

REAL ESTATE

Upper Fifth Avenue persists as world's priciest retail destination: report

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Despite recording flat rental growth year-over-year, New York's famous street retains its spot as the most expensive. Image credit: Tiffany & Co.

By EMILY IRIS DEGN

Once again, one of New York's famous addresses is proving to pack a financial punch.

According to global commercial real estate services firm Cushman & Wakefield's 33rd edition of the "Main Streets Across the World" report, Upper Fifth Avenue is the world's priciest place to rent a storefront. Despite this, luxury brands continue to set up shop in an effort to appeal to consumers' desire for prestige retail destinations.

"The retail sector has continued to face issues head-on while demonstrating its resiliency," said Barrie Scardina, head of Americas retail at Cushman & Wakefield, in a statement.

"The near-term outlook for the retail sector remains cautious, but at the same time is nuanced between sub-sectors and geographical locations," Ms. Scardina said. "At the macro level, the focus is on the strength of consumer spending.

"As central banks have undertaken one of the most aggressive interest rate hiking cycles in decades, consumers have shifted spending patterns and are reigning in non-discretionary expenditure."

The report has been published since 1988, comparing the rental records and changes in the top urban locations around the world over the past 12 months to produce a near-term outlook for the retail sector. The findings also include expert insights concerning key indicators and growing trends.

Retail rental rush

Globally, rent across the globe's top urban spots increased 4.8 percent on average over the past year, a jump of 3.7 percent compared to the last 12-month period.

Though the strongest growth was recorded in the Asia Pacific region at 5.9 percent, the Americas saw a 5.2 percent spike. Meanwhile, Europe's numbers went up 4.2 percent.

GLOBAL MAIN STREETS ACROSS THE WORLD RANKINGS BY MARKET 2023									
Global Ranking 2023	Global Ranking 2022	Market	City	Location	Rent (\$/sqm/yr)	Rent (\$/sqm/yr)	Pre-pandemic to present (%)	YOY %YOY	
1	3	U.S.	New York City	Upper 5 th Avenue (4 th to 50 th Sts)	\$2,000	€20,384	14%	0%	
2	2	Italy	Rome	Via Montenapoleone	\$1,766	€18,000	31%	20%	
3	2	Greater China	Hong Kong	Tsim Sha Tsui (near lower aspect)	\$1,493	€15,279	-31%	4%	
4	4	United Kingdom	London	New Bond Street	\$1,462	€14,903	-0%	0%	
5	5	France	Paris	Avenue des Champs-Élysées	\$1,330	€13,646	-8%	0%	
6	6	Japan	Tokyo	Ginza	\$1,312	€13,269	0%	0%	
7	7	Switzerland	Zürich	Bahnhofstrasse	\$1,007	€10,243	-2%	7%	
8	8	Australia	Sydney	Hay Street Mall	\$1,047	€10,612	-14%	0%	
9	9	South Korea	Seoul	Myeongdong	\$1,042	€10,542	-5%	3%	
10	9	Austria	Vienna	Karntner	\$1,036	€10,463	8%	2%	
11	10	Greater China	Shanghai	West Nanjing Road	\$1,036	€10,463	-10%	3%	
12	12	Singapore	Singapore	Orchard Road	\$1,031	€10,418	2%	2%	
13	14	Vietnam	HCMC	Đồng Khởi	\$1,000	€10,197	40%	0%	
14	13	Germany	Munich	Kaufinger/Neuhauser	\$1,011	€10,240	-1%	0%	
15	15	Spain	Madrid	Gran Vía	\$1,001	€10,193	2%	3%	
16	16	Israel	Tel Aviv	Yarden Street	\$1,000	€10,184	-1%	0%	
17	16	Spain	Barcelona	Passeig de Gràcia	\$1,000	€10,184	-9%	3%	
18	17	Netherlands	Amsterdam	PC Noordwal	\$1,000	€10,184	0%	0%	
19	18	Czech Republic	Prague	Pančova Street	\$1,000	€10,184	-4%	0%	
20	21	Taiwan	Taipei	Center - Wida Street	\$1,000	€10,184	43%	100%	
21	20	Hong Kong	Hong Kong	Suburban	\$1,000	€10,184	1%	3%	
22	21	India	New Delhi	Khaj Market	\$1,000	€10,184	7%	3%	
23	22	Norway	Oslo	Nedre Strygata	\$1,000	€10,184	10%	0%	
24	23	Canada	Toronto	Bloor Street	\$1,000	€10,184	0%	0%	
25	25	Denmark	Copenhagen	Strøget (including Christianshavn)	\$1,000	€10,184	-3%	2%	

Fifth Avenue snags the top spot for another year. Image credit: Cushman & Wakefield

The rental rates in the United States specifically are up 3.2 percent. Compared to last year's 17 percent growth, this appears to be more sustainable.

However, these swells do not match the levels of peak inflation.

Internationally, 60 percent of markets are sticking below pre-pandemic rental figures, especially in Europe where 70 percent of markets are priced as such. In the United States, only 31 percent are at this level, while 61 percent hover above.

As the impacts of the COVID-19 pandemic begin to subside, prime retail destinations are expected to continue as well, rebounding in kind. In fact, rental growth has been recorded as "mostly positive" over the past year.

AMERICAS RANKING 2022-2023									
Ranking 2023	Ranking 2022	Market	City	Location	Rent (\$/sqm/yr)	Rent (\$/sqm/yr)	Pre-pandemic to present (%)	YOY %YOY	
1	1	U.S.	New York City	Upper 5 th Avenue (4 th to 50 th Sts)	\$2,000	€20,384	14%	0%	
2	2	U.S.	New York City	Madison Avenue (27 th to 72 nd Streets)	\$1,200	€12,240	4%	23%	
3	3	U.S.	Los Angeles	Beverly Drive (Doheny Hill)	\$1,025	€10,428	16%	3%	
4	4	U.S.	New York City	Spring (Broadway to West Broadway West Houston to Canal Streets)	\$1,040	€10,616	7%	10%	
5	5	U.S.	Honolulu	Kalia Avenue	\$1,000	€10,184	1%	0%	
6	6	U.S.	San Francisco	Union Square	\$1,000	€10,184	-8%	0%	
7	7	U.S.	Las Vegas	Las Vegas Blvd	\$1,000	€10,184	4%	3%	
8	10	U.S.	Chicago	Oak Street	\$1,000	€10,184	n.a.	23%	
9	9	U.S.	Boston	Newbury Street	\$1,000	€10,184	33%	0%	
10	8	U.S.	Chicago	North Michigan Avenue	\$1,000	€10,184	5%	-26%	
11	11	U.S.	Miami	Design District	\$1,000	€10,184	n.a.	9%	
12	14	U.S.	Austin	South Congress (SixCo)	\$1,000	€10,184	15%	7%	
13	13	U.S.	Palm Beach	Worth Avenue	\$1,000	€10,184	29%	0%	
14	12	U.S.	Miami	Lincoln Road	\$1,000	€10,184	-7%	-1%	
15	15	U.S.	Houston	Blue Oaks District	\$1,000	€10,184	12%	0%	

The U.S. dominates the Americas ranking. Image credit: Cushman & Wakefield

That said, retailers are expected to keep battling slowed economic growth in the period ahead.

"While mentions of the pandemic have largely slipped from the headlines, the world continues to manage its economic aftershocks," said Ms. Scardina, in a statement.

"Supply chain bottlenecks along with fiscal and monetary stimulus have now given way to a period of high, although easing, inflation, rising interest rates and slowing economic growth," she said. "The macroeconomic trends which had become more evident in 2022 have continued through this year and will likely continue into the next."

Luxury lane

Cushman & Wakefield's research hones in on headline rents in prime cityside spaces globally.

Generally, these locations tend to be linked to the luxury sector. According to the firm, prestige rental values have been "relatively immune" to incentive packages, shared risk rental models and added discounts that have been embraced by the wider global market.



Rent prices at New York's most recognizable street are soaring. Image credit: Cushman & Wakefield

As mentioned, Upper Fifth Avenue in New York City tops the report's list as the most expensive retail destination. Despite this repeat performance ([see story](#)), its rental growth was flat this year.

New York City Mayor Eric Adams in October 2023 **announced** that after the lane was turned into a pedestrian-focused space in 2022 for the holidays, the 11-block area saw spending boosted by an additional \$3 million and, compared to blocks that were not part of the Open Streets initiative, customers made 13.9 percent more transactions.

This effort is being continued going forward, and as investments pour into the top-ranked retail destination, it could continue to rake in profits. With money pouring into the tourism and shopping spot, rental prices on Fifth Avenue could possibly soar to even higher heights.

Other streets scattered across U.S. urban addresses also appear toward the top of the ranking at hand such as Madison Avenue and SoHo in Manhattan, Rodeo Drive in Beverly Hills and Kalakaua Avenue in Honolulu.



Chanel, Tod's and Valentino are just a few among luxury names that call Madison Avenue home. Image credit: Madison Avenue BID

New York's Madison Avenue specifically is proving to be of interest to luxury labels, as many are seeking out opportunities to build flagships there.

Italian fashion house Valentino is among them ([see story](#)). The maison is welcoming customers to the fresh 12,300-square-foot store as of this month, complete with themed areas and V.I.P. service.

Richemont-owned Italian leather goods house Serapian has also opened its doors on-site with a pop-up ([see story](#)).

Others in luxury are working to keep up with the competition and improve customer experience by updating their standing addresses. Most recently, Italian fashion label Tod's renovated its Madison Avenue shop ([see story](#)).