

INTRODUCTION



WELCOME

to the 29th edition of Cushman & Wakefield's global flagship report, *Main Streets Across The World*. This report tracks 451 of the top retail streets around the globe, ranking the most expensive in each country by their prime rental value and enabling an analysis of trends in retail real estate performance.

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

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

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MOST EXPENSIVE LOCATIONS BY COUNTRY



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RANK 2017	RANK 2016	COUNTRY	CITY	LOCATION	RENT Q2 2017 US\$/SQ.FT/YEAR	RENT Q2 2017 €/SQ.M/YEAR
1	1	USA	New York	Upper 5th Avenue (49th - 60th Sts)	3,000	28,262
2	2	Hong Kong	Hong Kong	Causeway Bay (main street shops)	2,725	25,673
3	4	United Kingdom	London	New Bond Street	1,719	16,200
4	6	Italy	Milan	Via Montenapoleone	1,433	13,500
5	3	France	Paris	Avenue des Champs Elysees	1,407	13,255
6	5	Japan	Tokyo	Ginza	1,200	11,308
7	7	Australia	Sydney	Pitt Street Mall	1,000	9,422
8	8	South Korea	Seoul	Myeongdong	914	8,598
9	9	Switzerland	Zurich	Bahnhofstrasse	883	8,310
10	10	Austria	Vienna	Kohlmarkt	490	4,620
11	11	China	Beijing	Wangfujing	477	4,498
12	12	Germany	Munich	Kaufinger/Neuhauser	471	4,440
13	13	Ireland	Dublin	Grafton Street	388	3,653
14	14	Spain	Barcelona	Portal de L'Angel	357	3,360
15	19	Russia	Moscow	Stoleshnikov	326	3,071
16	17	Netherlands	Amsterdam	Kalverstraat	318	3,000
17	15	Singapore	Singapore	Orchard Road	308	2,905
18	18	Norway	Oslo	Karl Johan	301	2,831
19	25	Greece	Athens	Ermou	280	2,640
20	20	Luxembourg	Luxembourg City	Grande Rue	274	2,580
21	21	Denmark	Copenhagen	Stroget (including Vimmelskaftet)	271	2,555
22	23	Czech Republic	Prague	Na Příkopě street	267	2,520

RANK 2017	RANK 2016	COUNTRY	CITY	LOCATION	RENT Q2 2017 US\$/SQ.FT/YEAR	RENT Q2 2017 €/SQ.M/YEAR
23	16	Turkey	Istanbul	Centre - Istiklal Street	245	2,311
24	28	India	New Delhi	Khan Market	232	2,191
25	22	Canada	Toronto	Bloor Street	231	2,180
26	27	Vietnam	Ho Chi Minh City	Best Achieved Shopping Mall (GF)	223	2,100
27	24	Malaysia	Kuala Lumpur	Pavilion KL (prime lots)	221	2,084
28	29	Belgium	Antwerp	Meir	207	1,950
29	26	Taiwan	Taipei	Zhongxiao	194	1,830
30	30	Sweden	Stockholm	Biblioteksgatan	171	1,609
31	31	Finland	Helsinki	City Centre	170	1,602
32	33	Hungary	Budapest	Vaci utca	153	1,440
33	33	Portugal	Lisbon	Chiado	146	1,380
34	32	UAE	Dubai	Prime - A	136	1,282
35	35	Israel	Tel Aviv	Kikar Hamedina	135	1,280
36	37	South Africa	Johannesburg	Sandton City	134	1,265
37	36	Thailand	Bangkok	Central Retail District (CRD) (Rajprasong/Sukhumvit street)	128	1,214
38	39	Poland	Warsaw	Nowy Swiat	108	1,020
38	40	Serbia	Belgrade	Kneza Mihaila	108	1,020
40	41	Mexico	Mexico City	Masaryk	106	998
41	43	Croatia	Zagreb	Illica Street	89	840
42	42	Channel Islands	St Peter Port	High Street	89	835
43	45	Indonesia	Jakarta	Prime	80	752
44	46	Slovenia	Ljubljana	Čopova	76	720
45	38	Brazil	São Paulo	Oscar Freire Jardins	74	700
46	48	Saudi Arabia	Jeddah		69	653
47	44	Argentina	Buenos Aires	Calle peatonal Florida. From Av. Cordoba to Av. Corrientes_4 blocks	69	651
48	55	Cyprus	Nicosia	Ledras Street	64	600
49	53	Romania	Bucharest	Calea Victoriei	60	564
50	51	Philippines	Taguig (Metro Manila)	Bonifacio High Street	59	559
51	50	Bulgaria	Sofia	Vitosha Blvd	59	552

RANK 2017	RANK 2016	COUNTRY	CITY	LOCATION	RENT Q2 2017 US\$/SQ.FT/YEAR	RENT Q2 2017 €/SQ.M/YEAR
52	54	Slovakia	Bratislava	Obchodna ulica	57	540
53	52	Ukraine	Kyiv	Kreschatik Street/Gorodetskogo Street	56	525
54	54	Latvia	Riga	Kalku St./Valnu St./Audeju St./Terbatas St./Kr.Barona St.	51	480
54	54	Lithuania	Vilnius		51	480
56	46	Nigeria	Lagos		50	473
56	57	Ghana	Accra		50	473
58	59	Kenya	Nairobi	The Junction	45	420
59	58	Oman	Muscat	High Street	43	409
60	61	Estonia	Tallinn	Viru Street	41	384
61	65	Tanzania	Dar es Salaam		39	368
62	63	Macedonia	Skopje	Makedonija Street	38	360
63	62	Zambia	Lusaka	Levy Centre	33	315
63	64	Mozambique	Maputo		33	315
65	60	Peru	Lima	Miraflores	31	288
66	66	Zimbabwe	Harare	Village Walk Borrowdale	28	263
67	67	Namibia	Windhoek		25	231

GLOBAL OVERVIEW



GLOBAL TRENDS

In some markets, the decoupling between macro-economic trends and the retail property market has become increasingly apparent, with the latter being driven mainly by structural change on the back of the growth in online retailing. Indeed, how can the US economy be growing at circa 3% per annum, while retailers are closing stores at the fastest rate on record?

Yet, amidst the headlines around the continued growth in online sales, mall closures and retailers downsizing, rents for prime retail locations have actually held up well. In fact, over the year to June, global retail rental growth amounted to 0.5%, with 136 of the 451 locations monitored recording growth, while only 90 experienced a fall in rents.



STRUCTURAL CHANGE
DUE TO GROWTH OF
ONLINE RETAIL



CONTINUED GROWTH
IN LIFESTYLE,
WELLBEING AND FOOD
& BEVERAGE SECTORS



INCREASING OVERLAP
BETWEEN PHYSICAL
AND ONLINE



CONSUMERS WANT
BOTH EXPERIENTIAL AND
CONVENIENCE RETAIL



FEWER BUT LARGER
STORES, WITH
FLAGSHIPS STILL
HUGELY IMPORTANT



RETAIL NO LONGER
OPERATES IN **ISOLATION**
- BUT REMAINS AN
ESSENTIAL PART OF
PLACE-MAKING



POPULATION GROWTH
AND TOURISM ARE
MAJOR DRIVERS



RETAIL FORMATS
CONTINUE TO **EVOLVE**
AND THE SECTOR IS
AS **DYNAMIC** AND AS
VIBRANT AS EVER

Nonetheless, with the growth of online, we continue to see a major shift in retail and the type of real estate retailers are taking. While many retailers are taking fewer but larger stores in major cities, some operators are consolidating their store portfolios and occupying smaller footprints, which challenges them to really hone in on what consumers want in a more effective and direct way. Indeed, consumers are now demanding more personal and unique experiences from every store.

However, it would be wrong to say that technology is the enemy of the retailer. It has also provided retailers (and landlords) with an opportunity to drive sales by combining their online and physical platforms to create a seamless omni-channel experience for the customer. If anything, the growth in online has reinforced the importance of flagship stores.

The growth of 'experiential' retail is an ongoing trend, along with an explosion in the concept of 'wellbeing'. Consumers are strongly focused

on experience, lifestyle and spaces in which they can live, work and play. This has resulted in a drift back to city centres and areas that provide housing, together with retail, food & beverage provision and other leisure such as cinemas and fitness centres.



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The luxury sector has had a solid 12 months, while the growth in F&B shows no sign of abating and an increasing number of pure play e-tailers are opening stores.

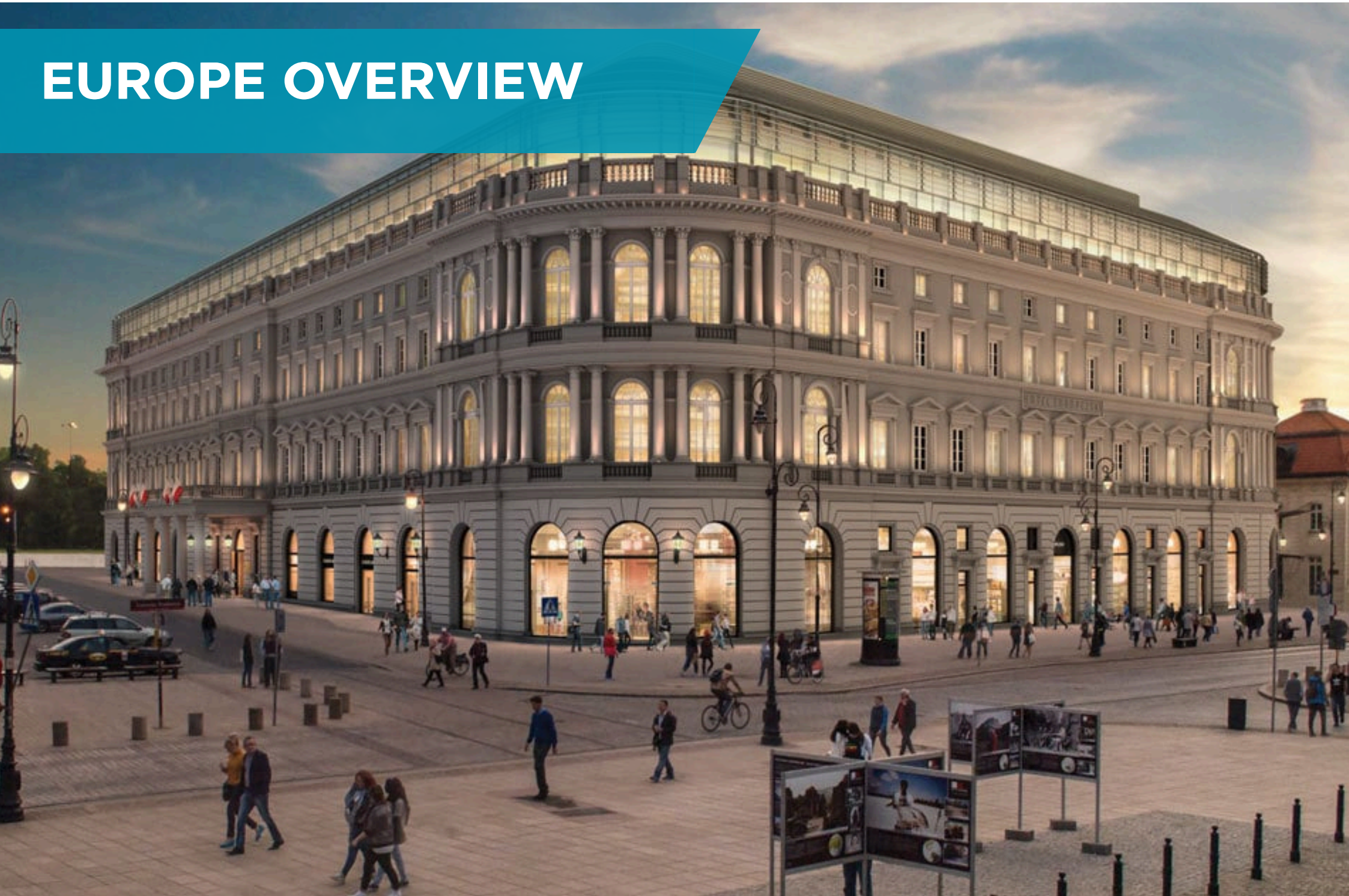
The established and clearly defined sectors of retail, offices, residential, leisure and logistics have therefore become blurred. High streets and shopping centres are no longer just about shopping – they need to offer much more in order to create a sense of 'place'.

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The growth in online retail has reinforced the importance of flagship stores.

And, as the retail landscape continues to evolve, it is important to stress that the demand for physical space is not dead.

As our analysis of the regions and key cities demonstrates, trends vary widely from location to location, but the common theme is that global retailing remains as dynamic and as vibrant as ever, as it responds to the technological and demographic changes taking place.

EUROPE OVERVIEW



EUROPE IN BRIEF

While challenges and uncertainties remain, Europe's retail recovery has continued and a further strong performance is anticipated for 2018. Retail sales in a number of markets have been buoyant and, with the more stable economic and political backdrop helping to support consumer spending, the outlook for retail property is generally upbeat.

Notwithstanding the ongoing polarisation between prime and secondary locations, major high streets in the top European cities continue to experience an excess of demand over supply, with cross border retailers accounting for a significant proportion of leasing deals, most notably flagship stores.

Footfall remains critical for retail success and strong population growth and tourist numbers have been instrumental in driving growth in a number of major cities.





MOST EXPENSIVE RETAIL LOCATION

**London's New Bond Street,
United Kingdom**

US\$1,719/sq ft/yr

€16,200/sq m/yr



BIGGEST RENTAL DECLINE

Ankara's Tunalı Hımlı Street, Turkey

-40.6%



MOST AFFORDABLE RETAIL LOCATION

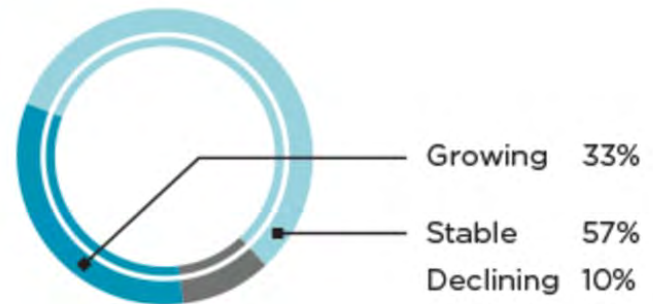
Kaunas, Lithuania

US\$18/sq ft/yr

€174/sq m/yr



PROPORTION OF RENTAL GROWTH TYPES IN EUROPE



STRONGEST RENTAL GROWTH

Nicosia's Makarios Avenue, Cyprus

+67%

MOST EXPENSIVE LOCATIONS BY COUNTRY

2017	2016	TOWN	COUNTRY	DISTRICT	2017 RENT US\$/SQ FT/YR	2017 RENT €/SQ M/YR	2016 RENT US\$/SQ FT/YR	2016 RENT €/SQ M/YR
1	2	London	United Kingdom	New Bond Street	1,719	16,200	1,283	12,434
2	3	Milan	Italy	Via Montenapoleone	1,433	13,500	1,239	12,000
3	1	Paris	France	Avenue des Champs Elysees	1,407	13,255	1,368	13,255
4	4	Rome	Italy	Via Condotti	1,221	11,500	1,135	11,000
5	5	Zurich	Switzerland	Bahnhofstrasse	883	8,310	868	8,408
6	n/a	Venice	Italy	Calle San Moisè	637	6,000	n/a	n/a
7	6	Cannes	France	La Croisette	625	5,891	608	5,891
8	8	Florence	Italy	Via Roma	616	5,800	464	4,500
9	7	Vienna	Austria	Kohlmarkt	490	4,620	477	4,620
10	9	Munich	Germany	Kaufinger/Neuhauser	471	4,440	458	4,440
11	10	Frankfurt	Germany	Zeil	401	3,780	390	3,780
11	13	Berlin	Germany	Taentzienstrasse	401	3,780	378	3,660
13	11	Hamburg	Germany	Spitalerstraße	395	3,720	384	3,720
14	12	Geneva	Switzerland	Rue de Rhone	388	3,653	381	3,696
15	17	Dublin	Ireland	Grafton Street	388	3,653	343	3,327
16	14	Cologne	Germany	Schildergasse	376	3,540	365	3,540
17	15	Dusseldorf	Germany	Konigsallee	363	3,420	347	3,360
18	18	Barcelona	Spain	Portal de L'Angel	357	3,360	341	3,300
19	15	Stuttgart	Germany	Konigstrasse	350	3,300	347	3,360
20	19	Madrid	Spain	Preciados	338	3,180	316	3,060

UK

In the UK, the commercial backdrop remains dominated by the uncertainties of Brexit and there is a consensus that economic growth will be weaker in 2018. Physical retail is also facing the additional challenge of the growth in online sales, which now account for around 16% of total retail sales. Nonetheless, rental growth in the major cities such as Manchester and Birmingham amounted to around 2% over the year to June, as retail continues its gravitation towards bigger and better.

In central London meanwhile, the major thoroughfares remain some of the most desirable and expensive streets in the world. While there was a pause in activity in initial aftermath of the EU referendum, the start of 2017 brought a resurgence in leasing deals – only for activity to ease again in late 2017.

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New Bond Street has overtaken Avenue des Champs Élysées as the most expensive shopping street in Europe, with rental growth of almost 40%



New Bond Street, London - demand in central London has been focused on higher-end streets

Overall, central London retail continues to benefit from the fall in the value of sterling and the increased footfall generated by a rise in both overseas and domestic visitors. However, demand has been focused on the higher-end streets such as Bond Street and Bruton Street and tends to be building-specific. Indeed, New Bond Street has overtaken Avenue des Champs Élysées as the most expensive shopping street in Europe, having seen rental growth of almost 40% over the year to June.

Looking forward to 2018, the retail sector will face a number of headwinds, including the phasing out of transitional rate relief and the introduction of new lease accounting measures, as well as a potentially

volatile currency which may impact on international visitors.

However, while top rents are largely static, pockets of growth are expected in secondary parts of the major streets, such as the middle sections of Bond Street and to the east of Oxford Circus. Availability has edged up in some areas but generally remains at a low level which will help to underpin the market.

Ireland

In Ireland, healthy demand from new entrants, including & Other Stories, Victoria’s Secret and Urban Decay, has helped drive rental growth on Dublin’s Grafton Street, where rents have increased by 9.8% over the last 12 months. The street remains a popular destination for mass market and luxury retailers alike. Limited availability of quality retail space on both Grafton Street and Henry Street is encouraging occupiers to explore neighbouring streets.



Grafton Street, Dublin - rents have increased by 9.8% over the last 12 months

Rental growth in the regional cities of Cork, Limerick and Galway meanwhile has been somewhat more subdued in comparison, with the majority of tenant demand coming from domestic occupiers. However, the strength of the Euro against the pound continues to drive Irish consumers across the border with the North, where they can access a similar retail offer albeit at lower prices.

France

France has five of the most expensive high streets in Europe, all of which are situated in Paris. While rental growth has been limited, demand for prestigious addresses such as the Avenue des Champs Élysées, Avenue Montaigne and Rue Saint Honoré has remained resilient in the face of political uncertainty, in the lead up to the French general election. All these locations benefit from an attractive retail environment and strong footfall generated by domestic and overseas visitors, as international tourism recovered strongly during 2017.

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Champs-Élysées, Paris - Galeries Lafayette will be arriving in 2018

Traditionally the home of luxury retail, demand from mass market retailers seeking flagship stores in key tourist locations has been increasing in recent years. Indeed, in anticipation of the arrival of Galeries Lafayette in 2018, the Avenue des Champs Élysées is still evolving, with 2017 seeing a number of international brands such as Chanel, Foot Locker and L'Occitane en Provence signing up to open stores in the future. Adidas took advantage of Banana Republic's departure to expand its store in the southern part of the avenue. In the luxury sector, the refurbishment of Place Vendôme is also reaching completion, with Louis Vuitton opening its third Parisian flagship store in a landmark building.

Rental growth across France as a whole has been somewhat muted

during the last twelve months, with reports of greater incentives being offered by landlords. Despite higher inflation, the French economy is expected to gain momentum, as improvements in employment are reflected in real wage growth. That said, occupier demand for secondary locations has been weakening, as retailers seek to offload underperforming stores in order to invest in their best locations.

Belgium

Improvements to Belgium's economy have been underpinned by recovering consumer confidence following a turbulent year in 2016. An uptick in availability has been recorded across Belgium's main high streets, although prime retail rents have, for the most part, remained stable. Avenue Louise in Brussels and Meir in Antwerp were the exceptions to this, where respective growth rates of 1.4% and 5.4% have been recorded over the year to June.

Cosmetics retailers such as NYX, Rituals and Kiko have helped to drive occupier demand on key high streets, alongside leisure retailer JD Sports. The impact of e-commerce has, to-date, been relatively modest compared with neighbouring countries, although the F&B sector is beginning to feel the strain, as delivery services such as Deliveroo gain momentum.

Netherlands

International retailers continue to be the main driver of occupier demand across key shopping locations in the Netherlands, following a number of

insolvencies amongst domestic retailers in 2016. A fragile consumer backdrop is contributing to the ongoing polarisation of prime and secondary shopping locations, as high streets in main tourist locations continue to outperform smaller regional cities.

In the Netherlands a fragile consumer backdrop is contributing to the ongoing polarisation of prime and secondary shopping locations

Amsterdam's core retail area is compact, with the majority of retailer activity focused on Kalverstraat and P.C. Hoofstrat, which are popular with international luxury and mass market retailers alike. However, the retail offer on secondary streets across Amsterdam's historic core is more varied in quality, with some outlets aimed specifically at the tourist market. New legislation approved in 2017 introduced a ban on new shops targeting tourists, in an attempt to rebalance the retail offer to suit the needs of the local population.

Germany

In Germany, stable employment and growth in real wages has created a strong backdrop for the retail sector. With the exception of Tauentzienstrasse in Berlin, where rents have grown by 3.3% over the last 12 months, rents on Germany's most expensive shopping streets, including Kaufinger/Neuhauser in Munich, Zeil in Frankfurt and Spitalerstraße in Hamburg have remained unchanged. Rents on these streets may have reached their peak, as retailer margins continue to come

under pressure with the rise of e-commerce. A lack of affordability in prime locations is beginning to benefit more secondary areas, as struggling retailers explore more affordable locations.



Neuhauser Street, Munich - rents remain unchanged

Germany's occupier base has evolved and new formats in the F&B sector have emerged, alongside convenience retailers and drugstores. Munich in particular continues to attract international retailers, with luxury handbag designer Coccinelle and French cosmetics brand Sephora both opening stores in the last twelve months.

Austria

In Austria, tourism continues to drive demand from international retailers seeking representation in the capital Vienna. Over the last twelve months, Fendi, Karl Lagerfeld and Tods have all opened flagship stores on Kohlmarkt and Graben where availability remains very low. A weak development pipeline has maintained a low level of supply across Austria as a whole. F&B operators meanwhile have benefitted from the ongoing rationalization of store portfolios amongst fashion retailers, with numerous new restaurant concepts emerging in the major cities. However, rents in the core in-town locations were unchanged in the year to June 2017. Going forward, an improved economic outlook, as well as recent tax reforms, immigration and falling oil prices should boost consumer spending.



Graben, Vienna where availability remains very low

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In the last year, Fendi, Karl Lagerfeld and Tods all opened flagship stores on Kohlmarkt and Graben in Vienna where availability remains low

Switzerland

Switzerland's retail market has seen a good level of activity, although leasing negotiations are taking longer in many instances. Mass market homeware retailers such as Zara Home and Flying Tiger, as well as cosmetics brands such as Rituals and Kiko Milano, have all been expanding over the last twelve months. Søstre Grene meanwhile will open its first Swiss store on Rennweg in Zurich before the end of 2017 as well as lingerie retailer Hunkemöller in the Mall of Switzerland.

On the downside, parts of the market have suffered on the back of the Swiss Franc's appreciation against the Euro, notably the border cities such as Basel and St. Gallen, which have been losing domestic shoppers across the border to Germany, France or Austria. This trend has been apparent since 2015, when the Swiss National Bank (SNB) removed the long standing cap on the Swiss Franc against the Euro. The exchange rate has recently recovered to some extent, but the issue remains a headwind, along with the steady growth in online sales. However, luxury retailers continue to pay a premium for stores on Zurich's Bahnhofstrasse - one of

the most expensive high streets in Europe.

Denmark

In Denmark, the relatively small size of the Copenhagen retail market means that options for retailers and F&B operators can be quite limited. As a result, strong demand from a range of occupiers has led to significant rental growth in some of the key locations around Strøget where supply is limited. With an increased consumer focus on experience, many retailers are looking even more keenly for the right setting and location and are prepared to consider alternative solutions to complement their brands. For example, H&M's ARKET opened in an old post office with a renowned heritage, while Madklubben, a local restaurant chain, opened in an old night club in the city.



Online retailers are opening physical stores in Copenhagen

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A number of online retailers have opened shops in Denmark. Miinto, an internet-based portal for independent retailers, opened up a pop-up store in Copenhagen to offer some of their bestselling online brands.

Internet usage in Denmark is one of the highest in Europe, so retailers are increasingly using their online presence to drive in-store sales. In addition, a number of online operators have opened shops. Miinto, an internet-based portal for independent retailers, opened up a pop-up store in Copenhagen to offer some of their bestselling online brands and Boozt.com, a Swedish online retailer, has opened an outlet in a Copenhagen shopping centre and a beauty product store in Roskilde. The growing trend of domestic and international online brands looking to opening flagship stores in Copenhagen is expected to continue.

Finland

In Finland meanwhile, prime rents in Helsinki edged up in the 12 months to June on the back of a buoyant economy and high levels of consumer confidence. Occupier demand has come from a range of sectors but F&B operators have been particularly active. One other notable trend has been the drive by the department stores to broaden their offer by devoting

more space to concessions and introducing new brands.



Pohjoisesplanadi, Finland

Sweden

In Sweden, the big story of the last year has been online versus bricks-and-mortar, as retailers face up to increased pressure from both foreign

and domestic online retailers. Secondary locations in particular have experienced a cooling in activity. However, high street retailers remain active, notably the F&B sector which is at the heart of plans to expand cafés, restaurant areas and food-halls in many city centres and larger shopping centres.

Prime rents on Biblioteksgatan in Stockholm rose by 4% over the year to June, while rents elsewhere showed limited movement. With a recent weakening in the residential market and a rise in the household savings rate, a period of more modest activity may be in prospect. That said, the government has proposed an expansionary budget in anticipation of the 2018 elections, and this will help to support retail spending.

Norway

In Norway, the retail market has been relatively stable, with limited movement in rents in Oslo's main retail locations. However, there is a growing trend towards providing a more diverse and 'experiential' offering. Strong demand for the main high streets is continuing, with a focus on smaller units of 50-250 sq.m.

The Baltics

Improvements in consumer confidence, spurred by falling unemployment and strong growth in wages, has helped fuel consumer spending across the Baltic region. However, Estonia, Latvia and Lithuania continue to offer some of the most affordable retail locations in Europe and prime rents across the region's key cities have remained stable. Demand from

international retailers is focused at the discount end of the spectrum. H&M has been particularly acquisitive in Riga, while Lidl has entered the Lithuanian market, with openings planned for Estonia in coming years. E-commerce in general has been slow to gain momentum, although strong growth in online sales was reported in Latvia in the 12 months to June. Elsewhere in Eastern Europe, prime high street rents in Bulgaria were stable, while rents in Slovakia and Romania experienced marginal uplift.

In Slovenia, limited supply on Slovenska Street and Copova Street means that demand from international retailers looking to open flagship stores remains unsatisfied.

Bulgaria

In Bulgaria, health & beauty, affordable fashion and athleisure retailers have been the main drivers of occupier demand on Vitosha Boulevard in Sofia. The location is a popular pedestrian zone and a high-footfall area which also makes it attractive for various types of cafés, bars and restaurants.

Czech Republic

In the Czech Republic, retailers have been bidding competitively for space on Prague's main high streets, helping to drive rental growth on both Na Příkope (5%) and Parizska (7.7%). Prime high street locations have seen a gradual shift in focus from mass market brands tailored to the needs of the local population to premium retailers and F&B operators capitalising on the high tourist numbers. Several development projects

are underway, aimed at improving the quality of existing retail stock in the city centre. Prague's reliance on tourist spending means that e-commerce has not yet had a significant impact on the city's retail market.

Hungary

Hungary's recent strong economic performance has been reflected in its retail property market. Budapest's main high streets Váci Utca and Andrassy út turned in respective growth rates of 20% and 22% over the year to June, driven by sustained occupier demand from both international and domestic retailers seeking to expand their presence in the Hungarian capital.



Budapest's main high streets Váci Utca and Andrassy út turned in respective growth rates of 20% and 22% over the year to June

Poland

In Poland, a positive economic backdrop characterised by steadily falling

unemployment and buoyant consumer spending has been a significant boost for the retail sector. However, new shopping centre development has led to growing competition and this has led to downward pressure on rents in some areas, notably in secondary locations. In Warsaw, the large edge of town, Galeria Północna opened in the third quarter of 2017, housing an array of mass market retailers and a selection of F&B operators.

Slovakia

Slovakia's economy is one of the fastest growing in the Euro area, with the retail sector benefiting from improvements in the labour market and rising household incomes. New entrants, including Nespresso and Kiehl's, continue to seek out opportunities across Slovakia and, with very limited availability in the country's main shopping centres, nearby high streets are benefitting from overspill demand.

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Romania

Encouraged by a strong economic performance, the Romanian retail sector continues to benefit from buoyant occupier activity. Fashion retailers have been particularly active, although their focus has largely been on shopping centres rather than the major high streets.

Italy

Prime high street rents in Italy have generally been stable over the last year, with significant upward adjustments only recorded in major cities where activity is also sustained by tourism. In particular, Venice continues to attract interest, with prime rents highest in Calle San Moisè, while Via Roma in Florence recorded a growth rate of around 29% compared with last year, among the strongest registered in Europe, sustained by the entry of top brands such as Prada, Armani, Michael Kors and Coach.



Via Roma, Florence recorded a growth rate of around 29% compared with last year.

International mass market retailers continue to play an important role on Italian high streets and although domestic retailers have been cautious with their expansion plans, brands such as Terranova, Alcott, Calzedonia and Carpisa have all taken space in key locations over the last twelve months. Food & beverage (F&B) operators have started to expand on the high street, providing new occupiers for secondary pitches.

Spain

Improvements in Spain's economy and growth in international tourism have helped to boost prime rents in key locations in both Madrid and Barcelona. Rents on Diagonal have risen by 16.7% in the last twelve months, a marginal slowdown on the 20% recorded during the previous year. Elsewhere in Barcelona, rental growth was recorded on Rambla Catalunya (5%), Passeig de Gracia (4.1%) and Portal de L'Angel (1.8%), whilst Gran Via, Fuencarral, Serrano, Preciados and Goya in Madrid also benefited from an uplift in prime rents.

Elsewhere in Spain, high street rents have been largely stable. However, availability remains low as a result of healthy occupier demand from both domestic and overseas retailers. Luxury retailers are once again bidding for retail space across key cities in Spain, alongside mass market fashion retailers, F&B operators and cosmetics brands.

Portugal

In Portugal, Chiado and Baixa in Lisbon and Baixa (Rua de Santa Catarina) in Porto recorded rental growth of around 15% over the 12

months to June, with a surge in visitor numbers helping to drive demand in key locations.

Occupier demand on Lisbon's traditional shopping streets has evolved in recent years, as a slowdown in the premium sector has enabled mass market retailers to trial new concepts in high footfall locations.

Supply shortages in prime locations are benefitting more secondary areas, as both domestic and international retailers seek to benefit from heavy tourist footfall. While there are few large retail developments planned in Lisbon or Porto, landlords are being proactive about refurbishing and reconfiguring existing retail space to satisfy demand for flagship stores.

Greece

Mass market and discount retailers have been the mainstay of recent occupier demand in Greece, where improving economic fundamentals are helping to stimulate domestic demand. In Athens, H&M and Inditex have introduced new fascias on Ermou, whilst JYSK and Forever 21 are also new to the Greek market.

Low vacancy rates in prime locations have helped to generate rental growth on some pitches, including Ermou (12.8%), Glyfada - Metaxa (4.3%), Kiffisia-Kolokotroni (4.5%) and Piraeus - Sotiros (7.1%) in Athens, and Tsimiski (3.8%) in Thessaloniki. Greek high streets have historically

been protected from e-commerce by low online penetration rates, although this is now changing as consumers have become more sensitive to price.

Turkey

Turkish retail has encountered strong headwinds in recent years, with ongoing political issues and falling overseas visitor numbers – although economic growth is now picking up. While there have been some notable new entrants to the market, including Galleries Lafayette, Under Armour, Kiko Milano, MAC and NYX Professional Makeup, international retailers have tended to favour shopping centre locations. As such, retailer activity across Turkey’s main high streets remained muted in 2017, with domestic retailers accounting for the majority of occupier interest in these locations. Prime rents fell, on average, by 26% across all ten of Turkey’s main shopping streets, with Tunali Hilmi Street in Ankara recording the greatest decline of 40%.

Ukraine

In Ukraine, rental growth on Kyiv’s main high streets has been volatile in recent years, as ongoing political and economic uncertainty has taken its toll. However, the opening of the renovated TSUM department store on Kershchatyk Street in late 2016 has helped to reinvigorate the location which had been struggling, with rents rising by 25% over the year to June.

Russia

In Russia, most of Moscow’s main streets have been undergoing significant improvements, with a focus on encouraging pedestrians. These include wider pavements and less, albeit more expensive parking in central areas. The changes have had a positive impact on high street retail. Fresh food stores and restaurants dependent on footfall are replacing fashion, footwear and accessories boutiques, while new high street destinations are emerging and historic locations are seeing a revival.



In Moscow restaurants dependent on footfall are replacing fashion, footwear and accessories boutiques

One of the most notable recent openings in Moscow city centre was an Auchan supermarket on Tverskaya Street, a destination for premium

brands. Online sales currently account for around 3-4% of total retail sales in Russia, although this is growing and retailers are beginning to develop more robust omni-channel strategies.

On a positive note, retail rents are stabilising and vacancy rates for both high streets and shopping centres appear to have peaked, with some in fact showing a slight decrease in availability, while there are signs that consumer confidence is making a gradual recovery.

ASIA PACIFIC OVERVIEW



ASIA PACIFIC IN BRIEF

The short and medium term outlook for Asia Pacific remains a bright one, with economic growth still buoyant across the region and expected to outperform the rest of the world in the coming years. As a result, demand from international retailers is continuing apace, attracted by an increasingly wealthy and sophisticated consumer base, along with a steadily improving retail infrastructure.

Food & beverage operators remain a key driver of demand, although health & beauty, fashion, sports and lifestyle brands have been equally prominent across much of the region. Technology is playing a major role, exemplified by Singapore's drive towards becoming a smart nation, with retailers increasingly turning it to their advantage to attract customers and drive store sales.





MOST EXPENSIVE RETAIL LOCATION

Causeway Bay, Hong Kong
 US\$2,725/sq ft/yr
 €25,673/sq m/yr



BIGGEST RENTAL DECLINE

Makati CBD, Rockwell, Century City, Philippines
-26%

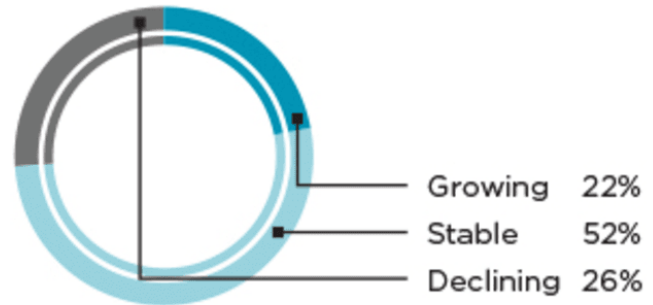


MOST AFFORDABLE RETAIL LOCATION

Raj Bhavan Road/Somajiguda, Hyderabad, India
 US\$17/sq ft/yr
 €158/sq m/yr



PROPORTION OF RENTAL GROWTH TYPES IN APAC



STRONGEST RENTAL GROWTH

Tokyo's Shinjuku, Japan
+12%

MOST EXPENSIVE LOCATIONS BY COUNTRY

2017	2016	COUNTRY	TOWN	DISTRICT	2017 RENT US\$/SQ FT/YR	2017 RENT €/SQ M/YR	2016 RENT US\$/SQ FT/YR	2016 RENT €/SQ M/YR
1	1	Hong Kong	Hong Kong	Causeway Bay (main street shops)	2,725	25,673	2,878	27,884
2	2	Japan	Tokyo	Ginza	1,200	11,308	1,249	12,103
3	3	Australia	Sydney	Pitt Street Mall	1,000	9,422	968	9,383
4	4	South Korea	Seoul	Myeongdong	914	8,598	908	8,793
5	5	Australia	Melbourne	Bourke Street	500	4,711	484	4,692
6	6	China	Beijing	Wangfujing	477	4,498	470	4,552
7	7	China	Shanghai	West Nanjing Road	399	3,761	411	3,977
8	9	Australia	Brisbane	Queen Street Mall	321	3,029	294	2,849
9	8	Singapore	Singapore	Orchard Road	308	2,905	328	3,181
10	10	China	Shenzhen	Luohu	271	2,559	266	2,574
11	14	India	New Delhi	Khan Market	232	2,191	222	2,153
12	13	Vietnam	Ho Chi Minh City	Best Achieved Shopping Mall (GF)	223	2,100	223	2,160
13	11	Malaysia	Kuala Lumpur	Pavilion KL (prime lots)	221	2,084	244	2,365
14	15	China	Guangzhou	Tianhe Sports Centre	205	1,933	212	2,053
15	12	Taiwan	Taipei	Zhongxiao	194	1,830	225	2,178
16	16	China	Hangzhou		179	1,684	206	1,998
17	17	China	Nanjing		171	1,609	181	1,757
18	18	Vietnam	Hanoi	Prime shopping mall (ground floor)	167	1,575	167	1,620
19	19	India	Guragon	DLF Galleria	158	1,490	142	1,378
20	20	India	Mumbai	Linking Road, Western Suburban	139	1,314	135	1,309

Australia

Activity in the Australian retail market has been limited by the low levels of availability but, with new developments and lease expiries on the horizon, there are an increasing number of opportunities for landlords to secure high quality tenants. One of the most recent trends has been for domestic retailers to move to suburban shopping centre locations, which has freed up CBD space for major international operators. These more prominent CBD sites tend to command higher rents, which are more affordable to international retailers given their ability to generate higher turnovers. A recent example is ISPT's GPO site on Melbourne's Bourke Street which was consolidated into a single store occupied by H&M, having previously been occupied by a number of smaller stores.



Bourke Street, Melbourne

H&M, Zara, Uniqlo and more recently Sephora, Pandora and Swarovski have all been busy securing sites over the past 2-3 years and more new entrants are expected. Retail sectors that continue to outperform are Fast Fashion, cosmetics and luxury, closely followed by athletic wear, with Under Armour, 2XU, Lorna Jane and JD sports all trading well in the Australian market.

With a maturing retail sector and a resurgence in inner city living, city centre streets and malls will continue to see strong retailer demand. Extended trading hours will provide an additional boost to the market, with shops in some cities now open from 7am to 7pm and a further liberalisation possible in Melbourne and Sydney.

China

China's retail market continues to evolve in large part on the back of a rapidly growing consumer base of increasingly savvy, brand-aware shoppers with an eye for new and sophisticated retail experiences. Food & Beverage retailers, notably trendy and experience-focused brands, have been the most active occupiers. Sports and health-focused brands are expanding rapidly, while mass market fashion and cosmetics brands also remain active.



Shoppers in China are increasingly savvy, brand-aware, with an eye for new and sophisticated retail experiences.

Shopping centres are now the focus of growth in the retail sector and have been busy adding more experiential tenants such as cinemas, virtual reality (VR) centres, bookstores and health & beauty salons in order to generate footfall and customer loyalty. Most shopping centres in the major cities have invested in new technologies such as mobile payment, smart parking and customer service robots. In line with the wider global trend, Chinese shopping centres are now places for entertainment, public

events and community gatherings – not just for shopping.

‘New retail’ is emerging strongly, particularly in mainland China, in response to ever-growing consumer demands for retail experiences, emphasizing the need to integrate online, offline, big data and intelligent logistics. Major ‘new retail’ brands include Alibaba Group’s Hema Xiansheng, Xiaomi’s Mi Home and Bailian Group’s RISO.

However, department stores remain under pressure and several have ceased trading in major cities such as Beijing, Shanghai, Chengdu, Chongqing and Shenzhen. A number of stores have also refurbished and adjusted their tenant mix to boost performance in an intensely competitive and fast-changing retail market.

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New retail development in Beijing continues to emerge, with approximately 0.75 million sq.m of new space scheduled for delivery in 2018.

In Beijing, recent demand has been led by Food & Beverage and experience-led operators such as virtual reality centres, do-it-yourself (DIY) workshops and cinemas, although demand for neighbourhood

shopping is also growing. Luxury retail has rebounded since the end of 2016, with younger consumers increasingly buying expensive items for their own use rather than gifts. The city's online retail market has experienced exceptionally strong growth and internet sales now account for circa 18% of the total. New development also continues to emerge, with approximately 0.75 million sq.m of new space scheduled for delivery in 2018, most of which is in the southern area of the city. Rents in the main shopping districts such as Wangfujing and the CBD have been fairly stable over the last twelve months.

In Shanghai meanwhile, rents have also shown limited movement, despite buoyant retail sales growth and a relatively limited supply of space. Indeed, 2016 recorded just 94,000 sq.m of new supply in the city's core areas (namely Nanjing East Road, Nanjing West Road, Huaihai Middle Road, Xujiahui and Lujiazui). Moreover, the only new supply delivered in the core area in the first half of 2017 was the 100,000 sq.m HKRI Taikoo Hui shopping complex, compared with a total of 290,000 sq.m elsewhere in the city.

F&B operators have been the most active occupiers, accounting for as much as 35-40% of tenants in community retail projects, while schemes in the city's core areas are also adding more fast casual restaurants to their tenant mixes. Going forward, rents are not expected to rise significantly, with current high levels, a slowing economy and strong competition from online causing a degree of tenant sensitivity to higher rents.

Hong Kong

Retail rents along Hong Kong's main shopping streets continued to fall steadily over the 12 months to June 2017, although at a much slower pace than the previous year. Rents fell by around 5-6%, compared with the double-digit declines seen in 2015/16.

Lower rents are largely the result of the sharp decline in visitors from mainland China, which has prompted caution among many retailers, particularly at the upper end of the market. A number of retailers have consolidated their store networks in the city.

As a result, there has been an increasing focus on attracting local consumers. The F&B sector has been among the most active, along with mass and mid-market brands, particularly in the cosmetics and fashion accessories segments.



So far, with the exception of fast fashion, the impact of online retail has been limited due to consumer preferences for convenience and for handling merchandise. In most of the core retail markets, rents are expected to reach their floor and should stabilise in the next 12 months.

Taiwan

In the last 12 months, the vacancy rate in Taipei's Zhongxiao retail hub has risen steadily, which has prompted landlords to lower their asking rents. However, a number of famous brands are geared up to open stores in the Ximen retail hub, which specialises in fashion for young people and is known as a tourist hotspot. That said, rents in the Ximen retail hub are on the high side, which means that rental growth will be limited in the short-term despite strong tourist data. As another indicator of rising tourism demand, cosmetics and drugstores such as GS Retail's Watsons and Cosmed are providing overseas customers with VAT refund services on small purchases.



Ximen, Taipei, Taiwan - a tourist hotspot, where rents are on the high side

As sports fashion brands expand their offerings beyond running apparel to include ball sports, Taipei's first Nike & Jordan Basketball Experience Store has opened in Ximen. The concept store combines a retail component with activities, classic collection displays and customized services and is a good example of how international sports brands are expanding aggressively in the Taiwanese market.

F&B has also been an active sector in recent years, with international restaurant brands expanding rapidly. Hawker Chan Taiwan, Ichiran Ramen and Tsuta Ramen recently opened new outlets, indicating the current strength of the market.

India

Overall, the Mumbai retail market has been active, although high streets have under-performed shopping centres. With the exception of the food & beverage sector, leasing activity on the main high streets has been sluggish. Indeed, rental values declined by 1-2% on Colaba Causeway and Linking Road over the year to June, although they remained stable in other key locations. Given its importance as the prime office district, Bandra-Kurla Complex attracted international brands such as Nara Thai, Longchamp and Jo Malone. Meanwhile, shopping centres are focused on optimising their tenant mix and locations such as Lower Parel, Kurla, Ghatkopar and Malad are witnessing significant churn. Consequently, these locations experienced modest rental uplift on the back of strong demand for limited availability, with no new completions in the first half of 2017.



In New Delhi NCR, F&B, fashion, health & beauty and lifestyle retailers have been the most active

In New Delhi NCR, F&B, fashion, health & beauty and lifestyle retailers have been the most active on the major high streets. These include a mix of international brands such as Starbucks, Domino's, Skechers, Decathlon and domestic ones such as Pind Balluchi, Theobroma, Brew Buddy, Fabindia, AND, Pantaloons, Planet Fashion, Blackberry and Geetanjali Salon. In addition, a number of motor manufacturers such as Royal Enfield, Nexa and Triumph have taken space in key South Delhi locations. Because of the healthy levels of leasing activity, rents showed an increase of 4-5% in the prime main streets of Khan Market and Connaught Place in Delhi and 3-4% in DLF Galleria and Sector 29 in Gurugram this year, even as shopping centre rents remained stable.

The Hyderabad market has experienced a surge in activity from F&B operators, which is seeing the emergence of various formats to suit the

food courts in IT parks and shopping centres. A number of prominent Hyderabad-based restaurants are also expanding in tier 2 cities in both Quick Service Restaurant (QSR) and fine dining formats. The arrival of the wedding season and festivals towards the year-end has resulted in a sharp upturn in demand from numerous regional ethnic clothing brands for small units in the key streets of Banjara and Jubilee Hills. The city's strong shopping centre pipeline for late 2018 is expected to maintain a healthy level of leasing activity across the major retail submarkets.



The arrival of the wedding season and festivals has created demand from regional ethnic clothing brands for small units in Hyderabad

In Chennai, the major high streets have been leading leasing activity, with F&B, footwear and fashion accessories driving demand. Domestic brands such as Lawrence & Mayo, Café Coffee Day and international brands such as Hush Puppies and Bata have been particularly active. Fashion and lifestyle retailers have led demand for shopping centre space, with

international brands such as Pepe Jeans and Bobbi Brown, and domestic brands such as Maybell and O2 Spa among the most active. Apart from the traditional retail hotspots of Adyar and Mylapore, strong leasing activity has also been seen in newly emerging retail hubs such as OMR, GST Road and Ambattur (MTH Road). Rents have been largely stable over the last year, with supply and demand in relative equilibrium.



Across India, Food & Beverage demand boosts market activity

Rents in Bengaluru were unchanged over the year to June, with supply keeping pace with demand. Evolving retailer strategies have been very much in evidence, with many domestic online retailers such as Pepper Fry, Urban Ladder and Zivame launching their offline stores, while traditional 'bricks & mortar' retailers such as Lifestyle Group, Pantaloons and Tata Group have renewed their focus on developing their online

platforms. Other retail formats such as food trucks on the main streets are also growing in number, posing increased competition for many fast food/casual dining outlets in the city.

Over-supply in select micro-markets has resulted in the closure of a number of shopping centres in Pune. Rents remained stable, except in the high street of Aundh, which experienced a 3% fall following the opening of the Westend Mall, and may decline further. Solid demand from F&B and lifestyle retailers continues to boost activity levels on M.G. Road and Koregaon Park and rents are expected to increase, with demand exceeding supply.

Indonesia

Retail rents in Jakarta's city centre recorded modest growth over the year to June, with a sluggish economy leading to lower retail sales, as consumers adopt a more cautious approach to spending. Online sales are also taking an increasing share of overall sales, notably in the fashion and consumer electronics sectors.

However, Indonesia and Jakarta in particular will remain key target markets for international retailers, especially in the F&B sector. New F&B concepts continue to flourish, with operators creating increasingly innovative concepts to attract consumers.

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Indonesia, and Jakarta in particular, will remain key target markets for international retailers, especially in the F&B sector.

While the recent weakness in retail sales has led to store closures, most retailers remain optimistic about the market’s future prospects and have continued with their expansion plans. As a result, occupancy rates in the key retail locations are relatively stable and enquiries from local and international brands are continuing.

Japan

In Q2 2017, “Ginza Six”, the Ginza’s newest mixed use development, located on the former site of Matsuzakaya Ginza, opened to much fanfare and media attention. The retail portion of this development features 241 shops, the majority of which are luxury brands. The facility managed to attract 1.5 million visitors in just 18 days. Rental levels in Ginza are perceived to be at a peak and further significant growth is unlikely in the near future.

While rents in Omotesando, Harajuku and Aoyama have historically been higher, rents in Shinjuku have largely closed the gap on these areas. Given the supply and demand balance, it is likely that rents in Shinjuku will grow

more strongly in the next few years. Shinjuku is very different in that it was never intended to be a street level retail location. However, the sheer volume of people using the train and underground systems on a daily basis meant that the area naturally developed into a viable retail market, with strong occupier demand. This is expected to continue for the foreseeable future.



Shinjuku, Japan - given the supply and demand balance, rents in Shinjuku will likely grow more strongly in the next few years

Over the longer term, rents in Shibuya and Ikebukuro should benefit from redevelopment projects around the station areas. However, the overall effects of these projects will vary significantly from location to location. Ikebukuro's new developments are located in established retail locations and will contribute to the overall growth of the area by improving its image. In contrast, Shibuya will see the expansion of the existing retail pitch and a fundamental change to its pedestrian traffic flows.

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The current buoyant activity being seen in Japan's retail sector is expected to continue at least until the 2020 Olympics in Tokyo.

Currently, the strongest demand for new store openings is coming from sports and athleisure brands. The drivers for this activity can be primarily attributed to the 2020 Olympics and an increased focus on health and wellness. In fact, the leading retailer Lululemon has re-entered the Japanese market and a handful of other major brands have also been active, including New Balance, with their Harajuku Flagship and Uniqlo with their 'Move' brand opening in Shinjuku. The current buoyant activity being seen in Japan's retail sector is expected to continue at least until

the 2020 Olympics in Tokyo.

The Philippines

The Philippines continues to be competitive in terms of occupancy costs among emerging markets in the APAC region. In fact, the recent increase in new mall space has meant that asking rents in some schemes have come down to help attract tenants.

The main drivers include the emergence of community malls aimed at specific demographic groups which offer lower rents, a relative over-supply of space caused by new development and developers' desire to attract new and expanding foreign brands.

F&B operators continue to outpace other retail categories in terms of expansion, while Fast Fashion brands have also continued their aggressive expansion plans in and outside Metro Manila. The growth of online is having an impact on the market, with an increasing number of brands establishing an online presence. However, bricks-and-mortar stores will remain relevant for the foreseeable future, as online is currently viewed as more of a complement to the physical store network rather than as a threat. E-commerce has generated more demand for pop-up/showroom space where consumers can interact with online brands on a temporary basis.

Negative sentiment resulting from struggling US and UK retailers at a more global level, combined with increasing domestic competition, are

weighing on the local retail scene. However, on a positive note, the retail sector is becoming more innovative and dynamic, with the continual expansion of new and existing foreign brands underlining the increasing prominence of the Philippines as a retail destination.

Singapore

The Singapore retail market has been resilient and retail sales are generally up compared with a year ago. F&B continues to be a major driver of activity, with upmarket operators such as Pablo, Pizza Express, Da Paolo Gastronomia and PS Café expanding, while a number of mass market operators including Din Tai Fung, Let's Eat, Burger King and Jollibee have also continued to open new outlets.

Singapore's CBD has seen something of a renaissance, with more space being taken by F&B operators such as Fun Toast, Jewel Coffee, My Izakaya, Ju Hao Xiao Long Bao, O'Coffee Club and Wheat among others.



Singapore's Central Business District is attracting Food & Beverage operators

While some fashion and accessories brands such as Chomel and Forever 21 have consolidated their Singapore operations, many big box retailers such as Courts, Decathlon, Gain City and Harvey Norman are investing heavily in their e-commerce platforms to complement their store networks. With Amazon Prime Now in the market, retailers are innovating to stay relevant and are competing for sales through an improved omni-channel presence.

Many shopping centres including Century Square, Funan Mall, and SingPost Centre are also investing significantly in improving their tenant mixes and overall look and feel. Well-located shopping malls, especially those in key suburban locations such as Jurong, Yishun/Woodlands, Tampines and Sengkang/Punggol, continue to benefit from a healthy residential catchment with a high frequency of shopping.

Looking ahead, demand from F&B operators and potentially more temporary or 'pop-up' stores will continue to support the market, with landlords looking to assemble more interesting tenant line-ups and shopping environments. As technology progresses, Singapore is preparing to become a smart nation where more mobile engagement is encouraged. Indeed, the Association of Banks in Singapore recently launched a secure peer-to-peer payment platform which enables the direct transfer of funds among seven participating banks and includes retailers.

In line with this, the application of data analytics will continue to be

critical for the survival of shopping centres and retailers. Similarly, shoppers will become even more discerning and sophisticated, with access to more e-payment options across offline and online platforms, offered in conjunction with various reward and loyalty programmes.

South Korea

Rental growth in the main retail locations has been slow on the back of a decrease in the number of Chinese tourists. However, Gangnam and Myeongdong remain the most pre-eminent retail streets, with new foreign entrants increasingly choosing to open their first flagship stores here. Recently, Boots, one of the UK's leading Health & Beauty retailers, opened its first flagship store in Myeongdong, a move expected to lead to greater competition with other H&B retailers such as CJ Group's Olive Young, Watsons and Lotte's LOHB's. The first Shake Shack restaurant in Korea opened in Gangnam in 2016 and quickly became one of the company's best-performing restaurants globally.

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Global investors and foreign retailers continue to enter the Korean market which plays an important role as a test bed for brands seeking to expand more widely across the region.

Lifestyle brands continue to expand and there is strong competition among brands such as Daiso, Miniso, Butter and Flying Tiger Copenhagen. One of the most talked about retail brands in Korea has been the character store LINE FRIENDS, which is growing rapidly. Despite the current sluggish economic backdrop and weak rental growth, global investors and foreign retailers continue to enter the Korean market, which will continue to play an important role as a test bed for brands seeking to expand more widely across the region.

Thailand

Recent rental growth has been fairly limited, although retailer demand is robust, with lifestyle and F&B operators among the most active. Online retail is growing and many retailers are trying to introduce new online platforms to reach customers around the world. For example, Aux Villes Du Monde is a new service from Central Luxury Collection which brings together the most iconic luxury department stores around the world. Another platform, On Demand, offers a service which allows a customer to shop all over the world through WhatsApp.

Increased competition from online has prompted some shopping mall developers to focus on improving and repositioning their existing malls, rather than building new schemes or expanding in new markets, although there have been a few exceptions.

AMERICAS OVERVIEW



AMERICAS IN BRIEF

Across the Americas, recent economic growth has been encouraging and looks set to remain so in 2018. However, retail real estate trends have varied across the region's diverse set of markets. While the growth of online retail is a common theme in all of them, retailing in much of Latin America is still maturing.

However, most of the region's developed cities now have high quality retail developments which cater for a variety of income groups, including a rapidly growing middle class. In the US, while there has been a lot of discussion around store closures, the main high street markets have not been as adversely affected as some of the headlines might suggest. The fact is that most retailers are not turning their backs on high street locations.





MOST EXPENSIVE RETAIL LOCATION

**New York's Upper 5th Avenue
(49th - 60th Sts), USA**

US\$3,000/sq ft/yr
€28,262/sq m/yr



BIGGEST RENTAL DECLINE

**Rio de Janeiro's Garcia D'avilla
(Ipanema), Brazil**

-44%



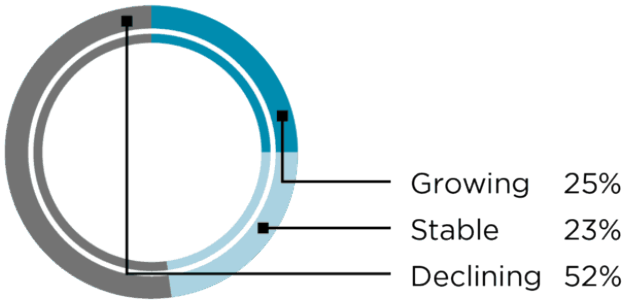
MOST AFFORDABLE RETAIL LOCATION

**Buenos Aires, El Salvador
(Malavia to Jorge Luis Borges), Argentina**

US\$29/sq ft/yr
€273/sq m/yr



**PROPORTION OF RENTAL GROWTH
TYPES IN AMERICA**



STRONGEST RENTAL GROWTH

**Rio de Janeiro' Visconde de Pirajá
(Ipanema), Brazil**

+43%

MOST EXPENSIVE LOCATIONS BY COUNTRY

2017	2016	TOWN	COUNTRY	DISTRICT	2017 RENT US\$/SQ FT/YR	2017 RENT €/SQ M/YR	2016 RENT US\$/SQ FT/YR	2016 RENT €/SQ M/YR
1	1	New York	USA	Upper 5th Avenue (49th - 60th Sts)	3,000	28,262	3,000	29,065
2	2	Los Angeles	USA	Rodeo Drive (Beverly Hills)	875	8,243	800	7,751
3	3	San Francisco	USA	Union Square	700	6,594	685	6,637
4	4	Chicago	USA	North Michigan Avenue	550	5,181	550	5,329
5	5	Miami	USA	Lincoln Road	300	2,826	325	3,149
6	6	Toronto	Canada	Bloor Street	231	2,180	250	2,425
7	7	Washington DC	USA	Penn Quarter	205	1,931	205	1,986
8	9	Palm Beach	USA	Worth Avenue	145	1,366	150	1,453
9	8	Vancouver	Canada	Robson Street	141	1,326	166	1,604
10	11	Montreal	Canada	Saint-Catherine W - Street Level	135	1,272	139	1,343
11	9	Boston	USA	Newbury Street	130	1,225	150	1,453
12	12	Philadelphia	USA	Walnut Street	125	1,178	135	1,308
13	14	Mexico City	Mexico	Masaryk	106	998	100	972
14	16	San Diego	USA	Del Mar Heights Blvd (Suburban Del Mar Heights)	105	989	78	756
15	17	Seattle	USA	CBD/Core	80	754	75	727
16	18	São Paulo	Brazil	Oscar Freire Jardins	74	700	73	708
17	15	Buenos Aires	Argentina	Calle peatonal Florida. From Av. Cordoba to Av. Corrientes_4 blocks	69	651	81	788
18	13	Rio de Janeiro	Brazil	Garcia D'avilla (Ipanema)	61	576	113	1,096
19	19	Monterrey	Mexico	Calzada del Valle	56	525	57	551
20	21	Edmonton	Canada	Whyte Avenue	37	345	39	373

Canada

Retail rents are reaching both new highs and new lows across the most popular retail streets in Canada, as the battle between location, quality and size of space, and the impact of rising vacancy, driven by the disruption of e-commerce, plays out across core and non-core high-street locations.

While rents have generally shown modest falls (except in core locations), Canadian retailers are exploring change with a new urgency, from concept, to store experience, to location, including seeking out new formats in “cool-street” areas to buffer or replace traditional high-street locations. These streets can provide a much needed gross rent advantage in this competitive retail environment.

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Canadian retailers are exploring change with a new urgency, from concept, to store experience, to location, including seeking out new formats in “cool-street” areas to buffer or replace traditional high-street locations.

Apparel has been hit particularly hard by the evolution of e-commerce. Creative and innovative new arrivals are helping to backfill store fronts left vacant by unsuccessful retailers. This includes food concepts such as

Halal Guys opening shop on Yonge Street in Toronto, to both fanfare and often unseen line-ups for beef gyros - speaking to the needs of the young urban millennial.

Athletic apparel has remained a buoyant sector in 2017, with companies such as Vancouver-based RYU Apparel opening in Toronto’s trendy Queen Street West district, following on the path of Nobis, Icebreaker and Lululemon. Pop-ups or temporary retail openings are now common, as companies test out local demand and new concepts.

Food-centric retail, restaurants and bars, health and fitness, and experiential retail are just some examples of winning categories in a fast-changing retail market. The sector is also benefitting from changing preferences, as young urban consumers shed their cars whilst insisting on intimate knowledge of every food establishment within walking distance of their urban enclave.

United States NEW YORK

In the US, a number of retail submarkets in New York’s Manhattan recorded lower asking rents and higher availability at the mid-year point, including SoHo, Times Square and Meatpacking. However, the top-tier market, Upper Fifth Avenue (49th Street to 60th Street), continues to command the highest asking rent both locally and globally for direct and subleased space. As at June, the asking rent was US\$3,000per sq.ft, unchanged on 2016, albeit nearly 20% up over five years and back to its

pre-global financial crisis level.

“

Upper Fifth Avenue (49th Street to 60th Street), continues to command the highest asking rent both locally and globally for direct and subleased space.

The food hall concept continues to expand rapidly throughout Manhattan and one of the most significant recent announcements was the Cipriani family’s plans to open a new 28,000 sq.ft specialty market in the base of a new Upper West Side residential development at Two Waterline Square/30 Riverside Boulevard at West End Avenue. Trader Joe’s also announced an additional supermarket commitment for 22,500 sq.ft at 432 East 14th Street in the East Village, a proposed residential development near First Avenue.

The long-term outlook for the Manhattan retail market remains optimistic, with healthy consumer spending driven by steady employment growth and New York City’s dominance in commerce, culture, and tourism.



CHICAGO

Chicago has experienced continued growth in all its submarkets, most notably with a number of fast casual and full service restaurants taking space in the Loop and West Loop/Fulton Market areas. There has also been an increase of e-commerce retailers opening stores across the city, including Bonobos, Warby Parker, Untuckit, Bucketfeet and Marine Layer among others. The steady growth in tourist numbers has given the city a significant boost, with over fifty million visitors in 2016, making it one of the USA’s most attractive markets for retailer expansion. Emerging retail submarkets include the Fulton Market District and Logan Square.

LOS ANGELES

The Los Angeles retail market has experienced an increase in restaurants and cafés that provide nutritional grab-and-go options or a dining setting that allows customers to feel comfortable coming from the gym or from work and anywhere in between. These restaurants can deliver a quick sit-down service while still serving locally sourced and organic clean-eats. Many cafés have developed a model allowing them to provide an in-house

service, take-out and pre-made 'grab and go' items. Operators such as Freshii, Sweetgreen and Cava Grill continue to open outlets in the city, while newcomers such as Everytable recently opened at The Bloc.

Looking forward, further consolidation in the market is expected, as retailers focus on reducing their physical footprint, leading to more concentrated areas of retail. Other key trends will include more pop up locations and a growing number of lifestyle centres, as well as the increased use of technology such as Augmented Reality (AR) to enhance the customer experience and help retailers stay competitive.

MIAMI

In Miami, e-commerce is having a significant impact on the market, with Amazon planning to open an 850,000 sq.ft distribution centre and many retailers downsizing or closing stores altogether. However, the city traditionally does well in difficult times due to its strength as a tourist location and the number of foreigners with second homes who continue to spend as normal. The city is also benefiting from a growing population and rising employment. New development is generally focused on mixed use which plays to the live-work-play trend, whereby retail is included to ensure 24-hour use. Allapattah is an emerging hot spot for investors who have been priced out of Wynwood, while American Dream Miami - a 5-million sq.ft retail and entertainment complex - is planned for the junction of Interstate 75 and Miami Gardens Drive.

The main driver of the Palm Beach retail market along Worth Avenue is

the push for retailers to reinvent their business model with the use of technology, in order to enhance the customer shopping experience. Many retailers continue to reduce their footprint to cut costs and those signing new leases are generally for shorter terms at lower rents. The West Palm Beach market is very seasonal so it can be difficult to gauge retailer performance during the low season. While e-commerce will continue to provide strong competition for physical retail, Palm Beach has a loyal customer base which should continue to support the existing retailers for the foreseeable future.



Miami traditionally does well in difficult times due to its strength as a tourist location



Amazon's Campus in Seattle. Amazon has trialed new retail concepts in the city.

SEATTLE

Low vacancy rates in Seattle continue to drive up rental levels, despite the impact of e-commerce on demand for physical space and three major redevelopments are scheduled to begin in late 2017. The multimillion-dollar remodel of Pacific Place, home to more than fifty shops and restaurants, will add a "grand entrance" to the up-and-coming South Lake Union neighbourhood, where Amazon's new high-rise campus is located. The centrally located Rainier Square redevelopment will include 90,000

sq.ft of high-end retail on the lower levels of a 1.6 million sq.ft mixed-use tower, while the historic Pioneer Square will see three early 20th century buildings upgraded, adding shops and restaurants at street level.

Amazon has undertaken several retail experiments in Seattle, including a physical bookstore, a grocery store with no cashiers (Amazon Go!) and a roaming delivery truck (Amazon Treasure Truck).

WASHINGTON DC

In Washington DC, niche retail continues to remain in demand among consumers that are seeking a curated shopping experience, while online retailers continue to open bricks & mortar outlets. H&M's sister brand & Other Stories opened its first area store on M Street in Georgetown in early 2017, while Uniqlo opened a pop-up location in Union Station in September.

The southwest waterfront development known as The Wharf (expected to open in late 2018) along with the ball park in the Capitol Riverfront have established these emerging markets as entertainment districts.

Looking ahead, technology will continue to shape the consumer experience, although the district's lack of urban logistics provision may slow the growth of on-demand delivery services given the area's traffic congestion. However, consumers will still demand a high quality retail experience when shopping and eating out, which will support curated

stores and chef-driven concepts.

Mexico

Rents in Mexico City's key retail streets recorded steady uplift over the year to June, on the back of continuing economic stability. Interest from international retailers remains strong and more designer brands (notably from Europe) are expected to enter the market in the next 1-2 years, adding to the increasingly diverse, competitive and sophisticated nature of the market.

Domestic retailers are adopting the business practices of the most successful US operators, so that local players such as Soriana, Chedraui and Liverpool are competing successfully with Wal-Mart and other foreign companies across different segments and categories of the market.

The country's retail infrastructure continues to modernise and Mexico's developed cities now have new world-class retail developments alongside traditional markets, while mass market and luxury retail coexist to cater for a variety of income groups. While the recent earthquakes may have a short term impact on the economy, the outlook for consumer spending growth in 2018 remains positive.

Peru

In Lima, shopping centres are posing a serious challenge to traditional high street locations, as they provide an enhanced trading environment

for retailers, predominantly in accessible out-of-centre locations. San Isidro and Miraflores remain significant shopping areas, although other districts such as Independencia in the north are also emerging as new shopping destinations. While Lima remains at the forefront of Peru's ever-improving retail infrastructure, modern retail and leisure centres are now an established feature of other large cities.



GLOBAL RETAIL RENTS



VIEW GLOBAL RETAIL RENTS

...and sort the data to suit your needs.

Main Streets Across the World 2017

Global Retail Rents

CONTINENT	COUNTRY	CITY	LOCATION	LOCAL CURRENCY	RENT Jun - 17	RENT Jun - 17	ANNUAL RG	RENT US\$/SQ FT/YR Jun - 17	RENT €/SQ M/YR Jun - 17
Europe	Austria	Vienna	Karntnerstrasse/Graben	€/sq.m./month	300	300	0.0%	382	3,600
Europe	Austria	Vienna	Mariahilferstrasse	€/sq.m./month	135	135	0.0%	172	1,620
Europe	Austria	Vienna	Kohlmarkt	€/sq.m./month	385	385	0.0%	490	4,620
Europe	Austria	Graz	Herrengasse	€/sq.m./month	110	110	0.0%	140	1,320
Europe	Austria	Linz	Landstrasse	€/sq.m./month	130	130	0.0%	166	1,560
Europe	Austria	Salzburg	Getreidegasse	€/sq.m./month	125	125	0.0%	159	1,500
Europe	Austria	Innsbruck	Maria Theresienstrasse	€/sq.m./month	110	110	0.0%	140	1,320

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TECHNICAL SPECIFICATION

A blurred, high-angle photograph of a large crowd of people walking, overlaid with a semi-transparent teal color. The image captures the lower legs and feet of many individuals in motion, creating a sense of a busy, crowded environment.

TECH SPEC

The information contained in this report has been collected as at June 2017, in a comprehensive survey of Cushman & Wakefield's international offices.

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

Data for retail rents relates to our professionals' opinion of the rent obtainable on a standard unit in a prime pitch of 451 locations across 68 countries around the world. The report's analysis of rental performance does not include some of the locations listed in the 'Global Retail Rents' section due to the lack of an historical annual series. Service charges – such as building insurance, local taxes and costs of repair payable by the tenant – are not

included.

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

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

The format selection for each city is based on its dominance of the retail landscape and/or its status as the prime pitch/top destination in the city. The rents represent our agents' views as to what is consistently achievable for prime space; indeed, we do not quote asking rents for the highest rent obtainable. It is assumed that

the unit is vacant and is available for letting on the open market, without any request for premium (key money). However, in many top locations around the world, vacant units are rarely marketed and substantial key money to sitting tenants is often payable.

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

Main Street Definition

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

Shopping Centre Definition

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 (GLA) of over 5,000 sq.m and is comprised of over 10 retail units. However, an element of flexibility is needed concerning size and minimum number of units, given that they vary from market to market.

Country Definition

Hong Kong is ranked as a country in the report. We recognise that Hong Kong is part of China, although it is a free-market economy with its own currency, separate legal, taxation, parliamentary systems and business guidelines to that of mainland China. For these reasons it falls into the country category.

OUR SERVICES



OUR RESEARCH SERVICES

Cushman & Wakefield is known the world-over as an industry knowledge leader. Through the delivery of timely, accurate, high-quality research reports on the leading trends, markets around the world and business issues of the day, we aim to assist our clients in making property decisions that meet their objectives and enhance their competitive position. In addition to producing regular reports such as global rankings and local quarterly updates available on a regular basis, Cushman & Wakefield also provides customized studies to meet specific information needs of owners, occupiers and investors.

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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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Thank you for reading

MAIN STREETS ACROSS THE WORLD 2017