

REAL ESTATE

# ‘European luxury retail markets exhibiting high levels of resilience’: report

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France, Italy and the U.K. are proving to be especially in high demand as far as luxury addresses go. Image credit: Galeries Lafayette

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By EMILY IRIS DEGN

The first-ever **European Luxury Retail report** from global commercial real estate services firm Cushman & Wakefield (C&W) is out now.

In 2023, the findings indicate that prestige brands opened 107 locations on 20 key streets for high-end shopping across 16 cities and 12 countries. The fresh spots lean toward fashion, as almost 70 percent of the sites sell apparel, footwear and accessories.

“It has been confirmed that bricks-and-mortar shops are still crucial for luxury retail,” said Tina Reuter, head of Germany at C&W, in a statement.

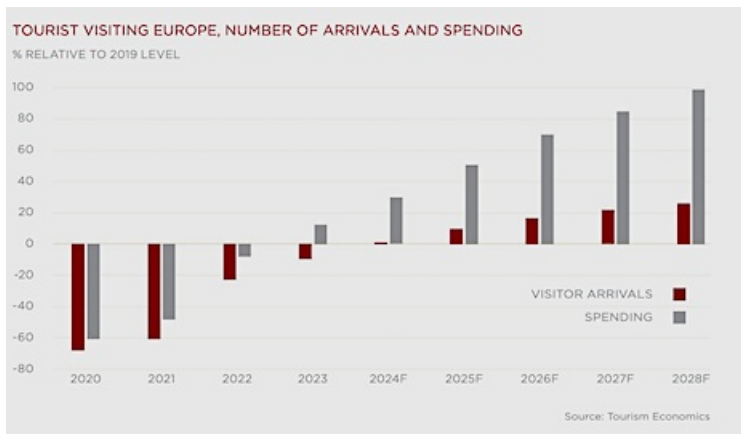
“High-end retailers have long recognized the importance of brand loyalty nurtured via personal in-store experience, and we see this focus continuing,” Ms. Reuter said. “Retailers are increasingly looking to integrate their brands into ever more areas of their customers’ daily lives.”

For the report, C&W draws on 2023 real estate data and in-house insights concerning key luxury retail trends. Expert analysis is included by contributors such as the head of EMEA retail Robert Travers, head of EMEA retail research Sally Bruer and associate of EMEA retail research Michael Toporowski.

## Retail rundown

In 2022, European luxury retail sales were up 26 percent compared to 2021.

A year later, there was a 9 percent spike. While still showing growth, this is a 17 percent dip from the period earlier.



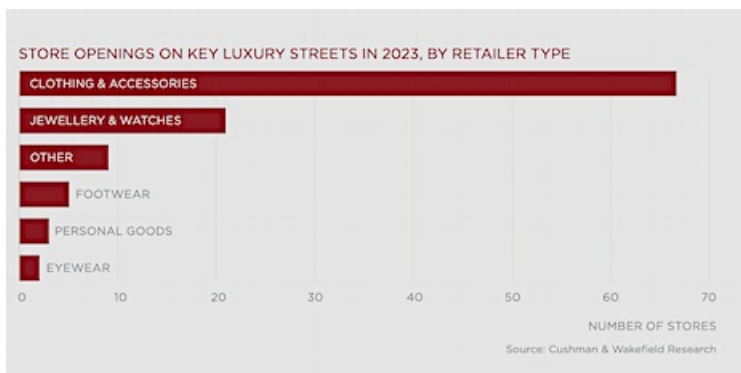
*Tourists are driving retail openings across Europe as the visitors seek out shopping opportunities. Image credit: C&W*

According to C&W, the continent's markets are resilient as tourists return to the area, keen on spending.

However, limited availability is a challenge for many looking to set up shop in key luxury hubs ([see story](#)). Out of the 20 streets studied for the report, seven do not have any openings and 16 have a less than 5 percent vacancy rate.

This factor and heightened leasing activity is driving rental growth along these streets, hitting 3 percent in 2023, a figure double that of 1.6 percent, the European high street average.

Via Montenapoleone in Milan, New Bond Street in London and Avenue des Champs-lyses in Paris, three of the continent's major addresses, are among the top five priciest locations. In fact, the U.K. France and Italy accounted for 40 percent of recorded shop openings last year C&W states that expansion was particularly steady in Italy, but the average prime rental growth in each nation stands at twice that of other markets.



*Fashion continues to account for the most openings in Europe. Image credit: C&W*

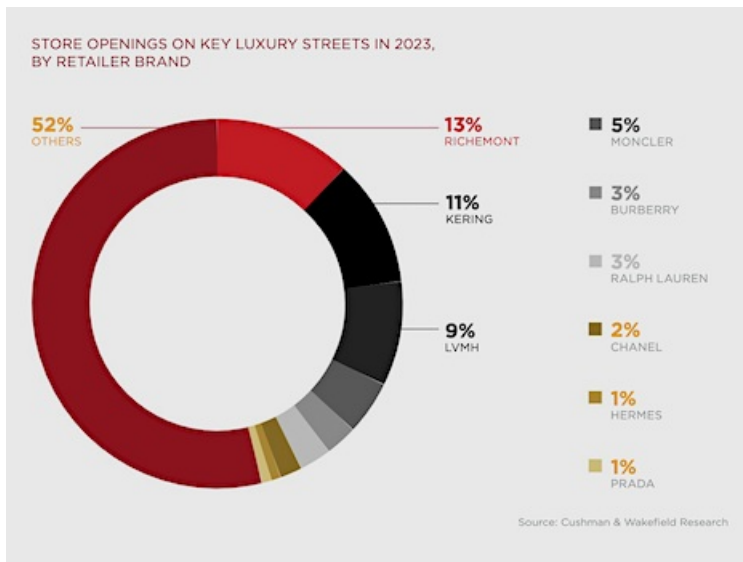
The countries also represent about half of the segment's fashion openings.

Out of all of the new sites, one-third were by brands that luxury conglomerates Richemont, Kering and LVMH own. The findings reveal that 60 other labels and companies are behind the other storefronts.

The in-store customer experience is a point of emphasis for many maisons. Businesses are largely looking to increase their boutiques' sizes as they prepare to stock bigger ranges of products and host on-site concepts.

C&W predicts that seeking out central luxury locations, focusing on rental growth and investing in long-term strategic positioning will continue.

"In the luxury segment in particular, we are seeing very high requirements and a clear focus on the best possible setting to showcase the brand," said Andreas Siebert, head of retail investment Germany at C&W, in a statement.



Big luxury groups seem to be charging ahead, comprising one-third of all openings studied. Image credit: C&W

"The shopping experience is perfectly choreographed and strengthens brand loyalty," said Mr. Siebert. "In addition to increased rental space sizes, the quality of retail space is also becoming increasingly important in order to fulfill these requirements."

### Germany: the sleeping giant

Germany is another country highlighted by C&W for the report.

The findings reveal that Maximilianstrasse in Munich and Knigsallee in Dsseldorf are leading streets in the nation for high-end shopping due to a series of store expansions and openings. In the former, multiple brands relocated in search of more space, including Italian fashion house Gucci and online luxury retailer Mytheresa ([see story](#)).



Germany is framed by C&W as a modern model for luxury retail real estate. Image credit: C&W

Maximilianstrasse's vacancy rate is 2 percent.

Dsseldorf's Knigsallee is 0 percent. A renovated boutique reopened by German luxury goods maker Montblanc, and French fashion house Louis Vuitton and U.S. jeweler Tiffany & Co. are planning their own expansions.

C&W points out that German streets focused on prestige retail are generally "centrally integrated into the urban fabric."

They are also thoroughfares for many, rather than secluded and exclusive enclaves. Cultural events are often held here, attracting a wider client base the famous Engel Market is located on Knigsallee during the holidays, and many seasonal festivities occur on Maximilianstrasse.

Perhaps engaging with the wider public, rather than solely on core luxury consumers, holds financial perks for maisons in other locales.

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