

MAIN STREETS



ACROSS THE
WORLD 2022



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A photograph of two people in profile, illuminated by red and green lights, with the word 'INTRODUCTION' overlaid in white text. The background is dark with some blurred lights.

INTRODUCTION

01

INTRODUCTION

WHAT A DIFFERENCE THREE YEARS MAKE.

It's been three years since we published the last global *Main Streets Across the World* report. The pause seemed appropriate considering the global pandemic and its fallout—the economic uncertainty, community lockdowns, restricted travel, supply chain constraints and a host of other issues impacting retail real estate. Even before 2020, industry headlines leaned toward the provocative—and even hyperbolic, at times—suggesting a steady decline, if not demise, of physical retail.

Fast forward three years and “retail apocalypse” is no longer the term *du jour*. While we still face economic volatility, the conversation has shifted to retail's future—an omnichannel world in which the most successful brands understand their customers on a new level and meet them where they are. In fact, we can confidently say the industry has just been through one of the biggest stress tests imaginable and retail real estate has come out of the other side not only having survived but emerged as strong as ever in certain segments.



This report focuses on those segments, namely the best urban retail locations in the strongest neighborhoods. These prime locations have demonstrated tremendous resilience, and the data in this report underscores that resilience, albeit with regional and market nuances. While some markets are recovering at a much slower pace, in most of the locations the report features, rents have rebounded relative to pandemic lows, and in a few prime locations, especially those favored by luxury retailers, rents have surpassed 2019 pre-pandemic levels.

WHERE DO WE GO FROM HERE?

From the other side of the great pandemic stress test, what seems clear is that retailers know they can't afford to stand still. Whether brands are downsizing, trying new formats or shifting locations, many are actively repositioning their portfolios for the future. In EMEA, for example, over the last 18 months, **75%** of the retail transactions Cushman & Wakefield represented were new leases, underscoring the idea that retailers aren't sitting idle.

We see optimism in this activity, even as global economic forecasts suggest more challenges ahead. Many of the brands Cushman & Wakefield is working with are playing the long game, seizing the opportunity to secure the best locations. They're using customer data and insights to make smart decisions and mitigate risk. And they're delivering new and compelling experiences to customers to differentiate themselves.

From a retail investor perspective, it's notable that best-in-class product emerged from the pandemic strong. Brands are now more demanding, placing a greater emphasis on the quality of the product and on the flexibility of the space. Time will tell, but we're confident that owners that can deliver superior physical environments with the flexibility brands demand are well positioned for the future.

HEADLINE RENT

THIS REPORT FOCUSES ON HEADLINE RENTS IN BEST-IN-CLASS URBAN LOCATIONS ACROSS THE WORLD WHICH, IN MANY CASES, ARE LINKED TO THE LUXURY SECTOR. THE RENTAL VALUES IN THIS SPECIFIC SEGMENT HAVE BEEN RELATIVELY IMMUNE TO ADDITIONAL DISCOUNTS, INCENTIVE PACKAGES OR SHARED RISK RENTAL MODELS THAT HAVE BECOME MORE PROMINENT IN THE WIDER RETAIL MARKETS GLOBALLY.

HEADLINE RENT & RANKING CHANGES



RENT GROWTH TRENDS

- Rents across global prime retail destinations declined by **13%** from before the pandemic to their lowest point on average, but have subsequently rebounded to sit **6%** below pre-pandemic levels.
- The Americas, thanks largely to the U.S., was the region most resilient to the downturn with rents on average now sitting at a **15%** premium to pre-COVID-19 levels.
- Asia Pacific was most impacted during the pandemic period as rents fell on average by **17%**, mainly due to border closures that affected prime international tourist destinations in the region.
- Global rental growth over the past year averaged **2%** but varied tremendously. Houston's River Oaks district sits at one end of the spectrum at **+90%** and the Luohu district of Shenzhen in China at the other at **-30%**.



GLOBAL MAINSTREET RANKINGS

- New York's Fifth Avenue ranks as the most expensive retail destination in the world, followed by Tsim Sha Tsui in Hong Kong and Milan's Via Montenapoleone.
- London's New Bond Street has slipped out of the top 3 rankings, falling to 4th globally and the Avenues des Champs Elysees in Paris rounds out the top five positions.
- Oslo (Nedra Slottsgate) experienced the largest jump in the rankings from 27th to 23rd, while Warsaw (Nowy Swiat) experienced the largest decline, falling from 32nd to 36th.

A man in profile, looking at a smartphone, with a blurred city night background. The text is overlaid on the image.

KEY INDICATORS & GLOBAL RANKINGS

02

KEY INDICATORS & GLOBAL RANKINGS

Although the pandemic was a global phenomenon and government responses followed a broadly similar approach, the degree to which governments pursued these responses varied widely. For example, the fiscal response in the U.S., Italy and Germany exceeded **25%** of GDP while the response in India, South Korea and Mainland China was less than **10%** of GDP. Countries in Asia Pacific took a much stricter approach to their international borders than in Europe as the region was closed to almost all international travel in 2020 and 2021. Indeed, many parts of the region are still yet to fully reopen and are therefore reliant on the strength of domestic consumption. Accordingly, the severity of impact on the luxury retail sector and the “spring” in the rebound differ significantly.

PANDEMIC LOWS

In global terms, rents on retail main streets declined by an average of **13%** from pre-pandemic levels (measured as of Q4 2019 in Asia Pacific and Q1 2020 in EMEA and the Americas) to their pandemic lows. However, regional declines varied, ranging from **17%** in APAC, to **11%** in EMEA, to just **7%** in the Americas.





At the market level, the differences are starker. For example, Hong Kong declined by an average of **45%**, reflecting ongoing social unrest which continued into 2020, geopolitical uncertainties and the drop off in mainland Chinese tourists as international borders closed in response to the COVID-19 pandemic. Similarly, other Asia Pacific markets such as Sydney and Seoul—markets that rely heavily on international tourists—experienced declines in excess of **20%**.

A steep decline of over **50%** was experienced in Buenos Aires, though this is influenced by currency fluctuations as rents are contracted in U.S. dollars but paid in Argentinian pesos. In contrast, rents in the U.S. fell by less than **4%**.

The situation is more diverse in Europe as the severity of rolling lockdowns varied from country to country. Ireland, the U.K., Spain and France experienced significant impacts as rents fell by up to **28%**, while changes were minimal in Austria and parts of Eastern Europe such as Slovakia and Slovenia.

TABLE 1: Pandemic Retail Rental Change by Region

	Pre-Pandemic to Pandemic low	Pandemic-low to present	Pre-pandemic to present
APAC	-17%	7%	-12%
AMERICAS	-7%	23%	15%
EMEA	-11%	4%	-8%
U.S.	-4%	29%	25%
WORLD	-13%	8%	-6%

Source: Cushman & Wakefield

RENT RECOVERY

Since the pandemic nadir, global retail markets have recouped almost **50%** of their losses, with rents currently sitting on average **6%** below their pre-COVID-19 levels. Much of that improvement occurred through 2021 and into early 2022 before global economic headwinds started to negatively impact markets over the past six months. Again, the pace of recovery has varied. Arguably it has been strongest in the U.S., in part the result of supportive fiscal policies but also the result of domestic migration patterns that have driven strong population growth in markets such as Houston and Austin—and as a result, an influx of buying power into those markets. So while a doubling of rents in these locales is both impressive and somewhat surprising, there are clear drivers; that these markets are at the less expensive end of the U.S. cost spectrum also had influence on the percentage growth figure, coming off a lower base. In general, rents in luxury retail locations in the U.S. are now at a **25%** premium to pre-COVID-19.

Within Asia Pacific, rents are at an average **12%** discount to pre-pandemic levels. India rebounded strongly, again thanks to strong domestic consumption. Rents in Bengaluru and Delhi NCR have increased by more than **15%** on average over the past year—in fact, rents in Bengaluru now sit at a premium to pre-COVID-19 levels. In contrast, the recovery has been slower in Australia, Singapore and Japan, which have been slower to ease restrictions and open borders. On average, rents have rebounded just **2%** from pandemic lows. Rents in mainland China remained stable during most of the pandemic but have subsequently fallen over the past year.

FIGURE 1: RENTAL CHANGE FROM PRE-PANDEMIC AND Y-O-Y CHANGE FOR SELECT MARKETS



Source: Cushman & Wakefield

We see similar trends in Europe, with rents at an **8%** discount to pre-COVID levels. The recovery has been dampened in 2022 as economic headwinds from the Russia-Ukraine war have negatively impacted rents in some markets. Notwithstanding, a positive trend is that a quarter of markets (13 out of 52), including precincts in Rome, Oslo, Vienna and Milan, have sufficiently recovered rent levels on par or above pre-pandemic levels. But the recovery is inconsistent with London, Paris and Munich all below pre-COVID rental levels. There is also considerable variation within cities, as evidenced in London where rents in New Bond Street are **11%** below pre-pandemic levels, while in Covent Garden they are still **30%** below. Similar variations within metro areas exist across other top tier cities.

These prevailing trends have brought some changes—albeit subtle ones—in the global ranking of prime retail streets according to rent.

- New York's **Upper Fifth Avenue** moves up one spot to number one, now the most expensive retail corridor in the world. Its rise to that spot is more a result of resilience during the global downturn (rents are at pre-pandemic levels) and of the strength of the U.S. dollar, which has weakened local currencies in competing top tier markets.
- Subsequently **Hong Kong** drops one spot to second place, but with a change as **Tsim Sha Tsui** overtook **Causeway Bay** in 2020 to become the city-state's most expensive precinct. Pegging of the Hong Kong dollar to the U.S. dollar has helped Hong Kong maintain ranking position in 2022 as other currencies have weakened.
- **Via Montenapoleone** in Milan has jumped two positions to achieve third place.
- London's **New Bond Street** and **The Avenues des Champs Elysees** in Paris round out the top five spots respectively, both having slipped one place.
- Otherwise there is little change in the overall ranking of the top 10 locations.



MAIN STREETS ACROSS THE WORLD RANKING 2022

TABLE 2: Most Expensive Retail Districts by City in 2022

Global Ranking 2022	Global Ranking Pre-COVID	Market	City	Location	Rent (USD/ sq.ft./yr)*	Rent (EUR/ sqm/yr)*	Pre-Covid to present (LCY)**	Y-o-Y (LCY)**
1	2	U.S.	New York City	Upper 5th Avenue (49 th to 60 th Sts)	\$2,000	€21,076	14%	7%
2	1	Greater China	Hong Kong	Tsim Sha Tsui (main street shops)†	\$1,436	€15,134	-41%	-5%
3	5	Italy	Milan	Via Montenapoleone	\$1,380	€14,547	9%	7%
4	3	United Kingdom	London	New Bond Street	\$1,361	€14,346	-11%	-7%
5	4	France	Paris	Avenue des Champs Elysees	\$1,050	€11,069	-18%	-4%
6	6	Japan	Tokyo	Ginza	\$945	€9,956	0%	5%
7	8	Switzerland	Zurich	Bahnhofstrasse	\$847	€8,927	-3%	-1%
8	7	Australia	Sydney	Pitt Street Mall	\$723	€7,624	-24%	-7%
9	9	South Korea	Seoul	Myeongdong	\$567	€5,973	-23%	-15%
10	10	Greater China	Shanghai	West Nanjing Road	\$496	€5,225	-14%	-14%
11	11	Austria	Vienna	Kohlmarkt	\$464	€4,888	4%	0%
12	13	Singapore	Singapore	Orchard Road	\$404	€4,259	0%	0%
13	12	Germany	Munich	Kaufinger/Neuhauser	\$353	€3,724	-12%	0%
14	15	Greece	Athens	Ermou	\$304	€3,200	-4%	6%
15	14	Ireland	Dublin	Grafton Street	\$278	€2,933	-17%	11%
16	17	Denmark	Copenhagen	Stroget (including Vimmelskaftet)	\$272	€2,865	-5%	1%
17	18	Czech Republic	Prague	Parizska Street	\$258	€2,719	0%	9%
18	16	Spain	Barcelona	Passeig de Gracia	\$254	€2,677	-16%	0%
19	20	Canada	Toronto	Bloor Street	\$250	€2,634	-3%	13%
20	19	Netherlands	Amsterdam	P.C. Hoofstraat	\$244	€2,570	-5%	0%
21	22	Malaysia	Kuala Lumpur	Suria KLCC	\$222	€2,340	8%	12%
22	21	India	New Delhi	Khan Market	\$219	€2,309	4%	7%
23	27	Norway	Oslo	Nedre Slottsgate	\$197	€2,080	10%	16%
24	23	Sweden	Stockholm	Biblioteksgatan	\$182	€1,918	-8%	-1%

TABLE 2: Most Expensive Retail Districts by City in 2022

Global Ranking 2022	Global Ranking Pre-COVID	Market	City	Location	Rent (USD/ sq.ft./yr)*	Rent (EUR/ sqm/yr)*	Pre-Covid to present (LCY)**	Y-o-Y (LCY)**
25	24	Luxembourg	Luxembourg City	Grande Rue	\$160	€1,687	-9%	4%
26	25	Belgium	Antwerp	Meir	\$147	€1,552	-14%	3%
27	29	Portugal	Lisbon	Chiado	\$135	€1,426	-6%	0%
28	28	Finland	Helsinki	City Centre	\$130	€1,373	-13%	-4%
29	26	Hungary	Budapest	Vaci utca	\$121	€1,280	-27%	-8%
30	30	Turkey	Istanbul	Centre - Istiklal Street	\$111	€1,175	-26%	11%
31	31	Serbia	Belgrade	Kneza Mihaila	\$94	€989	-6%	0%
32	34	Mexico	Mexico City	Masaryk	\$90	€948	-19%	6%
33	35	Indonesia	Jakarta	Prime	\$86	€904	0%	0%
34	33	Croatia	Zagreb	Ilica Street	\$83	€873	-6%	0%
35	36	Slovenia	Ljubljana	Čopova	\$66	€698	0%	0%
36	32	Poland	Warsaw	Nowy Swiat	\$62	€652	-33%	-3%
37	38	Romania	Bucharest	Calea Victoriei	\$61	€640	0%	10%
38	40	Brazil	Sao Paulo	Oscar Freire Jardins	\$60	€633	39%	9%
39	37	Bulgaria	Sofia	Vitosha Blvd	\$57	€605	-10%	0%
40	39	Slovakia	Bratislava	Obchodna ulica	\$50	€524	0%	0%
41	41	Philippines	Manila	Bonifacio High Street	\$46	€480	0%	0%
42	46	Cyprus	Limassol	Anexartisias Ave	\$41	€431	12%	6%
43	43	Lithuania	Vilnius	Gedimino Ave./ Pilies St. Didzioji St.	\$40	€425	-9%	1%
44	42	Latvia	Riga	Kalku St./Valnu St./ Audeju St./Terbatas St./Kr.Barona St.	\$40	€419	-10%	0%
45	45	Estonia	Tallinn	Viru Street	\$34	€361	-9%	0%
46	47	Macedonia	Skopje	Makedonija Street	\$31	€326	0%	0%
47	44	Argentina	Buenos Aires	Calle peatonal Florida. From Av. Cordoba to Av. Corrientes_4 blocks	\$21	€221	-53%	-18%

* Q3 2022 | ** LCY = Local currency | † Causeway Bay held the top ranking in Hong Kong pre-COVID

REGIONAL HIGHLIGHTS

EUROPE
MIDDLE EAST
AFRICA



MOST EXPENSIVE RETAIL LOCATION

Via Montenapoleone, Milan, Italy

US\$1,380/sq.ft/yr



MOST AFFORDABLE RETAIL LOCATION

Makedonija Street, Skopje, Macedonia

US\$31/sq.ft/yr



STRONGEST RENTAL GROWTH (pre-COVID to present)

Anexartisisas Avenue, Limassol, Cyprus

+12% (US\$41/sq.ft/yr)



BIGGEST RENTAL DECLINE (pre-COVID to present)

Nowy Siat, Warsaw, Poland

-33% (US\$62/sq.ft/yr)

TABLE 3: EUROPE, MIDDLE EAST, AFRICA RANKING (Top 25 Locations)

Rank 2022	City	Location	Rent (USD/sq.ft/yr)*	Rent (EUR/sqm/yr)*	Pre-Covid to present (LCY)**	Y-o-Y (LCY)**
1	Milan	Via Montenapoleone	\$1,380	€14,547	9%	7.1%
2	London	New Bond Street	\$1,361	€14,346	-11%	-7.0%
3	Rome	Via Condotti	\$1,178	€12,413	2%	0.0%
4	Paris	Avenue des Champs Elysees	\$1,050	€11,069	-18%	-4.3%
5	Paris	Rue St. Honoré	\$915	€9,641	-10%	0.0%
6	Paris	Avenue Montaigne	\$881	€9,284	-7%	3.2%
7	Zurich	Bahnhofstrasse	\$847	€8,927	-3%	-1.1%
8	Paris	Rue du Faubourg St Honore	\$779	€8,213	-15%	-5.7%
9	Paris	Place Vendôme/Rue de la Paix	\$712	€7,499	-22%	-13.9%
10	Rome	Piazza Di Spagna	\$690	€7,273	12%	0.0%
11	London	Sloane Street	\$607	€6,402	-9%	16.7%
12	Milan	Corso Vittorio Emanuele	\$552	€5,819	0%	3.4%
13	Florence	Via Roma	\$552	€5,817	-9%	-9.1%
14	London	Covent Garden	\$550	€5,792	-30%	-5.0%
15	Cannes	La Croisette	\$508	€5,356	-6%	10.3%
16	Vienna	Kohlmarkt	\$464	€4,888	4%	0.0%
17	Florence	Via Strozzi	\$460	€4,849	0%	4.2%
18	Rome	Via del Corso	\$460	€4,847	-4%	0.0%
19	London	Oxford Street	\$442	€4,662	-21%	0.0%
20	London	Brompton Road	\$434	€4,573	-17%	3.4%
21	London	Regent Street	\$408	€4,304	-25%	-4.0%
22	Geneva	Rue de Rhone	\$375	€3,956	-3%	-2.5%
23	Munich	Kaufinger/Neuhauser	\$353	€3,724	-12%	0.0%
24	Vienna	Karntnerstrasse/Graben	\$342	€3,608	3%	0.0%
25	Munich	Maximilianstraße	\$309	€3,258	-10%	3.7%

* Q3 2022 | ** LCY = Local currency

TABLE 3: EUROPE, MIDDLE EAST, AFRICA RANKING (Remaining Top Locations per Country)

Rank 2022	City	Location	Rent (USD/sq.ft./yr)*	Rent (EUR/sqm/yr)*	Pre-Covid to present (LCY)**	Y-o-Y (LCY)**
26	Athens	Ermou	\$304	€3,200	-4%	5.8%
27	Berlin	Tauentzienstrasse	\$293	€3,083	-15%	-1.9%
28	Dublin	Grafton Street	\$278	€2,933	-17%	11.1%
29	Copenhagen	Stroget (including Vimmelskafet)	\$272	€2,865	-5%	1.1%
30	Prague	Parizska Street	\$258	€2,719	0%	9.3%
31	Barcelona	Passeig de Gracia	\$254	€2,677	-16%	0.0%
32	Amsterdam	P.C. Hoofstraat	\$244	€2,570	-5%	0.0%
33	Prague	Na Prikope Street	\$226	€2,460	-13%	2.5%
34	Oslo	Nedre Slottsgate	\$197	€2,080	10%	15.8%
35	Stockholm	Biblioteksgatan	\$182	€1,918	-8%	-1.3%
36	Luxembourg City	Grande Rue	\$160	€1,687	-9%	3.6%
37	Antwerp	Meir	\$147	€1,552	-14%	3.2%
38	Lisbon	Chiado	\$135	€1,426	-6%	0.0%
39	Helsinki	City Centre	\$130	€1,373	-13%	-4.1%
40	Budapest	Vaci utca	\$121	€1,280	-27%	-8.3%

TABLE 3: EUROPE, MIDDLE EAST, AFRICA RANKING (Remaining Top Locations per Country)

Rank 2022	City	Location	Rent (USD/sq.ft./yr)*	Rent (EUR/sqm/yr)*	Pre-Covid to present (LCY)**	Y-o-Y (LCY)**
41	Istanbul	Centre - Istiklal Street	\$111	€1,175	-26%	11.1%
42	Belgrade	Kneza Mihaila	\$94	€989	-6%	0.0%
43	Zagreb	Ilica Street	\$83	€873	-6%	0.0%
44	Ljubljana	Čopova	\$66	€698	0%	0.0%
45	Warsaw	Nowy Swiat	\$62	€652	-33%	-3.4%
46	Bucharest	Calea Victoriei	\$61	€640	0%	10.0%
47	Sofia	Vitosha Blvd	\$57	€605	-10%	0.0%
48	Bratislava	Obchodna ulica	\$50	€524	0%	0.0%
49	Limassol	Anexartisisas Ave	\$41	€431	12%	5.7%
50	Vilnius	Gedimino Ave./Pilies St. Didzioji St.	\$40	€425	-9%	1.4%
51	Riga	Kalku St./Valnu St./Audeju St./Terbatas St./Kr.Barona St.	\$40	€419	-10%	0.0%
52	Tallinn	Viru Street	\$34	€361	-9%	0.0%
53	Skopje	Makedonija Street	\$31	€326	0%	0.0%

* Q3 2022 | ** LCY = Local currency

REGIONAL HIGHLIGHTS

AMERICAS



MOST EXPENSIVE RETAIL LOCATION

**New York's Upper 5th Avenue
(49th -60th Streets), USA**
US\$2,000/sq.ft/yr



MOST AFFORDABLE RETAIL LOCATION

**Calle Peatonal Florida (Av. Cordoba -
Av. Corrientes), Buenos Aires, Argentina**
US\$21/sq.ft/yr



STRONGEST RENTAL GROWTH (pre-COVID to present)

River Oaks District, Houston, USA
+122% (US\$200/sq.ft/yr)



BIGGEST RENTAL DECLINE (pre-COVID to present)

Calle Peatonal Florida, Buenos Aires, Argentina
-53% (US\$21/sq.ft/yr)

TABLE 4: AMERICAS RANKING

Rank 2022	City	Location	Rent (USD/sq.ft/yr)*	Rent (EUR/sqm/yr)*	Pre-Covid to present (LCY)**	Y-o-Y (LCY)**
1	New York City	Upper 5th Avenue (49 th to 60 th Sts)	\$2,000	€21,076	14%	7%
2	Los Angeles	Rodeo Drive (Beverly Hills)	\$900	€9,484	13%	3%
3	San Francisco	Union Square	\$495	€5,216	-18%	0%
4	Las Vegas	Las Vegas Blvd.	\$425	€4,480	1%	0%
5	Chicago	North Michigan Avenue	\$425	€4,479	42%	10%
6	Boston	Newbury Street	\$400	€4,215	33%	7%
7	Toronto	Bloor Street	\$250	€2,634	-3%	13%
8	Miami	Lincoln Road	\$225	€2,371	5%	13%
9	Palm Beach	Worth Avenue	\$200	€2,110	29%	18%
10	Austin	South Congress (SoCo)	\$200	€2,109	100%	45%
11	Houston	River Oaks District	\$200	€2,108	122%	90%
12	Montreal	Saint-Catherine West	\$170	€1,791	-5%	17%
13	Washington, DC	Georgetown	\$160	€1,686	-20%	12%
14	Vancouver	Robson Street	\$150	€1,581	12%	12%
15	San Diego	Del Mar Heights Blvd	\$95	€1,001	-14%	6%
16	Mexico City	Masaryk	\$90	€948	-19%	6%
17	Seattle	CBD/Core	\$80	€843	14%	10%
18	Sao Paulo	Oscar Freire Jardins	\$60	€633	39%	9%
19	Rio de Janeiro	Garcia D'avilla (Ipanema)	\$60	€632	14%	4%
20	Buenos Aires	Calle peatonalFlorida	\$21	€221	7%	22%

* Q3 2022 | ** LCY = Local currency

REGIONAL HIGHLIGHTS

ASIA PACIFIC



MOST EXPENSIVE RETAIL LOCATION

**Tsim Sha Tsui (main street),
Hong Kong, Greater China**
US\$1,436/sq.ft/yr



MOST AFFORDABLE RETAIL LOCATION

Chennai, Anna Nagar 2nd Avenue, India
US\$24/sq.ft/yr



STRONGEST RENTAL GROWTH (pre-COVID to present)

DLF Galleria, Gurgaon, India
+26% (US\$134/sq.ft/yr)



BIGGEST RENTAL DECLINE (pre-COVID to present)

Causeway Bay (main street), Hong Kong, Greater China
-49% (US\$1,292/sq.ft/yr)

TABLE 5: ASIA PACIFIC RANKING

Rank 2022	City	Location	Rent (USD/sq.ft/yr)*	Rent (EUR/sqm/yr)*	Pre-Covid to present (LCY)**	Y-o-Y (LCY)**
1	Hong Kong	Tsim Sha Tsui (main street shops)	\$1,436	€15,134	-41%	-5%
2	Hong Kong	Causeway Bay (main street shops)	\$1,292	€13,612	-49%	-7%
3	Tokyo	Ginza	\$945	€9,956	0%	5%
4	Tokyo	Ometesando	\$756	€7,965	7%	7%
5	Sydney	Pitt Street Mall	\$723	€7,624	-24%	-7%
6	Tokyo	Shinjuku	\$709	€7,467	-6%	0%
7	Hong Kong	Central (main street shops)	\$616	€6,491	-45%	0%
8	Seoul	Myeongdong	\$567	€5,973	-23%	-15%
9	Seoul	Gangnam Station	\$522	€5,501	-23%	-15%
10	Shanghai	West Nanjing Road	\$496	€5,225	-14%	-14%
11	Osaka	Shinsaibashisuji / Midosuji	\$472	€4,978	-33%	0%
12	Nanjing	Xinjiekou	\$464	€4,888	0%	-3%
13	Beijing	CBD	\$448	€4,719	-20%	-5%
14	Singapore	Orchard Road	\$404	€4,259	0%	0%
15	Shanghai	East Nanjing Road	\$376	€3,961	-22%	-22%
16	Melbourne	Bourke Street	\$318	€3,355	-21%	-15%
17	Guangzhou	Tianhe Sports Centre	\$304	€3,204	15%	1%
18	Chengdu	CBD	\$293	€3,084	-20%	-5%
19	Chongqing	Guanyinqiao	\$261	€2,747	-8%	-9%
20	Hangzhou	Wulin	\$240	€2,528	0%	-6%
21	Shenzhen	Luohu	\$233	€2,454	-24%	-30%
22	Kuala Lumpur	Suria KLCC	\$222	€2,340	8%	12%
23	New Delhi	Khan Market	\$219	€2,309	4%	7%
24	Dalian	Qingniwa Bridge	\$192	€2,023	-12%	-8%
25	Xiamen	SM-Railway Station Area	\$186	€1,964	3%	3%

* Q3 2022 | ** LCY = Local currency

TABLE 5: ASIA PACIFIC RANKING

Rank 2022	City	Location	Rent (USD/sq.ft./yr)*	Rent (EUR/sqm/yr)*	Pre-Covid to present (LCY)**	Y-o-Y (LCY)**
26	Brisbane	Queen Street Mall	\$185	€1,952	-29%	-9%
27	Qingdao	Hongkong Middle Road	\$173	€1,820	-10%	0%
28	Wuhan	Wuguang	\$160	€1,685	-9%	-9%
29	New Delhi	Connaught	\$159	€1,672	-5%	5%
30	Taipei	Ximen	\$152	€1,598	-36%	-10%
31	Gurgaon	DLF Galleria	\$134	€1,409	26%	31%
32	Mumbai	Linking Road	\$113	€1,194	-12%	0%
33	Shenyang	Golden Avenue-Wulihe	\$98	€1,037	-6%	-3%
34	Tianjin	Nanjing Road-Binjiang Road-Heping Road	\$98	€1,033	-4%	-2%
35	Jakarta	Prime	\$86	€904	0%	0%
36	Kolkata	Park Street	\$79	€828	-5%	13%
37	Mumbai	Kemps Corner, South Mumbai	\$60	€637	-25%	0%

TABLE 5: ASIA PACIFIC RANKING

Rank 2022	City	Location	Rent (USD/sq.ft./yr)*	Rent (EUR/sqm/yr)*	Pre-Covid to present (LCY)**	Y-o-Y (LCY)**
38	Mumbai	Fort/Fountain, South Mumbai	\$60	€636	-47%	8%
39	Bengaluru	Brigade Road	\$57	€605	9%	17%
40	Bengaluru	Vittal Mallya Road	\$54	€573	-8%	3%
41	Xi'an	Xiaozhai	\$49	€514	-30%	-5%
42	Manila	Bonifacio High Street	\$46	€480	0%	0%
43	Pune	M G Road	\$44	€462	-22%	-3%
44	Pune	FC Road	\$38	€398	-17%	6%
45	Bengaluru	Indiranagar 100 Feet Road	\$33	€350	10%	26%
46	Hyderabad	Himayathnagar	\$32	€334	-9%	-7%
47	Hyderabad	Banjara Hills	\$30	€319	-18%	-20%
48	Chennai	Pondy Bazaar	\$24	€255	0%	0%
49	Chennai	Anna Nagar 2nd Avenue	\$24	€254	-9%	7%

* Q3 2022 | ** LCY = Local currency



KEY TRENDS TO WATCH

03

KEY TRENDS TO WATCH

THE REBOUND OF RETAIL SALES

Over the last couple of years, pandemic-induced pent-up demand and historically high rates of personal savings worked together to drive purchasing patterns to higher levels than many expected. However, the rate and extent of retail sales recovery has varied dramatically across the globe.

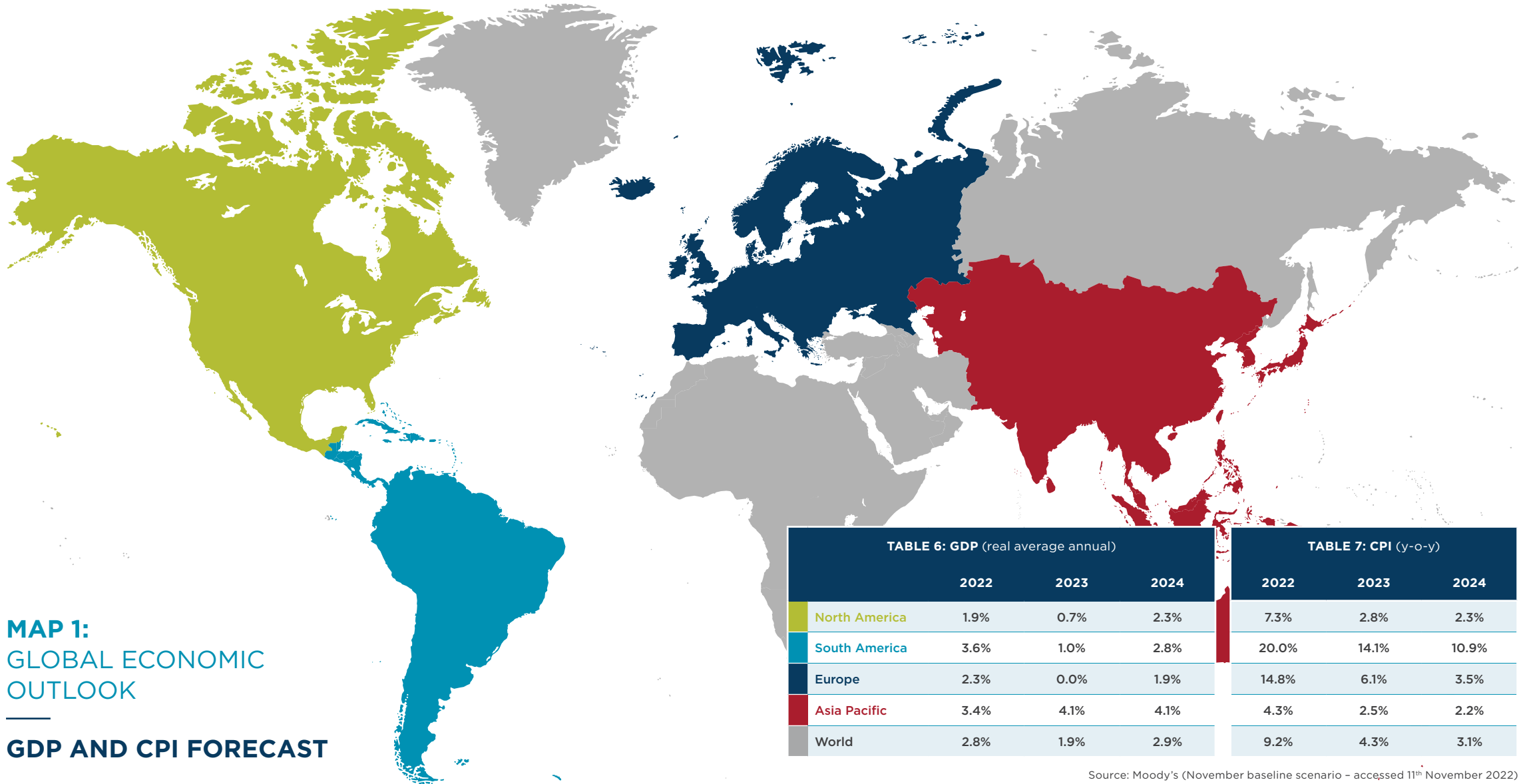
As of Q2 2022 practically all **Asia Pacific markets** have recorded retail sales higher than prior to the pandemic—India (**43%**), Australia (**23%**) and South Korea (**15%**) lead the region amongst the major economies.

In the **Americas**, the U.S. has seen total retail sales up **33%** from pre-COVID-19 levels as of mid-2022, thanks in part to an infusion of cash stimulus support to households, the largest of any country in the region. Canadian retail sales are up a more modest **7%** from pre-pandemic levels. By contrast, Mexico is still experiencing sales levels below 2019. Brazil retail sales have experienced a lower annual growth rate of **2.3%** so far in 2022, following a **1.4%** increase in 2021. Countries in South America generally had greater trouble containing the virus, provided less household stimulus, and have generally experienced slower economic recoveries.

The **EU region** saw retail sales volume **4.1%** higher at the beginning of 2022 relative to levels when COVID-19 first emerged. Europe has of course been challenged by the war in Ukraine and increasing levels of inflation. More so than most of the rest of world, these challenges—combined with supply side issues—have impacted consumer confidence and retailers at a time when life was getting back to something that could be described as normal.

More broadly, the economic outlook is widely anticipated to be challenging in 2023 (see map on next page) with no anticipated quick fix for inflationary pressures.





MAP 1: GLOBAL ECONOMIC OUTLOOK

GDP AND CPI FORECAST

	TABLE 6: GDP (real average annual)			TABLE 7: CPI (y-o-y)		
	2022	2023	2024	2022	2023	2024
North America	1.9%	0.7%	2.3%	7.3%	2.8%	2.3%
South America	3.6%	1.0%	2.8%	20.0%	14.1%	10.9%
Europe	2.3%	0.0%	1.9%	14.8%	6.1%	3.5%
Asia Pacific	3.4%	4.1%	4.1%	4.3%	2.5%	2.2%
World	2.8%	1.9%	2.9%	9.2%	4.3%	3.1%

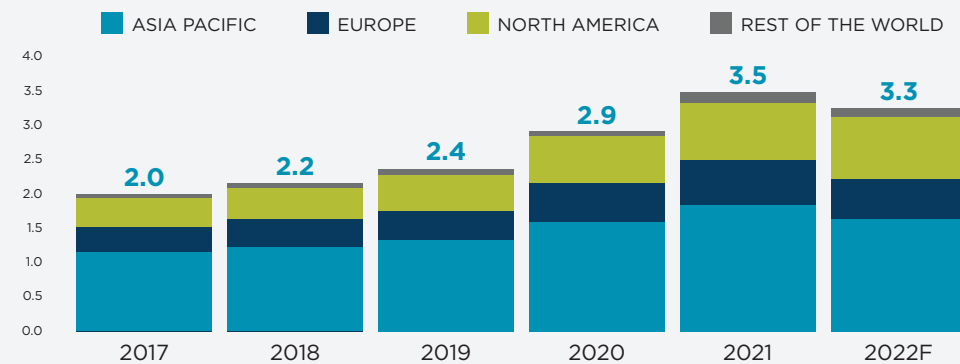
Source: Moody's (November baseline scenario - accessed 11th November 2022)

THE MIX OF BRICKS AND MORTAR AND E-COMMERCE

Unsurprisingly, the challenges consumers faced going to physical stores during the pandemic increased online shopping. Throughout the pandemic, questions remained whether this surge in online sales would continue when restrictions eased and the pandemic abated.

To date, the data suggest that e-commerce sales have slowed year-on-year, though remain above pre-pandemic levels (Figure 2). Several online-only retailers have reduced headcount and slowed their voracious appetite for warehouse space in the past couple of quarters. It appears that pandemic-era lockdowns and restrictions did not erode consumers' appetite to shop in physical stores.

FIGURE 2: GLOBAL E-COMMERCE REVENUE (USDtn)



Source: Statista

CONSUMER CONFIDENCE REMAINS CRITICAL

The key driver to maintain and grow retail sales will of course be an increase in levels of consumer confidence (Figure 3). According to the Organisation for Economic Co-operation and Development (OECD), consumer confidence levels globally are at their lowest levels this century, even lower than those seen at the height of the GFC. The uncertainty of inflation and the pressure on household spending—higher mortgage and rent, energy and food costs—have left consumers anxious about the next 12 months. The expectation and hope is that once there is some indication that inflation is stable and abating, we will see consumer confidence bounce back. To an extent, there is early—if somewhat fragile—evidence of this sentiment, as we see confidence in many markets bottoming, and in some cases, even beginning to improve.

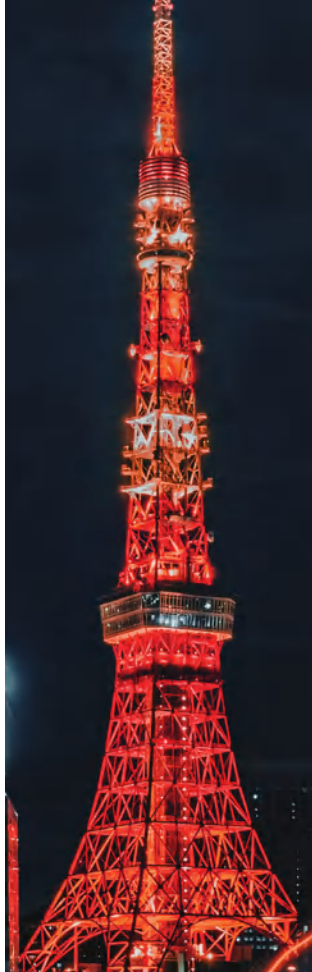
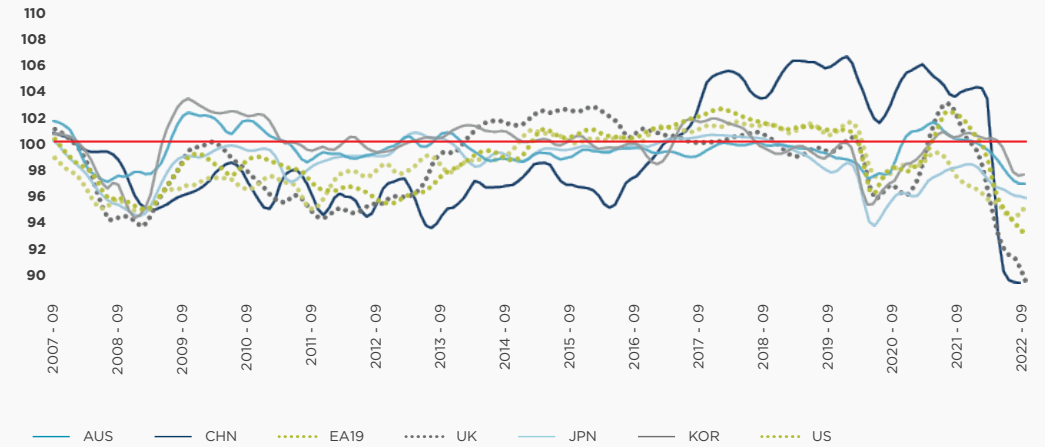


FIGURE 3: CONSUMER CONFIDENCE FOR SELECTED MARKETS



Source: OECD



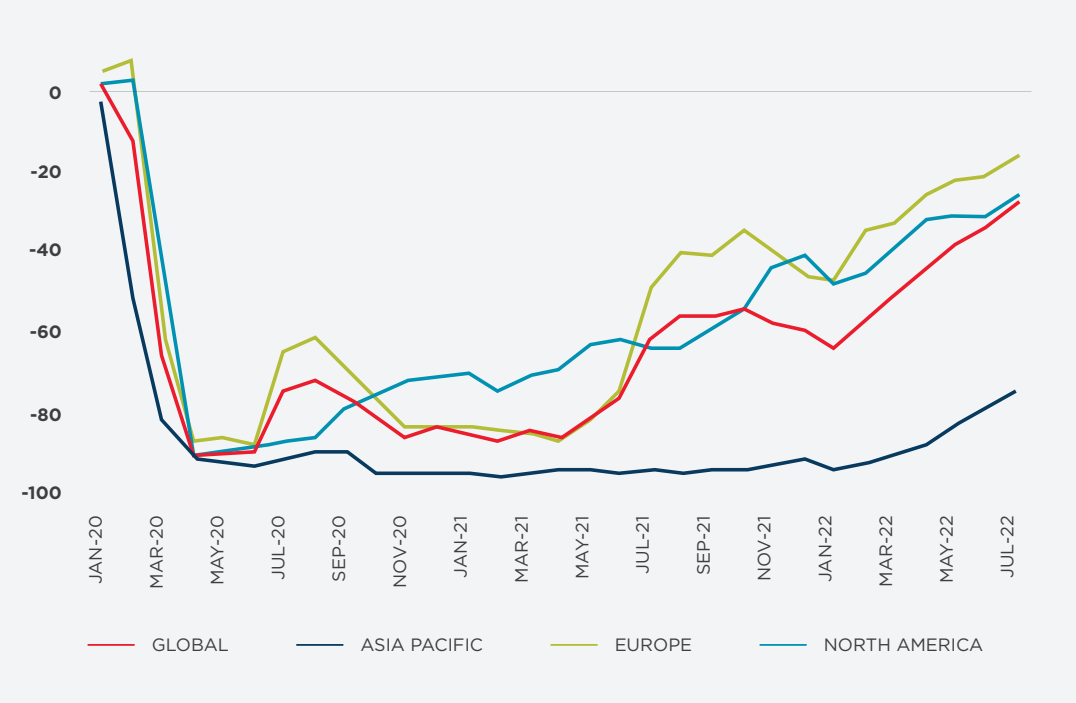
THE IMPACT OF GLOBAL TOURISM

The tourist trade has always been important to retailers, particularly those located in major cities that attract millions of visitors annually. Before the pandemic, travel and tourism was one of the most important sectors in the world, accounting for **10%** of global GDP and **320 million** jobs worldwide. In 2019, travellers took **1.5 billion** overseas trips, but tourism levels are not expected to return to these levels until 2023 at the earliest, according to the International Monetary Fund (IMF).

While border closings and mobility restrictions severely hampered tourism during the pandemic, a majority of countries have now reopened their borders and removed barriers to visitors. Nevertheless, China's international travel restrictions continue to impact international tourism numbers, which are still **28%** below 2019 levels globally. This impact is being most acutely felt in Asia Pacific, which remains **75%** below 2019 levels of international tourist movements, while in Europe the figure is just **16%** below 2019 levels (Figure 4).



FIGURE 4: INTERNATIONAL TOURIST ARRIVALS (COMPARED TO 2019 LEVELS)



Source: UNWTO

For the major global cities such as Tokyo, New York and London, international tourism contributes a large percentage of retail sales, especially within the high end and luxury sectors. Domestic tourism has become more important than ever—and cities and regions have developed large-scale marketing campaigns to entice people to vacation locally rather than abroad. For key retail streets in key markets, however, there is no replacing international travellers who see shopping as a key part of their time away from home.

LUXURY STRENGTH

During the pandemic, demand for luxury initially fell in line with other segments of retail. Prominent brands took the opportunity to retrench, spending the time improving their online experience and keeping relations with customers strong. Since then, the luxury goods market has rebounded strongly, and in many instances, some retailers find themselves in a better position than they were in pre-pandemic. Sales per quarter for the major luxury conglomerates such as Hermès, LVMH, and Richemont have all increased by over **20%** since the end of 2019.

While luxury brands emerged from the pandemic with strength, the temporary closure of stores spurred change in some luxury brands, namely the acceleration toward digital. Many retailers have been historically hesitant to cede control of their selective sales channels. As a result, they were reluctant to sell online either through their own e-commerce store or via third-party retailers. Some brands have now shifted, selling their products online. Examples include Patek Philippe and Rolex. That said, other retailers have maintained the status quo, including Chanel, preferring brick and mortar only.

The inflationary pressures we are experiencing (as of publication in Q4 2022) are less of an issue for affluent households. Despite spikes in prices of energy, food and housing, affluent shoppers have demonstrated they will spend on luxury retail, so it's likely the luxury trade will continue to perform well even in the face of economic challenges.



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MAIN STREETS

ACROSS THE
WORLD 2022

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