

RESEARCH

Cities in California boast highest commercial rents on per-square-foot basis: JLL

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Sand Hill Road, San Francisco

By STAFF REPORTS

San Francisco's Sand Hill Road is the most expensive retail street in the United States, according to JLL.

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For its research, JLL looked at the commercial rents on a number of streets in U.S. cities on a per-square-foot basis. While New York's Fifth Avenue and Rodeo Drive in Beverly Hills, CA, may come to mind as boasting the best storefronts, and therefore the highest rents per square-foot, the top 10 list offers some insights into the development of U.S. retail and into pockets of wealth.

High-street countdown

JLL conducts its research every 2 years, taking a look at the priciest streets across the country. Besides rent prices, JLL also examines what has shaped these record-setting rents.

In 2015, JLL found that location, industry and competition are contributing to office rents. Rent prices for office space is 1.7 times higher than central business district growth, and 2.9 percent higher than overall rental growth.

Below are the 10 streets with the highest rent on a per-square-foot basis in 2015:

Sand Hill Road, San Francisco Peninsula

In its third year as number, Sand Hill Road is referred to as "the Wall Street of the West," because of the venture capital firms calling the street home. Up 27 percent in two year's time, average rent is \$141.60 p.s.f.

Hamilton Avenue, Silicon Valley, CA

Hamilton Avenue is the second most expensive street due to the rise of technology in Silicon Valley. The avenue is appealing due to restrictive planning ordinances, public transportation and a walkable environment.

The average rent for 2015 is \$124.44 p.s.f., an increase of more than 31 percent since 2013.

Fifth Avenue, New York

Although the New York high-street is facing competition from Midtown South and "micro-markets" such as Bryant Park and Columbus Circle, Fifth Avenue is still the city's priciest commercial stretch. The average rent is \$119.27 p.s.f.



Fifth Avenue, New York

Greenwich Avenue, Fairfield County, CT

While it is the least developed of the streets on JLL's list, Greenwich Avenue makes the cut as a hub for hedge funds, and its close proximity to New York. Coming in at number 4, rent on Greenwich Avenue has actually decreased 3 percent from 2013, coming in at \$90.25 p.s.f.

Mission Street, San Francisco

2015 is the first year Mission Street has made the top 10 and has been driven by the rise of technology firms developing south of Market Street. The Transbay redevelopment project and creative spaces nearby has also driven interest in the street's commercial properties. The average rent on Mission Street is \$89.58 p.s.f.

Pennsylvania Avenue, Washington

Considered "America's Main Street," Pennsylvania Avenue has international recognition as the president's home address as well as the location of the U.S. Capitol buildings. The recent redevelopments and renovations of marquee buildings has been a factor in rent increases and tenant demand. Rent is slightly down for 2015 at \$72.65 p.s.f., compared to \$75.83 p.s.f. in 2013.



Pennsylvania Avenue, Washington

Boylston Street, Boston

With a range of high-profile properties and various tenant categories, Boylston Street ranks at number seven among the top 10 Most Expensive Streets. As retail and hotel space is opened, Boylston Street will maintain its competitive edge. Average rent for 2015 is \$67.44 p.s.g.

Avenue of the Stars, Los Angeles

Located in the Century City submarket of Los Angeles, Avenue of the Stars has a high concentration of legal, financial and entertainment tenants. For 2015, average rent on Avenue of Stars is \$63.12 p.s.f.

Royal Palm Way, West Palm Beach, FL

Often called "Banker's Row," because of the wealth management and financial service firms, Royal Palm Way's average rent decreased for 2015. The average rent for 2015 is \$58.07 p.s.f., down from \$58.52 p.s.f. in 2013.

Newport Center Drive, Orange County, CA

Lastly, Newport Center Drive is considered "the perfect storm for investors" by JLL. As Orange Country's top retail and office destination, Newport Center Drive has nearly 11 percent vacancy and a 3.3 percent increase in rental growth. The average for 2015 is \$51.72 p.s.f.

An additional 40 markets were analyzed by JLL, as well as the trends shaping the high-streets of the U.S. The full report can be found [here](#).

On an international level, retail space is at the mercy of larger economic happenings.

Reflecting a global retail world, a Cushman & Wakefield report predicts a market that will grow in general but will have enormous differences among countries and be at the mercy of geopolitical stability and trade deficits. Aging populations in a number of markets and counteractive trends, from the end of the one-child policy in China to encouraging women to enter the labor force in Japan, will also play a big role.

Other major trends identified include accelerating urbanization, omnichannel retailing and technological breakthroughs and the impact of climate change and preventative measures ([see story](#)).

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