

RETAIL

Leading global city ranks, London houses highest number of HNWIs: Walpole

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The sector body for high-end British brands is calling for the return of tax-free tourist shopping incentives alongside the release of an inaugural report. Image credit: Walpole

By AMIRAH KEATON

The sector body for high-end British brands is calling for the return of tax-free tourist shopping incentives alongside the release of an inaugural report.

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British luxury trade association Walpole, in partnership with British property investment, management and development company Cadogan Estates, has published The State of London Luxury 2023. Full of statistics backing back the city's competitive market status, the report places the city's market performance and many perks on the world stage authors have announced that the research exercise will now be circulated annually.

"Twelve new five-star hotels, the highest number of new store openings outside China, and 81 percent of luxury retailers saying they feel positive about prospects for their business over the next few years demonstrates that the luxury scene in London is vital, vibrant and brimming with health and confidence," said Helen Brocklebank, CEO of Walpole, in a statement.

"If a next-generation tax-free shopping scheme could be introduced, London's status as the world's number one luxury city would be guaranteed."

Facts and figures

According to Walpole, the European luxury hub is projected to hit values of 28-30 billion euros by 2024.

Thus, just a few years out from the height of the pandemic, the U.K.-based region remains key to luxury brand strategies for offline engagement, considering a number of factors.



Image credit: Walpole

British real estate services company Savills' Luxury City 2022 Fundamentals ranking, for example, sees London coming in second only to New York City in international visitor appeal, resident affluence, overall growth prospects and, notably, size of select luxury retail markets.

The city's tourism figures reflect this, as The State of London Luxury 2023 shares that high-end tourists in London outspend mass tourists by 14 times per trip, doubling that of high-end visitors to other European cities.

Attractions including six Historic Royal Palaces, four UNESCO World Heritage Sites and 215 museums draw in consumers looking to indulge in culture.

"London is definitely seen by our international members as a seven-day city,' versus many of its world counterparts (think Paris, Barcelona, Copenhagen) where they only stay two days and run out of things to do," said Victoria Carvalho, chief proposition officer at Ten Lifestyle Group, for the report.

LONDON LUXURY RETAILERS HAVE SEEN FIRST-HAND THE CHANGE IN BEHAVIOURS MADE BY ONLINE DISCOVERY AND CUSTOMER SERVICE, IN ADDITIONAL TO TRADITIONAL BEHAVIOUR
In your experience, how are customers using your store/s nowadays compared to 3-4 years ago?



Source | London Luxury Report 2023

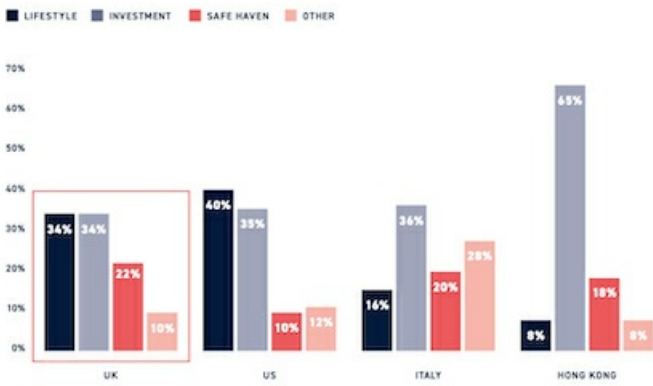
Image credit: Walpole

"Even New York is more of a long weekend city due to its compact size, sounds and frenetic pace of life," she said. "That's also why our members love to have a second home in London they never stop finding new things to discover."

A prime presence from members of the residential cohort Walpole reveals that London is home to the highest number of High Net Worth Individuals (HNWIs) compared to any other city worldwide additionally suggests a strong future ahead.

Results from interviews conducted with those brands serving those ultra-high-net-worth Londoners as part of the 2023 Walpole Luxury London Survey spell out a sense of widespread optimism, with 7 out of 10 respondents expressing positivity about the current prospects for their business, rising to 81 percent when prompted about prospects over the next 2-3 years.

LONDON RESIDENTIAL PROPERTY PROVIDES A SAFER HAVEN FOR INVESTMENT THAN ANY OTHER GLOBAL LUXURY HUB
 What will be the main reason behind your next residential property purchase?



Source: Knight Frank HNW Pulse Survey 2023

Image credit: Walpole

"Across Chelsea and Knightsbridge, we have London's highest concentration of luxury brands and are delighted to partner with Walpole on this annual barometer of our capital's standing, using insight from our community and way beyond to create a snapshot of sentiment and better understand the trends shaping tomorrow's neighborhoods," said Hugh Seaborn, CEO of Cadogan, in a statement.

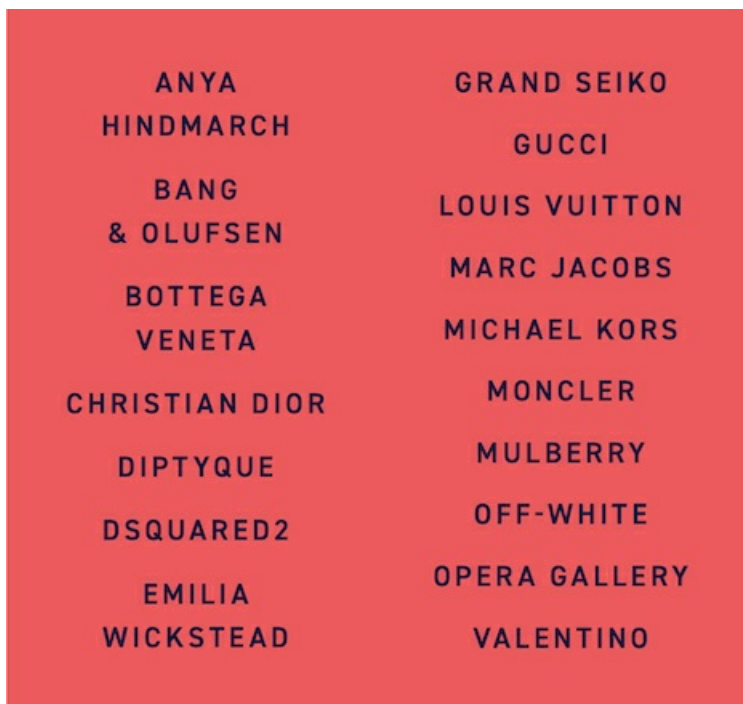
Tax troubles

One preexisting barrier that stands to challenge the city's economic growth, according to Walpole, is the ongoing absence of tax-free shopping, which allowed for refunds on value-added tax (VAT) incurred during visits.

Upon the U.K.'s 2021 departure from the EU (see story), the provision was rendered inactive. Today, the option is only available for use on goods purchased in the U.K. and sent directly to overseas addresses, including the EU.

The Walpole report points out that in 2022, tourists hailing from the U.S. visitors were spending at rates of 101 percent of 2019 levels in London, versus 226 percent, 206 percent and 190 percent in France, Spain and Italy respectively, with odds of the discrepancy widening this year, if no action is taken.

In good news, the cited increase of 11 percent in London's worldwide store openings in 2022 (see story), driven by tourists from all over the globe, shows no signs of slowing anytime soon.



A list of luxury brands that already have, or will be, creating new flagships, upsizing or redeveloping their London stores by 2023. Image credit: Walpole

"Walpole's excellent State of London Luxury report clearly demonstrates that there is nothing like traveling to and

around this great city," said Paul Scully, Minister for London, in a statement.

"Brand makers and policy makers alike need to continue to work in lockstep to ensure London remains the best city in the world in which to live, work and play."

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