as Ahmedabad and Kolkata, presence more widespread in cities such as New Delhi and Mumbai – albeit luxury retailers in the latter city typically found in five star hotels or in high-end schemes. In the short term, prime rents are expected to remain stable as retailers adopt a cautious stance. However, with the more relaxed retail FDI policies, new international players are expected to enter the market, which may exert upward pressure on rents as the shortage of quality retail space persists.



Singapore, Orchard Road

In **Singapore**, with Orchard Road's renovation/refurbishment luxury retailers have more options. Increasingly, they are opting to operate from stand-alone stores with prominent and dual/high frontages along the road. The completion of Capitol Piazza, which is at the fringe of Orchard Road, is also expected to attract a number of luxury retailers, although it is unlikely to replace Orchard Road and The Shoppes at Marina Bay Sands as the premier luxury destination. The outlook for the luxury market is expected to remain stable as long as there is a steady influx of Chinese and Indonesian tourists.

Along Zhongshan N. Road in **Taiwan** and adjacent to Regent Taipei there are clustered pitches for luxury retailers in the country. However, the scale of this retail area is relatively small compared with department stores where most international boutiques are mainly located. Indeed, luxury occupiers only target locations in prime areas (Sec. 4, ZhongXiao E. Road) or luxury department stores (Xinyi Planned Area). The latter is not necessarily situated in a prime area, where building specifications are of a higher standard. Active brands in the occupier market over the last 12 months included Dior, Hugo Boss, Louis Vuitton, Burberry, Miu Miu, Prada and Hermes.

Luxury retailers continue to focus their attention on business streets with good footfall, in contrast to non-luxury brands which favour shopping centres. An exception to this is Trang Tien Plaza, a renovated shopping centre which now houses a range of luxury brands such as Chanel, Louis Vuitton, Dior and Cartier. Space suitable for luxury occupiers should remain stable, with demand also steady.



Shanghai, Lujiazui



## ASIA PACIFIC MARKET SUMMARIES

### AUSTRALIA

Economy



Retail Property



High street rents stabilised over the 12 months to June 2013 following a two-year period of negative growth. There is still pressure on several of the traditional prime locations, however, landlords are increasingly willing to accept a lengthy vacancy period rather than reduce rents. Although the outlook for the retail market remains somewhat subdued, it has improved slightly over the past year. However, despite gradually improved spending in recent months, rental values are expected to remain low while vacancy will likely remain unchanged.

### CHINA

Economy



Retail Property



Prime retail rents continued to rise in China, supported by a diverse range of new entrants, including high-end department stores, as well international brands expanding steadily in key markets – translating into rental uplifts in core retail locations. Indeed, the arrival of brands such as Apple and Forever 21, fuelled higher footfall and rental values in the most expensive location of Mainland China, Wangfujing, rose accordingly. Looking ahead, the mass-market will continue to benefit from a number of high-end renovation/refurbishment projects and strong occupier demand, contributing towards further rental growth. However, growing online shopping as well as additional schemes opening may slightly temper such rises.

### HONG KONG

Economy



Retail Property



Prime rents softened slightly in the first half of the year, after recording strong growth in 2012. Indeed, values in the world's most expensive location, Causeway Bay, reached its highest ever level in Q3 2012 at HK\$ 2,000/sq.ft/month, before stabilising at HK\$ 1,950/sq.ft/month in Q2 2013. Demand from jewellery retailers remained robust, but with supply still limited. The market is still seeing a growing presence of both high-end and non-luxury retailers, all competing for prime locations. Indeed, there has been a recent shift away from luxury brands and more focus on mid to high-end retailer expansion. Elsewhere, Victoria's Secret opened two stores, while Topshop's inaugurated its flagship unit.

### INDIA

Economy



Retail Property



During the first half of 2013, prime rents in most cities were stable as a result of steady demand, particularly from the fashion and food & beverages segments. Premier pitches in New Delhi generally outperformed other cities, with the top three streets growing by an average of over 9.0%. However, rental movements varied across sub-markets, with double-digit positive and negative growth depending on the location. Occupier demand from fashion, jewellery and F&B retailers was evident during the year for both high streets and shopping centres.

### INDONESIA

Economy



Retail Property



With the completion of Lotte Shopping Avenue, a key mid to high-end retail centre in Jakarta operated by the South Korean giant Lotte, new international retailers opened their first outlets in the capital, with other similar brands expected to also follow. Continued growth in both the size and affluence of Jakarta's population has been a major draw for retailers. The occupier outlook is expected to remain healthy, with a varied mix of occupiers expected to sign new leases. In contrast to non-luxury brands, which are situated in mid market schemes, luxury retailers still prefer to open their stores in high-end centres which are mainly located in Jakarta's CBD. Watches, fashion and in particular women fashion were the most active segments over the year. Luxury retailers continue to attract low rents and other incentives due to their strong brand identity, terms which are not necessarily available to mass-market players.

### JAPAN

Economy



Retail Property



Prime shopping centres in Tokyo recorded good sales growth due to increased consumer demand across the spectrum, from non-luxury, furniture, appliances and all the way down to necessities. This may have been due to a frontloading of demand before the consumption tax rise in April 2014 and October 2015, and translated into higher rents in the first half of 2013. Looking ahead, prime rents are expected to rise on the back of continued retail sales growth. Furthermore, with the overall economic recovery and the Tokyo 2020 Olympic & Paralympics Games winning bid, sentiment in the real estate market is expected to improve. Accordingly, development plans in major markets that were postponed, are likely to be resumed. However, construction prices are rising and may contribute in some cases towards a reduction in the pipeline of retail space.

## ASIA PACIFIC MARKET SUMMARIES

### MALAYSIA

#### Economy



#### Retail Property



On the back of continued economic growth and robust consumer confidence, spending in the retail market was steady. On the supply side, international developers are increasingly seeking partnerships with local developers when considering new shopping centre projects. Meanwhile, landlords continue to invest in major refurbishments in order to remain competitive. Existing prime shopping centres will remain the main focus of retailers, with growing economic activity likely to support consumer sentiment and spending. Nevertheless, the announced policy by the Central Bank of Malaysia to curb personal loans offered by financial institutions may act as a drag on consumer spending and, consequently, the occupier market.

### NEW ZEALAND

#### Economy



#### Retail Property



There was little change to headline rental figures over the 12 months to June 2013, with the retail market stabilising following the rental falls in recent years. Occupier demand for prime locations has increased, but secondary space remains difficult to lease once properties are vacant. The short to medium term outlook for the sector is generally positive. Rising house prices and low interest rates have resulted in an uplift in both spending and sentiment over the past year. If these trends continue, there is likely to be upward pressure on prime rents. There are proposals to introduce a limited number of new luxury retailers within premises located in Lower Queen Street, Auckland towards the end of 2013. There certainly appears to be a slight increase in interest from luxury retailers in entering the country, the presence of which would add to the competition for prime locations and exert pressure on rental values – albeit such pressure is not expected to materialise outside these prime areas.

### PHILIPPINES

#### Economy



#### Retail Property



Despite the ample supply coming through in the next few years, demand has remained steady with prime rents improving in the first half of 2013. Vacancy rates are low as occupiers are either increasing their footprint in existing shopping centres or focusing on new developments as potential expansion targets. A growing economy and rise in consumer spending bode well for the occupier market. Prime rents are expected to continue rising as demand remains robust, fuelled by requirements from both local and international retailers. Luxury retailing is a small and niche market, with retailers scattered among different malls in Metro Manila. However, the bulk can be found in Greenbelt, a mid to high-end shopping centre in Makati's CBD. Luxury stores typically command higher rents and cover a smaller floor space. The outlook is not too dissimilar from the non-luxury one, with rents expected to rise. However, luxury retailers with no presence will remain hesitant due to the small market size.

### SINGAPORE

#### Economy



#### Retail Property



Rents remained largely stable across all sub-sectors over the year to June 2013. Fast fashion brands such as H&M and Uniqlo were actively expanding into suburban malls, where demand was stable and rents lower. Such schemes are steadily shedding their perceived image as locations populated by budget brands and they are increasingly marketed from a more diverse perspective. The outlook for the retail market is expected to benefit from low unemployment, healthy economic fundamentals and strong tourist numbers. Existing retailers will be keen to maintain their share, while others will seek to establish a presence. However, efforts to control foreign labour in the country may have an impact on the ability of retailers to expand quickly.

### SOUTH KOREA

#### Economy



#### Retail Property



Although the slowdown in consumer spending has resulted in a decline in luxury brands' revenues, "fast fashion" retailers are seeing an upward trend in performance. Global retailers, such as Zara, H&M, Forever 21 and Uniqlo, are competing with local players for space in major retail areas of Seoul. Myeong-dong and Gangnam Station remain the most expensive locations in the country, but Garosugil is gaining ground as a raft of deals concluded over the year pushed rental growth into double digits. However, the influx of new "fast fashion" brands has caused a shortage of suitable locations, forcing retailers to look at other areas for expansion. The revenue of these so-called "SPA" brands grew at a faster pace in the beginning of the year, but has slowed in recent months. Indeed, the economic slowdown could potentially affect their fortunes.

### TAIWAN

#### Economy



#### Retail Property



Prime rents in Taipei increased by 10% over the year to June 2013. This was due to the strong demand from restaurant chains and international brands – especially clothing and fashion – entering the Taiwanese market. However, many international players are finding it difficult to find suitable space for their flagship stores as space in areas such as Xinyi Planned Area Sec.4, Zhongxiao E. Rd remains limited. Consequently, as a result of this demand/supply imbalance, rents in these locations will increase further in the next two years.



## ASIA PACIFIC MARKET SUMMARIES

### THAILAND

#### Economy



#### Retail Property



Occupier demand in Bangkok Central Retail District was strong from both local and international retailers with several new market entries. Coupled with the limited prime space supply on offer, the market currently favours landlords. In the absence of new supply coming through, occupancy rates will continue to improve. However, existing occupiers need to demonstrate good performance in order to secure space; with underperforming retailers being forced to vacate units, especially in prime locations. In addition to catering to the mass market, The Bangkok Central Retail District also houses a number of luxury retailers, with brands typically looking for space on the ground floor. The retail market is anticipated to expand in the short to medium term, but with different lease terms depending on the occupier. Luxury retailers will generally have long leases and pay upfront rents, while mass-market retailers will sign shorter leases and pay rents on a monthly basis.

### VIETNAM

#### Economy



#### Retail Property



Despite the modest growth in prime rents over the year to June 2013, values elsewhere are under downward pressure as a result of the subdued economic environment and increasing supply of new space coming onto the market. This does however create opportunities for retailers with a strong business plan to take over prime space. What is more, landlords are also offering softer incentives in order to attract tenants. Indeed, occupiers appear to have bargaining power over landlords as supply is anticipated to double. The retail format is also becoming increasingly diversified, presenting occupiers with more choice when choosing space suitable for their store concept and business.

### KEY INDICATORS

Down ↓ Up ↑ Stable → Stable/Up ↗ Stable/Down ↘

Key indicator arrows show the anticipated trend for the coming 12 months relative to recent performance.

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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
SOUTH AMERICA								
Argentina	Buenos Aires	Florida	10.4	US\$/sq.m/month	112	6.7%	125	1,034
Argentina	Buenos Aires	Avenue Cabildo	10.4	US\$/sq.m/month	59	31.1%	66	545
Argentina	Buenos Aires	Avenue Santa Fe	10.4	US\$/sq.m/month	62	3.3%	69	572
Argentina	Buenos Aires	Av Callao/Quintana/Alvear	10.4	US\$/sq.m/month	57	14.0%	64	526
Brazil	Rio de Janeiro	Visconde de Pirajá (Ipanema)	6.7	R\$/sq.m/month	210	0.0%	106	878
Brazil	Rio de Janeiro	Garcia D'Avila (Ipanema)	6.7	R\$/sq.m/month	280	0.0%	141	1,170
Brazil	Rio de Janeiro	Shopping Leblon	6.7	R\$/sq.m/month	380	8.6%	192	1,588
Brazil	Rio de Janeiro	São Conrado Fashion Mall	6.7	R\$/sq.m/month	325	8.3%	164	1,358
Brazil	Rio de Janeiro	Rio Sul Shopping	6.7	R\$/sq.m/month	350	2.9%	177	1,463
Brazil	São Paulo	Oscar Freire Jardins	6.7	R\$/sq.m/month	260	0.8%	131	1,087
Brazil	São Paulo	Haddock Lobo	6.7	R\$/sq.m/month	170	4.9%	86	710
Brazil	São Paulo	Bela Cintra	6.7	R\$/sq.m/month	180	1.1%	91	752
Brazil	São Paulo	Cidade Jardim	6.7	R\$/sq.m/month	570	1.1%	288	2,382
Brazil	São Paulo	Iguatemi Shopping	6.7	R\$/sq.m/month	800	4.0%	404	3,343
Chile	Santiago	Downtown (Paseo Ahumada)	1.9	US\$/sq.m/month	150.86	-0.5%	168	1,393
Chile	Santiago	Alonso de Cordova	1.9	US\$/sq.m/month	45.60	-0.7%	51	421
Colombia	Bogota	Shopping Centre	2.2	US\$/sq.m/month	285	14.0%	318	2,631
Colombia	Bogota	High Street	2.2	US\$/sq.m/month	130	16.1%	145	1,200
Ecuador	Quito	Av Naciones Unidas (High Streets)	2.7	US\$/sq.m/month	28.00	0.0%	31	258
Ecuador	Quito	Av Naciones Unidas (Shopping Centre)	2.7	US\$/sq.m/month	64.00	0.0%	71	591
Peru	Lima	High Street	2.8	US\$/sq.m/month	42	0.0%	47	388
Peru	Lima	Shopping Centre	2.8	US\$/sq.m/month	85	0.0%	95	785
Venezuela	Caracas	Shopping Centre	34.8	US\$/sq.m/month	53	1.9%	59	489
Venezuela	Caracas	High Street	34.8	US\$/sq.m/month	50	6.4%	56	462
NORTH AMERICA								
Canada	Toronto	Bloor Street	0.8	C\$/sq.ft/year	320	0.0%	303	2,512
Canada	Toronto	Queen Street West	0.8	C\$/sq.ft/year	110	10.0%	104	863
Canada	Montreal	Saint-Catherine W - Street Level	0.8	C\$/sq.ft/year	190	5.6%	180	1,491
Canada	Ottawa	Sussex Drive	0.8	C\$/sq.ft/year	50	0.0%	47	392
Canada	Calgary	Downtown Shopping Centre	0.8	C\$/sq.ft/year	50	0.0%	47	392
Canada	Vancouver	Robson Street	0.8	C\$/sq.ft/year	215	-2.3%	204	1,688
Canada	Edmonton	Suburban Shopping Centre	0.8	C\$/sq.ft/year	75	0.0%	71	589
Mexico	Mexico City	Masaryk Avenue	4.5	US\$/sq.m/month	85	9.0%	95	785
Mexico	Mexico City	Madero St	4.5	US\$/sq.m/month	77	10.0%	86	711
Mexico	Mexico City	Altavista St	4.5	US\$/sq.m/month	35	9.4%	39	323
Mexico	Mexico City	Santa Fe	4.5	US\$/sq.m/month	65	4.8%	72	600
Mexico	Mexico City	Perisur	4.5	US\$/sq.m/month	72	5.9%	80	665
Mexico	Mexico City	Antara	4.5	US\$/sq.m/month	68	13.3%	76	628
Mexico	Monterrey	Calzada Del Valle	4.5	US\$/sq.m/month	50	-9.1%	56	462
USA	Boston	Newbury Street	1.4	US\$/sq.ft/year	135	3.8%	135	1,118
USA	Chicago	North Michigan Avenue	1.4	US\$/sq.ft/year	485	2.1%	485	4,016
USA	Chicago	East Oak Street	1.4	US\$/sq.ft/year	315	5.0%	315	2,608
USA	Chicago	State Street	1.4	US\$/sq.ft/year	150	0.0%	150	1,242
USA	Los Angeles	Rodeo Drive (Beverly Hills)	1.4	US\$/sq.ft/year	575	6.5%	575	4,761
USA	Miami	Lincoln Road	1.4	US\$/sq.ft/year	300	25.0%	300	2,484
USA	New York	East 57th Street	1.4	US\$/sq.ft/year	1,200	9.1%	1,200	9,937
USA	New York	5th Avenue	1.4	US\$/sq.ft/year	2,500	0.0%	2,500	20,702
USA	New York	Madison Avenue	1.4	US\$/sq.ft/year	1,100	0.0%	1,100	9,109
USA	New York	Times Square	1.4	US\$/sq.ft/year	2,100	0.0%	2,100	17,389
USA	Palm Beach	Worth Avenue	1.4	US\$/sq.ft/year	115	15.0%	115	952
USA	Philadelphia	Walnut Street	1.4	US\$/sq.ft/year	125	25.0%	125	1,035
USA	San Diego	5th Avenue, Gaslamp	1.4	US\$/sq.ft/year	66	10.0%	66	547
USA	San Diego	Del Mar Heights Blvd (Suburban Del Mar Heights)	1.4	US\$/sq.ft/year	60	0.0%	60	497
USA	San Francisco	Union Square	1.4	US\$/sq.ft/year	475	5.6%	475	3,933
USA	San Francisco	Post Street	1.4	US\$/sq.ft/year	400	9.6%	400	3,312
USA	Washington DC	Georgetown	1.4	US\$/sq.ft/year	140	3.7%	140	1,159
USA	Washington DC	Penn Quarter	1.4	US\$/sq.ft/year	220	22.5%	220	1,822
ASIA PACIFIC								
Australia	Adelaide	Rundle Mall	2.3	Australian \$/sq.m/year	3,300	0.0%	281	2,324
Australia	Brisbane	Queen Street Mall	2.3	Australian \$/sq.m/year	5,000	0.0%	425	3,521
Australia	Melbourne	Bourke Street	2.3	Australian \$/sq.m/year	4,500	0.0%	383	3,169
Australia	Perth	CBD	2.3	Australian \$/sq.m/year	3,500	0.0%	298	2,465
Australia	Sydney	Oxford Street	2.3	Australian \$/sq.m/year	1,050	-4.5%	89	739
Australia	Sydney	Pitt Street Mall	2.3	Australian \$/sq.m/year	10,000	0.0%	850	7,042
Australia	Sydney	George Street	2.3	Australian \$/sq.m/year	5,000	0.0%	425	3,521
Australia	Sydney	Major regional shopping centre	2.3	Australian \$/sq.m/year	2,040	-1.4%	173	1,437
China	Beijing	CBD	2.7	CNY/sq.m/month	1,710	3.6%	311	2,572
China	Beijing	Wangfujing	2.7	CNY/sq.m/month	2,400	4.3%	436	3,610
China	Beijing	Xidan	2.7	CNY/sq.m/month	2,000	11.1%	363	3,008

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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
ASIA PACIFIC								
China	Shanghai	Xujiahui	2.7	CNY/sq.m/month	2,030	6.8%	369	3,053
China	Shanghai	East Nanjing Road	2.7	CNY/sq.m/month	2,227	7.1%	405	3,350
China	Shanghai	West Nanjing Rd	2.7	CNY/sq.m/month	2,267	8.0%	412	3,410
China	Shanghai	Lujiazui	2.7	CNY/sq.m/month	2,064	6.7%	375	3,105
Hong Kong	Hong Kong	Causeway Bay	4.2	HK \$/sq.ft/month	1,950	14.7%	3,017	24,983
Hong Kong	Hong Kong	Central	4.2	HK \$/sq.ft/month	1,480	23.3%	2,290	18,961
Hong Kong	Hong Kong	Tsim Sha Tsui	4.2	HK \$/sq.ft/month	1,320	32.0%	2,042	16,911
India	Bengaluru	Brigade Road	11.1	INR/sf/month	330	-17.5%	67	552
India	Bengaluru	Jayanagar 4th Block, 11th Main	11.1	INR/sf/month	330	1.5%	67	552
India	Bengaluru	Koramangala shopping centre	11.1	INR/sf/month	420	0.0%	85	702
India	Bengaluru	Vittal Mallya Road shopping centre	11.1	INR/sf/month	400	0.0%	81	669
India	Mumbai	Linking Road, Western Suburban	11.1	INR/sf/month	750	-11.8%	151	1,254
India	Mumbai	Kemps Corner, South Mumbai	11.1	INR/sf/month	440	0.0%	89	736
India	Mumbai	Fort/Fountain, South Mumbai	11.1	INR/sf/month	350	0.0%	71	585
India	Mumbai	Colaba Causeway	11.1	INR/sf/month	700	0.0%	141	1,171
India	New Delhi	Connaught Place	11.1	INR/sf/month	725	11.5%	146	1,212
India	New Delhi	South Extension	11.1	INR/sf/month	725	20.8%	146	1,212
India	New Delhi	Khan Market	11.1	INR/sf/month	1,250	2.0%	252	2,090
India	Gurgaon	DLF Galleria, Gurgaon	11.1	INR/sf/month	600	n/a	121	1,003
India	Chennai	Chennai CBD	11.1	INR/sf/month	300	13.2%	61	502
India	Chennai	Khader Nawaz Khan Road	11.1	INR/sf/month	200	-2.4%	40	334
India	Hyderabad	Punjagutta	11.1	INR/sf/month	155	29.2%	31	259
India	Hyderabad	Banjara Hills Road No. 1	11.1	INR/sf/month	260	0.0%	53	435
India	Kolkata	Park Street	11.1	INR/sf/month	450	12.5%	91	752
India	Kolkata	Elgin Road	11.1	INR/sf/month	600	0.0%	121	1,003
India	Ahmedabad	C.G.Road	11.1	INR/sf/month	150	15.4%	30	251
India	Pune	J.M. Road	11.1	INR/sf/month	350	0.0%	71	585
India	Pune	M.G. Road	11.1	INR/sf/month	315	-3.1%	64	527
Indonesia	Jakarta	Shopping Centre	5.9	IDR/sq.m/month	976,400	6.1%	110	908
Japan	Tokyo	Ginza	-0.3	Yen/Tsubo/month	290,000	7.4%	984	8,152
Japan	Tokyo	Shibuya	-0.3	Yen/Tsubo/month	150,000	0.0%	509	4,217
Japan	Tokyo	Omotesando	-0.3	Yen/Tsubo/month	250,000	8.7%	849	7,028
Malaysia	Kuala Lumpur	Bukit Bintang	1.8	RM/sq.ft/month	32	0.0%	122	1,006
Malaysia	Kuala Lumpur	Suria KLCC	1.8	RM/sq.ft/month	67	3.1%	254	2,107
Malaysia	Kuala Lumpur	Pavilion KL	1.8	RM/sq.ft/month	85	0.0%	323	2,673
New Zealand	Auckland	Queen Street	0.7	NZ\$/sq.m/month	210	0.0%	181	1,497
New Zealand	Auckland	CBD	0.7	NZ\$/sq.m/month	300	1.7%	258	2,139
New Zealand	Wellington	Lambton Quay	0.7	NZ\$/sq.m/month	210	0.0%	181	1,497
Philippines	Manila	Fort Bonifacio	2.7	Php/sq.m/month	1,450	7.4%	37	310
Philippines	Manila	Quezon City	2.7	Php/sq.m/month	1,375	1.9%	35	294
Singapore	Singapore	Orchard Road	1.6	S\$/sq.ft/month	37.40	-1.6%	354	2,930
South Korea	Seoul	Myeongdong	1.0	KRW/sq.m/month	750,060	6.4%	732	6,063
South Korea	Seoul	Gangnam Station	1.0	KRW/sq.m/month	646,059	6.6%	631	5,222
South Korea	Seoul	Garosugil	1.0	KRW/sq.m/month	292,943	15.4%	286	2,368
South Korea	Seoul	Cheongdam	1.0	KRW/sq.m/month	130,000	0.0%	127	1,051
Thailand	Bangkok	City Centre	2.3	THB/sq.m/month	3,100	3.3%	111	923
Taiwan	Taipei	ZhongXiao E. Road	0.6	NT\$/ping/month	22,000	10.0%	239.19	1,981
Vietnam	Ho Chi Minh City	High Street	6.7	US\$/sq.m/month	135	0.0%	150	1,246
Vietnam	Ho Chi Minh City	Shopping Centre	6.7	US\$/sq.m/month	200	5.3%	223	1,846
Vietnam	Hanoi	Shopping Centre	6.7	US\$/sq.m/month	190	5.6%	212	1,754
EUROPE								
Austria	Graz	Herrengasse	2.1	€/sq.m/month	110	4.8%	159	1,320
Austria	Innsbruck	Maria Theresienstraße	2.1	€/sq.m/month	110	10.0%	159	1,320
Austria	Linz	Landstraße	2.1	€/sq.m/month	130	13.0%	188	1,560
Austria	Salzburg	Getreidegasse	2.1	€/sq.m/month	125	4.2%	181	1,500
Austria	Vienna	Kärntnerstraße	2.1	€/sq.m/month	300	9.1%	435	3,600
Austria	Vienna	Mariahilferstraße	2.1	€/sq.m/month	150	11.1%	217	1,800
Austria	Vienna	Graben	2.1	€/sq.m/month	300	9.1%	435	3,600
Austria	Vienna	Kohlmarkt	2.1	€/sq.m/month	370	8.8%	536	4,440
Belgium	Antwerp	Meir	1.6	€/sq.m/year	1,800	0.0%	217	1,800
Belgium	Bruges	Steenstraat	1.6	€/sq.m/year	1,200	0.0%	145	1,200
Belgium	Brussels	Rue Neuve	1.6	€/sq.m/year	1,800	0.0%	217	1,800
Belgium	Brussels	Avenue Louise	1.6	€/sq.m/year	1,700	0.0%	205	1,700
Belgium	Ghent	Veldstraat	1.6	€/sq.m/year	1,550	0.0%	187	1,550
Belgium	Hasselt	Hoogstraat	1.6	€/sq.m/year	1,100	0.0%	133	1,100
Belgium	Liège	Vinave d'ile	1.6	€/sq.m/year	1,100	0.0%	133	1,100
Bulgaria	Sofia	Vitosha Blvd	2.6	€/sq.m/year	480	0.0%	58	480
Bulgaria	Plovdiv	Alexander Batenberg	2.6	€/sq.m/year	300	0.0%	36	300
Bulgaria	Varna	Kniaz Boris I	2.6	€/sq.m/year	360	0.0%	43	360
Bulgaria	Burgas	Alexandrovska	2.6	€/sq.m/year	300	0.0%	36	300

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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	Taentzienstraße (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

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EUROPE								
Italy	Rome	Via Condotti	1.2	€/sq.m/year	7,000	2.9%	845	7,000
Italy	Rome	Via del Corso	1.2	€/sq.m/year	4,300	7.5%	519	4,300
Italy	Rome	Piazza Di Spagna	1.2	€/sq.m/year	6,500	8.3%	785	6,500
Italy	Rome	Piazza San Lorenzo	1.2	€/sq.m/year	6,000	0.0%	725	6,000
Italy	Turin	Via Roma	1.2	€/sq.m/year	1,700	0.0%	205	1,700
Italy	Florence	Via Strozzi	1.2	€/sq.m/year	3,100	3.3%	374	3,100
Italy	Florence	Via Calzauioli	1.2	€/sq.m/year	3,100	0.0%	374	3,100
Italy	Florence	Via Tornabuoni	1.2	€/sq.m/year	2,700	3.8%	326	2,700
Italy	Venice	Mercerie	1.2	€/sq.m/year	3,100	3.3%	374	3,100
Italy	Venice	Calle 22°Marzo	1.2	€/sq.m/year	3,200	3.2%	386	3,200
Kazakhstan	Astana	Shopping Centre	5.9	US\$/sq.m/month	110	22.2%	123	1,015
Kazakhstan	Almaty	Shopping Centre	5.9	US\$/sq.m/month	140	40.0%	156	1,292
Kazakhstan	Almaty	High Street	5.9	US\$/sq.m/month	100	0.0%	111	923
Lithuania	Vilnius	Gedimino Ave. / Pilies St./Didzioji St.	1.2	€/sq.m/month	39	5.4%	57	468
Lithuania	Vilnius	Shopping Centre	1.2	€/sq.m/month	67	15.5%	97	804
Latvia	Riga	Kalku St./Valnu St./Audeju St./Terbatas St./Kr.Barona St.	0.2	€/sq.m/month	27	17.4%	39	324
Latvia	Riga	Shopping Centre	0.2	€/sq.m/month	45	0.0%	65	540
Luxembourg	Luxembourg	Grand Rue	2.0	€/sq.m/year	1,500	4.2%	181	1,500
The Netherlands	Amsterdam	Kalverstraat	2.8	€/sq.m/year	2,900	3.6%	350	2,900
The Netherlands	Amsterdam	P.C. Hoofststraat	2.8	€/sq.m/year	2,000	0.0%	242	2,000
The Netherlands	Eindhoven	Demer	2.8	€/sq.m/year	1,500	0.0%	181	1,500
The Netherlands	Maastricht	Grote Staat	2.8	€/sq.m/year	1,600	0.0%	193	1,600
The Netherlands	Rotterdam	Lijnbaan	2.8	€/sq.m/year	1,850	2.8%	223	1,850
The Netherlands	The Hague	Spuistraat	2.8	€/sq.m/year	1,500	0.0%	181	1,500
The Netherlands	Utrecht	Lange Elisabethstraat	2.8	€/sq.m/year	1,600	0.0%	193	1,600
Rep. of Macedonia	Skopje	Makedonija Street	4.2	€/sq.m/month	35	-12.5%	51	420
Rep. of Macedonia	Skopje	Shopping Centre	4.2	€/sq.m/month	40	-11.1%	58	480
Norway	Oslo	Karl Johans Gate	2.0	Nkr/sq.m/year	22,500	18.4%	342	2,835
Norway	Oslo	Bogstadveien	2.0	Nkr/sq.m/year	12,000	4.3%	183	1,512
Norway	Oslo	Akersgata	2.0	Nkr/sq.m/year	12,000	20.0%	183	1,512
Norway	Oslo	Nedre Slottsgate	2.0	Nkr/sq.m/year	18,000	20.0%	274	2,268
Poland	Gdynia	ul. Swietojanska	0.8	€/sq.m/month	31	-6.1%	45	372
Poland	Katowice	ul. 3 Maja	0.8	€/sq.m/month	56	-3.4%	81	672
Poland	Krakow	ul. Florianska	0.8	€/sq.m/month	78	-1.3%	113	936
Poland	Lodz	ul. Piotrkowska	0.8	€/sq.m/month	26	-3.7%	38	312
Poland	Poznan	ul. Polwiejska	0.8	€/sq.m/month	55	-5.2%	80	660
Poland	Szczecin	Al. Niepodleglosci	0.8	€/sq.m/month	33	-2.9%	48	396
Poland	Warsaw	ul. Chmielna	0.8	€/sq.m/month	69	-2.8%	100	828
Poland	Warsaw	ul. Nowy Swiat	0.8	€/sq.m/month	83	-2.4%	120	996
Poland	Warsaw	ul. Marszalkowska	0.8	€/sq.m/month	58	-4.9%	84	696
Poland	Warsaw	ul. Jerozolimskie	0.8	€/sq.m/month	46	-4.2%	67	552
Poland	Warsaw	Trzech Krzyzy	0.8	€/sq.m/month	53	-3.6%	77	636
Poland	Wroclaw	ul. Swidnicka	0.8	€/sq.m/month	41	-8.9%	59	492
Portugal	Lisbon	Chiado	0.9	€/sq.m/month	88	9.4%	127	1,050
Portugal	Lisbon	Av. Liberdade	0.9	€/sq.m/month	78	6.9%	112	930
Portugal	Porto	Rua de Santa Catarina	0.9	€/sq.m/month	35	-17.6%	51	420
Romania	Brasov	Strada Republicii	5.4	€/sq.m/month	40	0.0%	58	480
Romania	Bucharest	Bulevardul Magheru	5.4	€/sq.m/month	50	-16.7%	72	600
Romania	Bucharest	Calea Victoriei	5.4	€/sq.m/month	45	-18.2%	65	540
Romania	Timisoara	Victoriei	5.4	€/sq.m/month	35	0.0%	51	420
Romania	Constanta	Stefan cel Mare, Rascoala din 1907	5.4	€/sq.m/month	20	-9.1%	29	240
Romania	Iasi	Stefan cel Mare, Cuza Voda	5.4	€/sq.m/month	20	-9.1%	29	240
Romania	Cluj	Memorandumului, Napoca, Eroilor	5.4	€/sq.m/month	37	5.7%	54	444
Russia	Moscow	Tverskaya	7.2	US\$/sq.m/year	4,500	0.0%	418	3,462
Russia	Moscow	Novy Arbat	7.2	US\$/sq.m/year	3,000	33.3%	279	2,308
Russia	Moscow	Stoleshnikov	7.2	US\$/sq.m/year	5,000	17.6%	465	3,846
Russia	Moscow	Petrovka	7.2	US\$/sq.m/year	3,500	16.7%	325	2,693
Russia	Moscow	I-st Tverskaya-Yamskaya	7.2	US\$/sq.m/year	2,250	0.0%	209	1,731
Russia	Moscow	Kuznetsky Most	7.2	US\$/sq.m/year	3,000	33.3%	279	2,308
Russia	Moscow	Kutuzovskiy Prospekt	7.2	US\$/sq.m/year	2,500	42.9%	232	1,923
Russia	St Petersburg	Nevsky Prospekt	7.2	US\$/sq.m/year	2,500	0.0%	232	1,923
Slovakia	Bratislava	Downtown	1.6	€/sq.m/month	42	0.0%	61	504
Slovakia	Bratislava	Shopping Centre	1.6	€/sq.m/month	57	0.0%	83	684
Slovenia	Ljubljana	Slovenska ulica	1.9	€/sq.m/month	336	-6.7%	41	336
Slovenia	Ljubljana	Čopova	1.9	€/sq.m/month	690	-4.2%	83	690
Spain	Barcelona	Portal de l'Angel	2.1	€/sq.m/month	265	0.0%	384	3,180
Spain	Barcelona	Passeig de Gracia	2.1	€/sq.m/month	215	2.4%	312	2,580

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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								
Spain	Barcelona	Pelai	2.1	€/sq.m/month	170	0.0%	246	2,040
Spain	Barcelona	Diagonal	2.1	€/sq.m/month	45	0.0%	65	540
Spain	Barcelona	Rambla Catalunya	2.1	€/sq.m/month	85	6.3%	123	1,020
Spain	Madrid	Preciados	2.1	€/sq.m/month	240	0.0%	348	2,880
Spain	Madrid	Serrano	2.1	€/sq.m/month	215	0.0%	312	2,580
Spain	Madrid	Goya	2.1	€/sq.m/month	170	-5.6%	246	2,040
Spain	Madrid	José Ortega y Gasset	2.1	€/sq.m/month	215	0.0%	312	2,580
Spain	Malaga	Marques de Larios	2.1	€/sq.m/month	145	0.0%	210	1,740
Spain	Palma de Mallorca	Jaime III	2.1	€/sq.m/month	85	0.0%	123	1,020
Spain	Seville	Tetuan	2.1	€/sq.m/month	120	0.0%	174	1,440
Spain	Bilbao	Gran Via	2.1	€/sq.m/month	130	0.0%	188	1,560
Spain	Valencia	Colon	2.1	€/sq.m/month	130	0.0%	188	1,560
Spain	Zaragoza	Pl de la Independencia	2.1	€/sq.m/month	85	-10.5%	123	1,020
Sweden	Stockholm	Biblioteksgatan	-0.1	SKr/sq.m/year	14,700	0.7%	202	1,676
Sweden	Gothenburg	Kungsgatan	-0.1	SKr/sq.m/year	8,100	0.6%	111	923
Sweden	Malmo	City Centre	-0.1	SKr/sq.m/year	6,200	0.0%	85	707
Switzerland	Zurich	Bahnhofstrasse	-0.2	SF/sq.m/year	8,900	2.3%	874	7,236
Switzerland	Geneva	Rue de Rhone	-0.2	SF/sq.m/year	4,000	0.0%	393	3,252
Switzerland	Basle	Freie Strasse	-0.2	SF/sq.m/year	2,900	0.0%	285	2,358
Switzerland	Bern	Marktgasse/Spitalgasse	-0.2	SF/sq.m/year	3,000	0.0%	295	2,439
Turkey	Istanbul	Istiklal Street	8.3	US\$/sq.m/month	220	2.3%	245	2,031
Turkey	Istanbul	Bagdat Caddesi (Asian side)	8.3	US\$/sq.m/month	225	4.7%	251	2,077
Turkey	Istanbul	Abdi Ipekci (European side)	8.3	US\$/sq.m/month	215	4.9%	240	1,985
Turkey	Istanbul	Valikonagi Caddesi (European side)	8.3	US\$/sq.m/month	205	7.9%	229	1,892
Turkey	Izmir	Alsancak	8.3	US\$/sq.m/month	150	7.1%	167	1,385
Turkey	Ankara	Kizilay Boulevard	8.3	US\$/sq.m/month	170	6.3%	190	1,569
UK	Birmingham	High Street	2.7	Zone A/£/sq.ft/year	250	0.0%	193	1,601
UK	Cardiff	Queens Street	2.7	Zone A/£/sq.ft/year	220	-2.2%	170	1,409
UK	Guildford	High Street	2.7	Zone A/£/sq.ft/year	320	0.0%	248	2,050
UK	Edinburgh	Princes Street	2.7	Zone A/£/sq.ft/year	190	-5.0%	198	1,641
UK	Glasgow	Buchanan Street	2.7	Zone A/£/sq.ft/year	255	0.0%	266	2,202
UK	Leeds	Briggate	2.7	Zone A/£/sq.ft/year	250	0.0%	193	1,601
UK	London	Sloane Street	2.7	Zone A/£/sq.ft/year	800	5.3%	619	5,125
UK	London	Brompton Road	2.7	Zone A/£/sq.ft/year	640	2.4%	495	4,100
UK	London	Covent Garden	2.7	Zone A/£/sq.ft/year	750	20.0%	580	4,804
UK	London	Oxford Street	2.7	Zone A/£/sq.ft/year	780	2.0%	710	5,878
UK	London	New Bond Street	2.7	Zone A/£/sq.ft/year	1,150	15.6%	1,047	8,666
UK	London	Regent Street	2.7	Zone A/£/sq.ft/year	650	8.3%	592	4,898
UK	Manchester	Market Square	2.7	Zone A/£/sq.ft/year	250	0.0%	193	1,601
UK	Newcastle	Northumberland Street	2.7	Zone A/£/sq.ft/year	250	0.0%	193	1,601
Ukraine	Kiev	Kreschatik Street	-0.1	US\$/sq.m/year	3,000	0.0%	279	2,308
THE MIDDLE EAST & AFRICA								
Bahrain	Manama	Shopping Centre	0.0	BD/sq.m/month	16	-5.9%	47	392
Israel	Haifa	Haifa Shopping Centre	2.0	NIS/sq.m/year	3,200	0.0%	82	676
Israel	Jerusalem	Malcha Shopping Centre	2.0	NIS/sq.m/year	6,500	0.0%	166	1,374
Israel	Jerusalem	Jaffa Street	2.0	NIS/sq.m/year	3,600	0.0%	92	761
Israel	Tel Aviv	Azrieli Shopping Centre	2.0	NIS/sq.m/year	8,200	0.0%	209	1,733
Israel	Tel Aviv	Ayalon Shopping Centre	2.0	NIS/sq.m/year	6,800	0.0%	174	1,437
Israel	Tel Aviv	Ramat Aviv	2.0	NIS/sq.m/year	12,600	0.0%	322	2,663
Israel	Tel Aviv	Dizengoff Shopping Centre	2.0	NIS/sq.m/year	7,000	0.0%	179	1,479
Israel	Tel Aviv	Dizengoff Street	2.0	NIS/sq.m/year	4,200	-7.9%	107	888
Israel	Tel Aviv	Kikar Hamedina	2.0	NIS/sq.m/year	6,900	0.0%	176	1,458
Jordan	Amman	City Centre (BCD)	5.8	US\$/sq.m/year	400	0.0%	37	308
Lebanon	Beirut	Rue Verdun	8.8	US\$/sq.m/year	1,000	-28.6%	93	769
Lebanon	Beirut	Rue Hamra	8.8	US\$/sq.m/year	850	0.0%	79	654
Lebanon	Beirut	Kaslik	8.8	US\$/sq.m/year	1,000	-33.3%	93	769
Lebanon	Beirut	ABC Centre Achrafieh	8.8	US\$/sq.m/year	2,000	0.0%	186	1,539
Lebanon	Beirut	Beirut Central District	8.8	US\$/sq.m/year	1,200	0.0%	111	923
Oman	Muscat	Shopping Centre	1.0	OR/sq.m/month	35	0.0%	101	839
United Arab Emirates	Abu Dhabi	City Centre Mall	1.3	AED/sq.m/year	4,400	0.0%	111	922
United Arab Emirates	Dubai	Shopping Centre	1.3	AED/sq.ft/year	700	6.9%	191	1,578
South Africa	Cape Town	V&A Waterfront	5.6	R/sq.m/month	1,200	0.0%	135	1,116
South Africa	Johannesburg	Sandton City	5.6	R/sq.m/month	1,200	20.0%	135	1,116
South Africa	Durban	The Pavillion	5.6	R/sq.m/month	450	0.0%	51	418
South Africa	Pretoria	Menlyn Park	5.6	R/sq.m/month	800	0.0%	90	744

Inflation figures sourced from Oxford Economics Forecasts, Macrobond, statistical offices, government data and central banks.



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## EXCHANGE RATES

COUNTRY	RENT QUOTED	1 US\$ EQUALS	1 EURO EQUALS
Argentina	US Dollar	1.0000	1.2999
Australia	Australian Dollar	1.0925	1.4201
Austria	Euro	0.7693	1.0000
Bahrain	Bahraini Dinar	0.3770	0.4901
Belgium	Euro	0.7693	1.0000
Brazil	Real	2.2091	2.8714
Bulgaria	Euro	0.7693	1.0000
Canada	Canadian Dollar	1.0550	1.3713
Channel Islands	Pound Sterling	0.6593	0.8570
Chile	US Dollar	1.0000	1.2999
China	Yuan	6.1376	7.9780
Colombia	Colombian Peso	1.0000	1.2999
Czech Republic	Euro	0.7693	1.0000
Denmark	Danish Krone	5.7382	7.4588
Ecuador	US Dollar	1.0000	1.2999
Estonia	Euro	0.7693	1.0000
Finland	Euro	0.7693	1.0000
France	Euro	0.7693	1.0000
Germany	Euro	0.7693	1.0000
Greece	Euro	0.7693	1.0000
Hong Kong	Hong Kong Dollar	7.7564	10.0821
Hungary	Euro	0.7693	1.0000
India	Rupees	59.4250	77.2436
Indonesia	Rupiah	9925.0000	12901.0000
Ireland	Euro	0.7693	1.0000
Israel	Shekel	3.6404	4.7319
Italy	Euro	0.7693	1.0000
Japan	Yen	99.3350	129.1210
Jordan	US Dollar	1.0000	1.2999
Kazakhstan	US Dollar	1.0000	1.2999
Latvia	Euro	0.7693	1.0000
Lebanon	US Dollar	1.0000	1.2999
Lithuania	Euro	0.7693	1.0000
Luxembourg	Euro	0.7693	1.0000
Republic of Macedonia	Euro	0.7693	1.0000
Malaysia	Ringgit	3.1755	4.0299
Mexico	US Dollar	1.0000	1.2691
New Zealand	New Zealand Dollar	1.2442	1.5789
Norway	Norwegian Krone	5.9445	7.5438
Oman	Omani Rial	0.3850	0.4886
Peru	US Dollar	1.0000	1.2691
Philippines	Philippine Peso	43.2000	56.1535
Poland	Euro	0.7880	1.0000
Portugal	Euro	0.7880	1.0000
Romania	Euro	0.7880	1.0000
Russia	US Dollar	1.0000	1.2691
Singapore	Singaporean Dollar	1.2668	1.6077
Slovakia	Euro	0.7880	1.0000
Slovenia	Euro	0.7880	1.0000
South Africa	Rand	8.1785	10.3790
South Korea	South Korean Won	1145.3500	1453.5100
Spain	Euro	0.7880	1.0000
Sweden	Krona	6.9024	8.7595
Switzerland	Swiss Franc	0.9465	1.2012
Taiwan	Taiwan Dollar	29.8850	37.9256
Thailand	Baht	31.7600	40.3051
The Netherlands	Euro	0.7880	1.0000
Turkey	US Dollar	1.0000	1.2691
UK	Pound Sterling	0.6376	0.8091
Ukraine	US Dollar	1.0000	1.2691
United Arab Emirates	US Dollar	1.0000	1.2691
USA	US Dollar	1.0000	1.2691
Venezuela	US Dollar	1.0000	1.2691
Vietnam	US Dollar	1.0000	1.2691

Source: Financial Times

## TECHNICAL SPECIFICATIONS

The information contained in this report has been collected as at June 2013, 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 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.

Data for retail rents relates to our professionals' opinion of the rent obtainable on a standard unit and/or shopping centre in a prime pitch of 334 locations across 64 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 a historical annual series. Services 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 impact on the size and configuration 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, 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.

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. We would expect a unit to have a typical frontage of 6-8 metres. However, an element of flexibility is needed with the size definition, given that unit configuration varies from market to market. Assumptions regarding ancillary space follow local practice.

A shopping centre is defined as a purpose-built retail facility which is planned, developed, owned and centrally-managed as a single property. It typically has a Gross Leasable Area of over 5,000 sq.m and is comprised of over ten retail units. However, an element of flexibility is needed with regards to size and minimum number of units, given that they vary from market to market.

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 – we do not quote asking rents or 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 a 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 US\$ for the purposes of international comparison. Accordingly, the ranking of the most expensive streets can be affected by currency movements from year to year. Rents in the UK, Channel Islands, France and Ireland are originally quoted in Zone A and are converted to an overall basis.



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For industry-leading intelligence to support your real estate and business decisions, go to Cushman & Wakefield's Knowledge Center at [cushmanwakefield.com/knowledge](http://cushmanwakefield.com/knowledge)

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### GLOBAL RETAIL SERVICES

Our specialist agents work together to deliver integrated and innovative solutions to each client, regardless of the size or scope of the assignment. We have real geographical coverage with an on the ground market presence and expert local knowledge.

Our teams have been created specifically to cater for the demands of international clients and cover geographic regions, shopping centres, out of town, leisure and restaurants, and lease advisory. Enhanced by our dedicated cross-border retail teams, we offer the widest range of services from any retail advisory company with true accountability and a clear understanding of our clients' needs.

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### OUR RESEARCH SERVICES

The Research Group provides a strategic advisory and supporting role to our clients. Consultancy projects are undertaken on a local and international basis, providing in-depth advice and analysis, detailed market appraisals and location and investment strategies. Typical projects include:

- reliable and comparable data and market intelligence
- site specific, location analysis, ranking and targeting for occupation or investment
- analysis of future development activity and existing supply/competition
- market research and demand analysis by retail/industry sector
- rental analysis, forecasts & investment and portfolio strategy



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Cushman & Wakefield is the world's largest privately-held commercial real estate services firm. The company advises and represents clients on all aspects of property occupancy and investment, and has established a preeminent position in the world's major markets, as evidenced by its frequent involvement in many of the most significant property leases, sales and management assignments.

Founded in 1917, it has approximately 250 offices in 60 countries, employing more than 16,000 professionals. It offers a complete range of services for all property types, including leasing, sales and acquisitions, equity, debt and structured finance, corporate finance and investment banking, corporate services, property management, facilities management, project management, consulting and appraisal.

The firm has nearly \$4 billion in assets under management globally.

A recognized leader in local and global real estate research, the firm publishes its market information and studies online at **[www.cushmanwakefield.com/knowledge](http://www.cushmanwakefield.com/knowledge)**

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